

Letter of Intent

March 26, 2014

Shaun Elliot, Chief Executive Officer,
YMCA of Western Ontario,
382 Waterloo Street,
London, ON, Canada
N6B 2N8

This letter of intent is intended to set out the basic business terms upon which the undersigned, The Corporation of the City of London (the "Landlord", or the "City") and YMCA of Western Ontario (the "Tenant", or the "YMCAWO"), agree to proceed with the negotiation with the aim of completing a lease of the premises at 165 Elmwood Avenue East, London, Ontario, known as the London Normal School (the "Property"), which Property is the subject of an Agreement of Purchase and Sale between the Province of Ontario and the City.

Whereas the Province of Ontario, owner of the Property, initiated a process through Infrastructure Ontario to dispose of the Property, and

Whereas Municipal Council of the City considers the retention of the former Normal School and its adaptive re-use in an appropriate manner as important and significant to the City and the Old South community; and

Whereas the City, in response to Municipal Council's direction of July 25th, 2012, to ensure that the heritage value of the Property will be preserved in perpetuity as part of the heritage of London, initiated a two-step Expression of Interest/Request for Qualifications and Proposals process to identify possible community partners for the adaptive re-use of the Property;

Whereas the YMCAWO is a respondent to Phase 2 of the RFQUAL/RFP dated October 2, 2012, the submitter of a detailed proposal to lease that portion of the Property specified below as the Premises, and the successful candidate of the RFQUAL/RFP process;

Whereas the City, not having an identified municipal need for the building itself, wishes to partner with the YMCAWO and facilitate the YMCAWO's rental of the building for the purpose of relocating and consolidating existing programs that are dispersed throughout the City into a single strategic location, including centralizing YMCAWO administrative staff in a single building with its attendant economic savings;

Whereas the City has entered into an Agreement of Purchase and Sale (the "Sale Agreement") to buy the Property from the Province of Ontario; and

Whereas pursuant to a Heritage Conservation Easement Agreement between the City and the Ontario Heritage Trust, the City and the Ontario Heritage Trust agreed to cooperate for the purpose of enabling the adaptive reuse of the Property; and

Whereas the YMCAWO wishes to lease the Premises (as hereinafter defined) following completion by the City of a retrofit of the building and a portion of the site adjacent to the building dedicated as a playground for child care operations;

AND WHEREAS the City has delivered to the YMCAWO a draft lease for its consideration;

NOW THEREFORE this Letter of Intent sets out the principal terms upon which the YMCAWO is prepared to negotiate the lease of the Premises from the City, and does not represent terms that are binding at this time upon either of the parties, other than section 12. Such principal lease terms are subject to the execution and delivery by the parties of a definitive lease agreement (the "Lease"). The entering into of negotiations and the execution of a Lease are subject to the completion of the transfer of the Property by the Province of Ontario to the City by June 1, 2014, including the registration of the Heritage Conservation Easement Agreement, failing which this Letter of Intent shall terminate.

1. Nature of this Letter of Intent

This Letter of Intent is not intended to be or create a binding agreement, or a complete statement of the terms and conditions to be negotiated in the lease, nor is it intended to be or create any legally enforceable obligations of the parties, except as stated under Section 12. Section 12 of this Letter of Intent shall be legally binding upon the execution of this Letter of Intent by the parties. The binding terms of section 12 below are enforceable against the parties regardless of whether a definitive lease agreement is executed or the reasons for non-execution.

2. Premises

The Premises shall include the entire building on the Property, with a total rentable area of up to 43,370 square feet, as well as the north approximately 2.5 acres of the lands of the Property as shown outlined or cross-hatched on Schedule "A". The Landlord shall provide a scaled plan prepared by a surveyor showing the Premises and the location of the building and other fixed improvements and the remainder of the Property area south of the building. For greater certainty, the Premises shall include the existing on-site surface parking of 62 spaces located to the sides and rear of the building. The Tenant shall also be permitted to utilize the portion of the Property not included in the Premises, to the extent same is retained by the City for public purposes, subject to the prior approval of the City.

3. Term and Renewal

The initial term for the Lease shall be ten (10) years (the "Term"), to be computed from the Commencement Date (as hereinafter defined). Provided that if the Tenant at the end of the Term is not then in default in any material respect under the Lease, the Tenant shall have the option to renew the lease for a first renewal term of an additional period of ten (10) years, and if the Tenant at the end of the first renewal term is not then in default in any material respect under the Lease, a second renewal term of five (5) years. Any such renewal must be on written notice to the Landlord given not less than six (6) months prior to the expiry of the then current term, and shall be upon the same terms and conditions as the initial Term, except for Base Rent, this renewal clause and the Landlord's work. Base Rent for each renewal term shall be subject to negotiation by the parties on the basis to be provided for in the Lease.

4. Fixturing Period

(1) The Landlord shall deliver possession of the Premises to the Tenant under the Lease when the Landlord's Work (as hereinafter defined) is sufficiently complete to the point where the Tenant is able to commence the Tenant's Work without undue interference arising from the completion of the Landlord's Work.

(2) The Lease shall establish a Fixturing Period, which shall start on the date of execution of the Lease, and continue during the term of the Landlord's Work, and for a period of three (3) months for the Tenant's Work. During the Fixturing Period the Tenant shall not be responsible for the payment of basic rent, additional rent or utility costs, but shall be responsible for all utilities used or consumed in the Premises.

5. Commencement Date

To the extent that the Landlord completes the Landlord's Work by May 1, 2016, the Commencement Date in the Lease shall be the earlier of:

- (a) September 1, 2016; or
- (b) the day following the end of the Fixturing Period.

In the event that the Landlord's Work is not completed by May 1, 2016 the Commencement Date shall be the day following the end of the Fixturing Period. The Landlord agrees that in the event the Commencement Date falls after September 1, 2016, Basic Rent shall be reduced by sixty per cent (60%) from the Commencement date to September 1, 2017 to allow the Tenant compensation for the loss of the child day care operations on the Premises.

The Landlord will make its best efforts to expedite completion of the Landlord's Work to improve the project schedule to achieve an earlier Commencement Date.

6. Basic Rent

The Tenant shall pay to the Landlord for the Premises under the Lease during the first Ten (10) years, payable in equal, consecutive monthly installments in advance on or before the first day of each month, without any prior demand therefor and without any deduction, abatement or set-off, an annual basic rent ("Basic Rent") of Four Hundred and Fifty Thousand dollars (\$450,000.00). The Basic Rent for any renewal terms will be dealt with pursuant to paragraph 3 above.

7. Additional Rent

(1) Except as otherwise contemplated herein, the Lease and the rent payable thereunder are to be completely net and carefree to the Landlord and the Landlord is not responsible for any costs, charges, expenses and outlays of any nature whatsoever arising from or relating to the use and occupancy of the Premises or the contents thereof or the business carried on therein, and the Tenant shall pay all charges, impositions, costs and expenses of every nature and kind relating to the Premises and the use and occupancy thereof. The Landlord will expressly acknowledge in the Lease that the Tenant is exempt from property taxes, provided the YMCAWO delivers satisfactory evidence of its tax exempt status.

(2) Without limiting the generality of the foregoing, the Tenant shall pay, as additional rent ("Additional Rent"), in the manner to be set out in the Lease, operating costs, and the costs of all utilities and services used or consumed in the Premises.

(3) The Tenant will also be responsible for and pay all applicable Harmonized Sales Tax applicable to Basic Rent and Additional Rent.

(4) The Landlord, shall be responsible for Capital Repairs to:

- exterior and bearing walls, beams, columns and the roof including the roof structure, deck and membrane/shingles, and the footings and foundation;
- architectural moldings, ornamentation, decoration and heritage features;
- exterior windows and doors;
- all structural components of the building including supporting walls, floors, roof, foundation and footings;
- the heating, air conditioning and ventilation system including the boiler and hot water/steam distribution pipes and radiators, air conditioning compressors, evaporators and condensers;
- underground services including potable water, storm and sanitary sewers, and drainage to the inside wall of the building;
- utility services including electrical service to the main distribution panel and gas to the meter; and
- asphalt parking area, walkways, stairs, ramps and entranceways.

"Capital Repairs" means all repairs, replacements, restorations, and refurbishing of a capital nature as determined in accordance with generally accepted accounting principles. The Landlord is responsible for the cost and expense of the Capital Repairs with respect to those items described in this paragraph 7(4). The Landlord will take all reasonable steps not to interfere with the Tenants occupation and operations during any repairs, replacements, restorations, and refurbishing of the Premises including consultation with the Tenant regarding the scheduling of the work.

(5) The Tenant, at its expense, is responsible for:

- garbage removal;
- window and door maintenance and cleaning;
- annual heating, ventilation and air conditioning system maintenance;
- electrical and plumbing maintenance;
- gutter maintenance;
- parking lot and walkways – maintenance, cleaning, and snow removal; and
- lawn and garden maintenance including grass cutting and tree trimming .

(6) Furthermore, it is understood that should the Landlord undertake renovations of the southerly 2.5 acres of parkland on the Property which are not a part of the Premises, no costs will be payable by the Tenant.

(7) The Landlord shall keep the items set out in paragraph 7(4) in a good state of repair as would a prudent owner. The City will update its asset management program to identify the long term life cycle capital requirements for the Premises and provide details of this program to the YMCAWO.

8. Landlord's Work

(1) The Landlord will be obligated to complete the base building work that is to be further defined in the Lease (the "Landlord's Work"), but which at a minimum will include the work specified on Schedule B attached hereto, at its sole expense, in a good and workmanlike manner and in accordance with all municipal, building code, required access for the disabled, applicable fire and safety standards, and other applicable requirements. The Landlord will ensure the Landlord's Work related to the child day care shall comply with the Day Nurseries Act. The Landlord's Work shall be substantially completed on or before the Commencement Date. The Landlord will provide a one (1) year warranty for its work.

(2) In the event that the Landlord is delayed in the substantial completion of the Landlord's Work for reasons beyond its reasonable control, then the Fixturing Period and the Term shall each be extended by the length of such delay.

9. Tenant's Work

Except for the Landlord's Work, the Tenant shall be responsible for all improvements and fixtures required for its occupancy and use and to enable it to open for the conduct of its business on the Commencement Date (the "Tenant's Work"). The Lease shall have the Tenant's Work pre-authorized by the Landlord, including the construction on the Premises of a children's playground.

10. Tenant's Contribution to Capital Improvements

The Tenant will lead a capital campaign to raise funds to support the initial capital needs of the building. The Tenant will also assist in approaching all senior levels of government to secure further funds to support the required capital investments into the building.

11. Use

The Tenant shall occupy the Premises throughout the Term and the Premises shall be continuously, actively and diligently operated, fully fixtured, stocked and staffed during normal business hours. Unless otherwise approved by the Landlord, the Premises shall be used solely for the purpose of administration and offices of the Tenant, delivery by the Tenant of its programs, or by others for administration, offices, or delivery of programs for the benefit of the community, as well as community group access, including without limitation day care services, children's day camps and language instruction and for no other purposes whatsoever.

12. Notices

Any notice which may be or is required to be given under this Letter of Intent shall be sufficiently given if mailed in Canada, postage prepaid, or delivered by prepaid courier, addressed:

if to the Landlord: The Corporation of the City of London,
 300 Dufferin Ave.
 P.O. Box 5035
 London, ON, N6A 4L9
 Attention: Manager of Realty Services

if to the Tenant: YMCA of Western Ontario
 382 Waterloo Street
 London, ON, N6B 2N8
 Attention: Shaun Elliott, CEO

13. Confidentiality

In consideration of the Landlord entering into this Letter of Intent, the Tenant agrees that it shall not disclose the terms of this Letter of Intent or the terms of the Lease, to the extent that it is executed, except to any of its professional advisors, consultants and auditors, where such disclosure is reasonably required and such advisor, consultant or auditor has agreed to honour such confidentiality, and except as required by law. For greater certainty, the Tenant shall be entitled to disclose and publicize the existence of this Letter of Intent, and the Lease shall permit disclosure by the Tenant of its existence.

14. Lease

(1) Within 30 days of the acceptance of this Letter of Intent, the Landlord shall prepare a draft lease to be the basis for negotiations between the Landlord and the Tenant, with the specific terms of this Letter of Intent incorporated. The parties shall negotiate the Lease in good faith. Should the Lease not be executed by both parties within one hundred and eighty (180) days of the acceptance of this Letter of Intent, then this Letter of Intent shall have no further force or effect, save and except for Section 12, which shall survive the termination of this Letter of Intent.

(2) Without limiting the generality of anything else herein contained, the Tenant acknowledges that the Lease will contain the Landlord's standard insurance provisions requiring the Tenant to obtain its own liability, property damage and other insurance.

15. Heritage Conservation Easement

(1) Both the Landlord and Tenant in carrying out their respective responsibilities and duties under the Lease, where applicable, shall be guided by and apply the conservation principles set out in the Heritage Conservation Easement Agreement.

(2) The Lease will reflect that the Tenant shall not, without prior written approval of the Landlord, undertake or permit any demolition, construction, reconstruction, renovation, restoration, alteration, remodeling of the Facility, or any other thing or act which would materially affect the condition, appearance or construction of the Heritage Features of the premises.

16. Right of First Refusal

The Lease will reflect that, should the Landlord receive an offer to purchase the Premises from a bona fide third party (the "Third Party Offer"), which the Landlord is prepared to accept, the Landlord shall notify the Tenant of such offer to purchase and provide the Tenant with a copy of the Third Party Offer. The Tenant shall have twenty (20) business days in which to make an offer to purchase the Premises for the same purchase price and on terms and conditions not less favourable to the Landlord as those contained in the Third Party Offer. If the Tenant makes an offer to purchase in accordance with the provisions hereof, the Landlord shall accept the Tenant's offer to purchase. If the Tenant fails to make an offer to purchase in accordance with the provisions hereof, the Landlord shall be entitled to accept the Third Party Offer.

In the event that the Third Party Offer is not completed, or if any material change is made to the Third Party Offer, then the Landlord shall be required to once again give notice to the Tenant hereunder.

17. Time of the Essence

Time shall be of the essence of this Letter of Intent and each and every part hereof.

IN WITNESS whereof the parties have executed this Letter of Intent as evidenced by the signatures of their proper signing officers duly authorized in this regard.

YMCA of WESTERN ONTARIO

"Tenant, or YMCAWO"



Shaun Elliot, Chief Executive Officer

(I have the authority to bind the corporation)

THE CORPORATION OF THE CITY OF LONDON

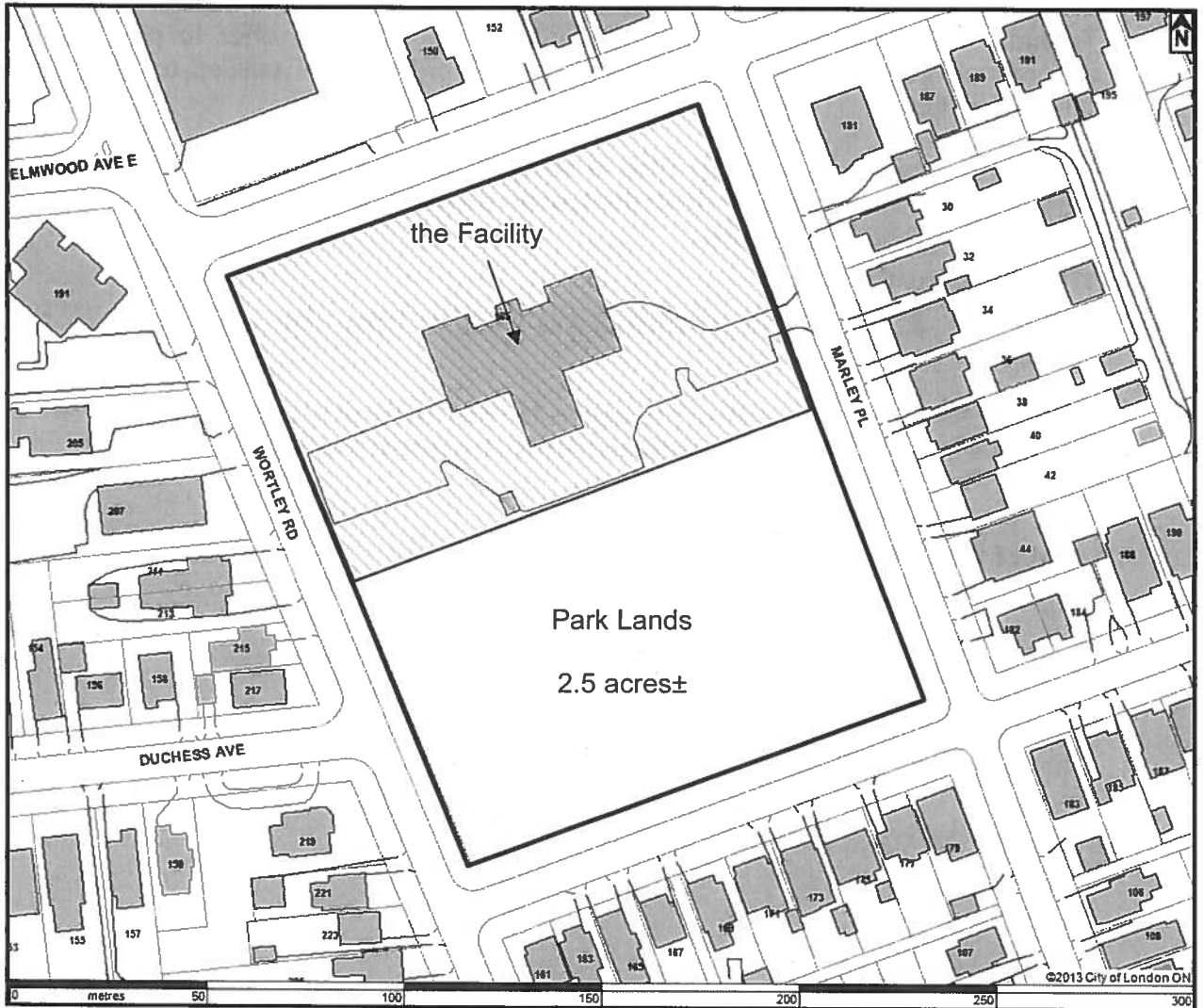
"Landlord, or the City")"

Joe Fontana, Mayor

Catharine Saunders, City Clerk

SCHEDULE A

THE LANDS: PLAN 438 BLK A LOTS 7 TO 10
PT LOT 11 PLAN 1 E/S WORTLEY
RD LOTS 7 TO 10 PT LOT 11
W/S MARLEY PLACE



Premises
(2.5 acres±)



Property

Schedule B
Landlord's Work

The Landlord will demise the Leased Premises as detailed in the Design and Construction Documents approved by the Landlord with consultation with the Tenant pursuant to the Request For Proposal 13-47.

The objectives for the project is to; preserve the heritage requirements of the land and building, renovate the building to accommodate a tenancy for the YMCA of Western Ontario (YMCAWO), and to maintain the green space as City parkland.

Specifically, the project will include:

- a) A community space to support children, youth, and families with resources and programs including after school programs for youth.
- b) Establishing a YMCA Youth Centre of Excellence
- c) A licensed Child Care centre.
- d) Summer day camp programs.
- e) Providing community meeting and gathering space.
- f) Creating classrooms for a Language Instruction for Newcomer's to Canada program.
- g) Centralize YMCAWO administrative staff.
- h) Work with other community groups and businesses to utilize the building.
- i) Upgrade of the mechanical (include a new HVAC system) and electrical systems.
- j) Exterior exit stairs from the 2nd floor south.
- k) Ground floor structural upgrades to meet OBC live load requirements
- l) Modify the elevator and elevator shaft to meet accessibility requirements.
- m) Weeping tile and foundation wall waterproofing.
- n) New storm and sanitary sewer.
- o) Parking lot and exterior lighting improvements.
- p) Barrier free and accessibility upgrades.
- q) Designated substance abatement.
- r) Ensure the conditions of the Heritage Conservation Trust Agreement including the easements and covenants identified in the Heritage Easement Agreement are achievable prior to preliminary design.