



HÔTEL - DIEU GRACE HEALTHCARE

ESTD 1888

July 9, 2020

The Corporation of the Town of Tecumseh
917 Lesperance Road
Tecumseh, Ontario N8N 1W9

Attention: Laura Moy, Clerk

Re: Long Term Lease and Construction of Addition to Tecumseh Multi-Use Sports Plex

WHEREAS The Corporation of the Town of Tecumseh (“the Landlord” or “Town”) is the owner of the recreation facility known as and hereafter referred to as the “Tecumseh Multi-Use Sports Plex” which building, surrounding lands, and parking lot are located at 12021 McNorton Street, Tecumseh, Ontario (all of which is termed “the Town Facility”);

AND WHEREAS Hotel Dieu Grace Healthcare (herein “HDGH” or “the Tenant”) proposes to construct an addition to the building at the Town Facility and thereafter operate a Cardiac Wellness and Pulmonary Rehab Satellite Facility at this location in Tecumseh (herein “the Program”).

AND WHEREAS the Town has expressed interest in accommodating the operation of this Program by HDGH for the benefit of the residents of the Town and County, by entering into a long-term lease (herein “Lease) of the lands required for construction of the addition to the building and once constructed, the addition and related access and parking with HDGH as Tenant together with a maintenance agreement respecting the cleaning, maintenance, and/or repair of the Building Premises (herein the “Operations Agreement”) consistent with the principles set out below and otherwise on terms mutually satisfactory to both parties.

This letter is an expression of understanding between us and shall, unless expressly set out herein, not be construed as a binding agreement on either party, save and except for Section 5 referring to confidentiality, subject to the conditions noted below, to proceed with the transactions described herein and otherwise until replaced with the definitive Lease and Operations Agreement (the “Definitive Agreements”).

Our understanding is as follows:

1. Subject Matter

- a. The Town will lease to HDGH and HDGH agrees to lease from the Town a portion of the lands within the Town Facility to accommodate a building addition of between 6,000 to 9,000 square feet in size and shown in concept on Schedule A attached (herein “the Building Premises”);

Town initials _____ & _____ HDGH initials _____

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- b. HDGH will design and construct the Building Premises at its sole cost and expense. Upon completion of construction of the Building Premises it will belong to the Town and form part of the subject matter of the Lease and Operations Agreement;
- c. The Building Premises will be used exclusively by HDGH during the Term of the Lease for the operation of the Program. Notwithstanding the foregoing, HDGH may approach the Town for consent to sublet part of Building Premises to other health care service partners that have existing relationships with HDGH. Any consent from the Town may be conditional upon the subtenant agreeing to be bound by the operational terms and restrictions of the Definitive Agreements;
- d. Parking and street access to the Building Premises will be shared in common with the Town's existing employees and users of the Town Facility. No new entrance or parking lot expansion is required.
- e. HDGH shall have the right to name the Building Premises provided the wording is subject to the approval of the Town, acting reasonably. The name of the addition may be changed without the consent of HDGH at the conclusion of the Term of the Lease or otherwise upon earlier termination of this Lease.

2. Term of Lease

- a. It is contemplated that the Term of the Lease will be for twenty-five (25) years subject to:
 - i. HDGH approving its construction budget and the amortization of the construction costs over the Term of the Lease and both parties considering any adjustments to the Term that may be appropriate under the circumstances.
 - ii. Determining any nominal amount for Basic Rent for the use of the land during the Term along with the various on-going costs to be paid in like manner as Additional Rent by HDGH to the Town so that the Town does not incur on-going costs and expenses for the care, maintenance, repair and/or operation of the Building Premises during the Term;
 - iii. A right of renewal for up to an additional 25 years shall be considered in the Definitive Agreements subject to the parties agreeing on the method for determining Basic Rent for the renewal period.

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3. Terms

- a. Apart from entering into the Definitive Agreements and the general conditions and terms customarily documented in such transactions to be included in the Definitive Agreements, the completion of the transactions contemplated hereunder shall be subject to the following:
 - i. HDGH will not commence construction of the addition until such time as the Town, acting reasonably, has approved the final plans and specifications as per protocols and time frames established by the parties;
 - ii. The design and construction will be completed in accordance with all applicable provincial statutes, regulations or orders and any municipal by-law or development standard of the Town and the outside design of the addition will be integrated into the exterior design of the Town Facility;
 - iii. Net Lease: It is the purpose and intent of the Town and HDGH that Basic Rent shall be net to the Landlord, so that this Lease shall yield the Basic Rent specified in each year during the Term without notice or demand, and free of any charges, assessments, impositions or deductions of any kind, and without abatement, deduction or set-off, and under no circumstances or conditions whether now existing or hereafter arising, whether beyond the present contemplation of the parties or otherwise, is the Town to be expected or required to make any payment of any kind whatsoever in respect of the Building Premises, except as specifically set out in the Definitive Agreements.
 - iv. The Lease will call for HDGH to be responsible for the costs of heating and cooling, use of utilities, garbage collection, cleaning, maintaining, repairing, and insuring the Building Premises and operating the Program;
 - v. Given that the Building Premises is an addition to the Town Facility, which existing building is cared for, maintained, repaired and operated by the Town, an Operations Agreement will be negotiated contemporaneously with the Lease to allow for a uniform approach to these matters whereby the Town will attend to a number of these matters and recover the cost from HDGH.

Town initials _____ & _____ HDGH initials _____

- vi. The Operations Agreement will also detail the manner in which HDGH shall

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have use of the Town's equipment and facilities within the Town Facility to better serve those using the HDGH Program in common with other users of the Town Facility.

- vii. The Operations Agreement will also detail the hours of operation for the HDGH Program at the Building Premises and the hours of operation of the Town Facility in general to the extent the parties determine such clarification is necessary and appropriate.
- b. The terms and provisions governing this transaction shall be contained in the Definitive Agreements as appropriate under the circumstances, including representations and warranties, indemnities, covenants and conditions (including conditions as to any required governmental approvals or consents), which shall be consistent with this letter of intent.
- c. Upon the signing of this letter of intent, it is the intent of the parties to engage in a period of further due diligence concurrently with the initiation of negotiations of the Definitive Agreements. Subject to the right to terminate negotiations by notice to the other party, the parties agree to negotiate in good faith as promptly as practicable the Definitive Agreements describing each party's respective rights and obligations with respect to the transaction. Subject to the due diligence, each party agrees to commit the necessary resources in order to complete such negotiations by December 31_, 2020; or later if mutually agreed by the parties.
- d. As part of the Due Diligence, HDGH agrees to commit the necessary resources to develop detailed plans and drawings, a construction budget, a permit approval timeline and a construction timeline so that the size of the building, its basic features and construction details, and the approximate approval and construction timelines can be referenced in the Lease. In this regard, HDGH advises that it has retained the architect used by the Town to assist in integrating the design of the exterior and shell of the addition to that of the Town Facility and will retain an engineer as need be during the process.

4. Other

- a. Each party shall bear their respective legal and other costs arising in connection with the transaction and split equally the cost of preparation of this Letter of Intent.

Town initials _____ & _____ HDGH initials _____

5. Confidentiality and Announcements

For consideration of one dollar (\$1.00), mutual covenants from the other party and other good and

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valuable consideration, the receipt and sufficiency of which are herein acknowledged, (i) the parties agree that in the event the Definitive Agreements are not completed, neither party shall not use or disclose to any third party any confidential information relating to the HDGH Program or Town Facility as a result of access or disclosure (except disclosure which is required to be made to the legal counsel and other advisors for the purposes of this letter of intent); and (ii) the parties hereby mutually covenant and agree:

(a) that over the course of negotiating the Definitive Agreements they will acquire confidential information about certain matters which is the exclusive property of the other party, including but not limited to, sensitive personal and financial information

(b) to maintain the confidentiality of such information and take such measures to protect that information as if it were their own sensitive information;

(c) provided, however, that the terms and conditions of this transaction and all information exchanged between the parties will be treated as confidential and proprietary information within the scope of the following:

i) HDGH is the custodian of the health records of the participants in the Program. The parties acknowledge that the records must be kept in compliance with the Personal Health Information Protection Act, 2004, S.O. 2004, c. 3, Sched A, as amended

ii) The Town is subject to the Municipal Freedom of Information and Protection of Privacy Act R.S.O. 1990, c. M. 56, as amended.

iii) The parties hereto agree to keep confidential, all information of the other party that is confidential in nature including any proprietary information that the other party gains access to or is provided, to as, a result of each party's rights and obligations under this Letter of Intent.

iv) The parties hereby acknowledge and agree that any claim of confidential information, shall be considered within the scope of the appropriate privacy legislation as set forth herein or any other applicable privacy law that may now be or come into force in the future and that disclosure of any information, confidential or otherwise shall be in accordance with the applicable legislation and this Agreement.

(d) that except as required by law, no disclosure of such information or public announcement with respect to this transaction may be made without the prior joint written consent of both parties;

(e) that neither they, nor any of their representatives, agents, directors, officers, employees, or other persons for whom they are at law responsible will make any public announcement concerning the proposed transaction or related negotiations without the prior joint written consent of both parties;

Town initials _____ & _____ HDGH initials _____

(f) in the case of announcements required by law, any such proposed announcement, notice, or disclosure will be provided to the other party for their comment and review prior to issuance.

In the event that no Definitive Agreements are reached or, if reached, are thereafter terminated, the parties

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within the scope of applicable privacy law agree to return promptly all such information in written form, to each other.

Notwithstanding any provisions to the contrary, the provisions of this Section 5 shall be binding on the parties and are intended to survive the termination of this letter and to the extent that the obligations contained hereunder conflict with any existing agreement between the parties respecting confidentiality and/or non-disclosure the more restrictive obligation imposed on the party who has received the information shall prevail.

6. Termination

This letter of intent shall terminate on the earlier of: (a) execution of the Definitive Agreements, or (b) in the absence of such, on _December 31st, 2020.

See next page for signing...

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7. Acceptance

If the foregoing is in accordance with your understanding and is acceptable to you, please indicate by signing the enclosed copy of this letter and returning one copy to us on or before the _____ day of July, 2020. Upon acceptance, HDGH shall immediately move forward with the design process and due diligence and the parties shall negotiate the Definitive Agreements.

This letter of intent may be executed in counterparts by telefax, electronically scanned copy or similar system reproducing the original with necessary signatures and initials, each of which so executed shall be deemed to be an original, such counterpart together shall constitute one and the same instrument and shall be binding on all parties.

Yours truly,

Janice Kaffer
President & CEO
Hôtel-Dieu Grace Healthcare

The Corporation of the Town of Tecumseh agrees to the terms outlined above this _____, 2020

THE CORPORATION OF THE
TOWN OF TECUMSEH

per: _____
Name: Gary McNamara
Title: Mayor

per: _____
Name: Laura Moy
Title: Clerk

Town initials _____ & _____ HDGH initials _____

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