Section 3.4

SAMPLE DEVELOPMENT AGREEMENT (Actual agreement required by Ministry may vary)

AGREEMENT FOR DEVELOPMENT OF LONG-TERM CARE FACILITY BEDS IN <SERVICE AREA>

THIS AGREEMENT made this ____ day of _____, 200___ between HER MAJESTY THE QUEEN in right of Ontario, as represented by the Minister of Health and Long-Term Care for Ontario and <Legal Name of Operator> (the "Operator").

WHEREAS:

- 1. The Minister circulated Application Guidelines for the development of Long-Term Care Facility Beds (as defined in Section 1.1) in [NAME OF SERVICE AREA/REGION] (the "Service Area") and the Operator submitted an Application to the Ministry in response to the Application Guidelines; and
- 2. The Minister has made an allocation to the Operator for the development of 144 Long-Term Care Facility Beds in [LOCATION/MUNICIPALITY] in the Service Area; and
- 3. The Operator wishes to develop such Beds there subject to the terms and conditions set forth in this Agreement.

NOW THEREFORE in consideration of the mutual covenants, promises, and agreements contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions. In this Agreement, the following terms have the meanings set out below:

"Affiliates" means individuals, sole proprietorships, corporations, and partnerships/limited partnerships which are controlled by, are under common control with, or control theOperator either directly or indirectly through equity contributions, profit sharing or otherwise.

"Agreement" means this Agreement, including the Schedules to this Agreement, as it or they may be amended or supplemented from time to time, and the expressions "hereof", "herein", "hereto" "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement.

"Allocation Notice" means the notice of allocation letter from the Ministry to the Operator dated XXXXXX.

"**Applicable Law**" means, with respect to any Person, property, transaction, event or other matter, any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law (collectively, the "Law") relating or applicable to such Person, property,

transaction, event or other matter. Applicable Law also includes, where appropriate any interpretation of the Law (or any part) by any Person having jurisdiction over it, or charged with its administration or interpretation, subject to applicable appeal processes.

"Application" means the Application identified in Schedule "G".

"**Application Guidelines**" means the Application Guidelines issued by the Ministry attached hereto as Schedule "H" together with the Application Form issued by the Ministry on or about [DATE].

"**Beds**" means the Long-Term Care Facility Beds that are to be developed by the Operator pursuant to this Agreement.

"**Business Day**" means any day except Saturday, Sunday or any day on which the Ontario Provincial Government is not open for business.

"CLA" means the *Construction Lien Act*, R.S.O. 1990, c. C.30, as the same may be amended or re-enacted from time to time.

"Confidential Information" has the meaning set forth in Section 5.1(1) (Duty of Confidentiality).

"Construction" has the meaning set forth in Section 2.3 (Construction).

"**Construction Plans**" means preliminary sketch plans (as defined in the Design Manual), working drawings (as defined in the Design Manual) and specifications, and any revisions to the foregoing, relating to the Project.

"**Controlling Shareholder**" of a corporation means a shareholder who or which holds (or another Person who or which holds for the benefit of such shareholder), other than by way of security only, voting securities of such corporation carrying more than 50% of the votes for the election of directors, provided that the votes carried by such securities are sufficient, if exercised, to elect a majority of the board of directors of such corporation.

"**Design Manual**" means the Long-Term Care Facility Design Manual issued by the Ministry on or about May, 1999, as amended from time to time.

"Environmental Laws" means Applicable Law in respect of the natural environment, public or occupational health or safety, and the manufacture, importation, handling, transportation, storage, disposal and treatment of Hazardous Substances.

"Facility" means the Long-Term Care Facility for which the Beds are being developed and for greater certainty, includes the Beds and the common areas and common elements which will be used, at least in part, for the Beds being re-developed by the Operator pursuant to this Agreement, but excludes any other part of the building which will be used for purposes not directly related to the Beds being developed by the Operator pursuant to this Agreement, (for example, for hospital purposes).

"**FEC Form**" means a completed form, in or substantially in the form set out in Schedule "A", setting out the final estimate of the cost of the Project.

"Force Majeure" has the meaning set forth in Section 8.5 (Force Majeure).

"Hazardous Substance" means any solid, liquid, gas, odour, heat, sound, vibration, radiation or combination of them that may impair the natural environment, injure or damage property, plant or animal life or harm or impair the health of any individual.

"**IEC Form**" means a completed form, in or substantially in the form set out in Schedule "A", setting out the initial estimate of the cost of the Project.

"including" means including, without limitation, and "includes" means includes, without limitation.

"Items Eligible for Provincial Contribution" as set out in Schedules "A" and "D" means the actual cost of construction, furniture, equipment, building permit, municipal development charges, architect fees and other eligible professional fees, and related net taxes, together with the cost of any items declared eligible by the Minister. For greater certainty, Items Eligible for Provincial Contribution do not include any costs relating to the acquisition of the land or building, demolition of the building, financing, letters of credit, rezoning, audit fees, site survey, insurance, travel and meals, plans and prints, commissioning or bonding, general administrative costs, marketing expenses, or items declared not eligible by the Minister.

"Letter of Approval" has the meaning set forth in Section 3.3 (Occupancy Approval).

"Lien" means a mortgage, charge, pledge, lien (statutory or otherwise), security interest or other encumbrance or adverse claim of any nature or kind whatsoever.

"Long-Term Care Facility" means an approved charitable home for the aged (as defined in the *Charitable Institutions Act*, R.S.O. 1990, c. C.9), a home (as defined in the *Homes for the Aged and Rest Homes Act*, R.S.O. 1990, c. H.13), or a nursing home (as defined in the *Nursing Homes Act*, R.S.O. 1990, c. N.7).

"Long-Term Care Facility Bed" means a bed in a Long-Term Care Facility.

"**Minister**" means the Minister of Health and Long-Term Care for Ontario or any agent or representative thereof or any other Person to whom the Minister of Health and Long-Term Care for Ontario has properly delegated certain responsibility(ies).

"Ministry" means the Ontario Ministry of Health and Long-Term Care.

"Occupancy" means the admission of the first person as a resident of the Facility.

"Operator's Personnel" means the Controlling Shareholders (if any), directors, officers, employees, agents or other representatives of the Operator and any Team Members and Affiliates and their shareholders, directors, officers, employees, agents or other representatives. . For the purposes of Article 7 (Liability and Indemnification) only, "Operator's Personnel" shall, in addition to the foregoing, include the contractors and subcontractors for the Construction and their respective shareholders, directors, officers, employees, agents or other representatives. "**Person**" is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, a joint venture, an unincorporated organization, an association, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity.

"**Policy**" means the Policy for Funding Construction Costs of Long-Term Care Facilities dated April, 1999 and attached hereto as Schedule "B", as amended from time to time.

"**Program Manual**" means the Long-Term Care Facility Program Manual issued by the Ministry on or about December, 1993, as amended from time to time.

"**Project**" means the Construction and all other work to be performed and steps to be taken by or on behalf of the Operator to complete the Facility (including the furnishing and decoration thereof) and develop the Beds.

"**Project Documents**" has the meaning set forth in Section 2.4(1) (Approval of Project Documents).

"Project Schedule" is the document attached hereto as Schedule "E".

"**Project Summary**" means the Project Summary required under clause 2.4(1)(b), as approved by the Minister, and includes any revisions to the Project Summary as contemplated by this agreement that are approved by the Minister.

"Service Agreement" has the meaning set forth in Section 3.5 (Service Agreement).

"Service Area" has the meaning set forth in the recitals.

"Site" means the site approved by the Minister on which the Facility to be developed under this Agreement will be situated.

"**Subcontractor**" means a supplier (other than a general contractor or construction manager) who or which supplies equipment, other goods or services for the Construction pursuant to a contract with the general contractor (if any) or the Applicant, if the Applicant has obtained a construction manager pursuant to Section 2.4(3).

"**Team Member**" means an individual or entity that, in the Application, provided his/her/its written confirmation of its intention to provide assistance and services to the Applicant to enable it to successfully complete the Project.

"**Term**" means the term of this Agreement as set forth in Section 8.1 (Term), together with any extensions or renewals thereof.

"**Total Completion**" means that the Project has been completed in accordance with the terms of this agreement, and the Project Documents, and is ready to be opened for use as a Long Term Care Facility.

1.2 Headings and Division. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only, and are not intended to affect the construction or interpretation of this Agreement.

1.3 Calculation of Time. Unless otherwise specified, time periods within or following which any payment is to be made or any act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends.

ARTICLE 2 RE-DEVELOPMENT OF LONG-TERM CARE FACILITY BEDS

2.1 Development of Beds.

- (1) The Operator shall develop <z> Beds in <Facility City>, Ontario in accordance with the Design Manual and the terms and conditions set forth in this Agreement, the Applicant's Application, and the Project Documents as approved by the Minister.
- (2) **Staffing**. Despite Section 2.1(1), the Ministry and the Operator acknowledge that the staffing chart provided in the Application shows staffing projections only, but that the Operator shall provide any enhancements to staffing described in its Application.
- (3) **Team Members**. The Operator shall not, without the prior written consent of the Minister, substitute a Team Member with another person or entity.

2.2 Site.

(1) Acquisition of Site

- (a) The Operator shall acquire an ownership or leasehold interest in the Site on or before the deadline set out for the Acquisition of Site in Schedule "E". The ownership or leasehold interest of the Operator in the Site, and any agreements, documents or instruments relating to such interest (including any lease of the Site or joint venture agreement), shall be subject to the approval of the Minister.
- (b) If the Operator submitted an option to purchase a site in the Application, the Operator shall exercise this option to purchase the Site for the development of the Beds on or before the fifth Business Day following the delivery by the Minister to the Operator of a fully executed Agreement, such exercise to result in an agreement to purchase the Site. The Operator shall submit to the Minister on or before the deadline set out in Schedule "E" for the Submission of Documents upon the Exercise of Option:
 - (i) the resulting agreement to purchase the Site; and

 (ii) an opinion from the Operator's solicitor that the resulting agreement to purchase the Site is a legally binding agreement for the Operator to purchase the land described in the agreement to purchase.

This Agreement is executed subject to the following condition precedent, namely that the Operator has exercised the option to purchase the Site, submitted the required documentation to the Minister and the documentation is satisfactory to the Minister, all in accordance with this Agreement. This condition is inserted for the benefit of the Minister and may be waived at the Minister's option. Upon fulfilment or waiver of the condition, this Agreement shall be in force and binding on the Operator and the Minister.

(2) **<u>Building on Site</u>**. The Operator shall develop the Beds on the Site.

(3) **Zoning**. The zoning of the Site shall, from and at all times after commencement of the Construction, permit the Site to be used for a Long-Term Care Facility of the type that the Facility is proposed to be.

2.3 Construction. In order to develop the Beds, the Operator shall cause the construction of a new building on the Site (the "**Construction**"). The construction shall be carried out in accordance with the Design Manual, and the Project Documents as approved by the Minister. The Operator shall not commence the Construction unless and until it has obtained any necessary permits, including building permits, required by Applicable Law and has submitted a copy of such permit(s) to the Ministry.

2.4 Approval by Minister.

- (1) <u>Project Documents</u>. On or before the dates set out in the Project Schedule, where applicable, the Operator shall submit the following items to the Minister for the Minister's approval:
 - (a) [intentionally blank];
 - (b) Construction Plans and a Project Summary (as defined in the Design Manual, and in the form attached hereto as Schedule "C"), all in accordance with and as required by the Design Manual for the First Submission of Plans described therein;
 - (c) Construction Plans, indicating any differences from the Construction Plans submitted under clause (b), and, if applicable, a revised Project Summary, in accordance with and as required by the Design Manual for the Second Submission of Plans as described therein;
 - (d) the agreements, documents and instruments referred to in Section 2.2 (Approval of Site);
 - (e) a construction schedule for the Project setting forth dates to be agreed upon between the Operator and the general contractor or construction manager selected in accordance with Section 2.4(3);

- (f) any other documents required under the terms of the Project Schedule, at the time specified therein; and
- (g) any other documents, agreements or instruments relating to the Construction or otherwise to the Project or the Facility, including documents relating to financing, as and when the Minister may reasonably request.

The Operator shall not commence the tendering process until the Minister has approved, in writing, the Project Documents listed above in 2.4(1)(b), (c) (d) and (e); and the Operator shall not commence Construction until the Minister has approved in writing all of the Project Documents required under 2.4(1)(f) or (g) to be submitted prior to that time.

The Minister's approval of the Project Documents shall be conditional upon approval by the Ontario Fire Marshall of the Construction Plans.

(2) <u>Expiry of Approval</u>. The Construction shall commence within six months after the date on which the Minister has approved, in writing, the successful tender bid pursuant to Section 2.4(3), and if the Construction is not commenced within such period, the Minister shall be entitled, in the Minister's sole and absolute determination, to declare such approval to have expired at any time from or after the end of such period.

(3) <u>General Contractor/Construction Manager and IEC / FEC Forms.</u>

The Operator shall not contract any person to carry out the Construction, except as contemplated in this subsection, 2.4(3), without the specific approval of the Minister.

(a) Selection Process. The Operator shall select a general contractor or a construction manager for the Construction by means of a public tender in accordance with the Policy. (For greater certainty, the requirements set out in the Policy for the public tender process for a general contractor shall apply to the public tender process for a construction manager, except that the Canadian Construction Documents Committee or the Canadian Construction Association standard forms and documents applicable to or appropriate for construction managers shall be used in place of those for general contractors). The Operator shall not select a general contractor or a construction manager without the written approval of the Minister. Prior to selecting the successful tender bid, the Operator shall submit to the Minister for approval the following documents: (i) the tender bid which the Operator intends to select as the successful bid together with the two other tender bids which the Operator would otherwise select as alternative successful bids; (ii) in the case of a tender for a general contractor, an FEC Form in the form set out in Schedule "A", based on the tender bid which the Operator intends to select as the successful bid; and (iii) a letter of confirmation of financing from the Operator's lender containing the terms of the financing for the Project. If the Minister does not approve any of the three tender bids submitted to it

by the Operator, the Operator shall submit up to three other tender bids which the Operator would otherwise select as successful bids, and in the case of a tender for a general contractor, together with an FEC Form based on the tender bid which the Operator would then select as the successful bid. The Minister shall have the right to approve any of the tender bids submitted by the Operator and shall also have the right not to approve any of such tender bids, in which case the Operator shall issue a new invitation to tender for a general contractor or a construction manager, as the case may be, for the Construction. In the case of a tender for a general contractor, once a general contractor has been approved by the Minister, the Operator shall promptly prepare and submit to the Minister an FEC Form based on such general contractor within thirty (30) days of the date of the Minister's approval unless an FEC Form based on such general contractor was previously submitted to the Minister as part of the foregoing approval process.

- (b) <u>Criteria</u>. The Operator acknowledges and agrees that the Minister will be reviewing the tender bids on the basis of qualitative criteria which are set out in the Policy in addition to the prices quoted in such bids and that the Minister may not necessarily approve the general contractor or construction manager, as the case may be, which has submitted the tender bid with the lowest price. The Operator shall ensure that the invitation to tender and the other documents relating to the tender process clearly stipulate that lowest price is not the only criterion on which tender bids will be assessed and selected, that the selection of the successful bid is subject to the approval of the Minister and that the Operator has the right not to select any of the tender bids and may issue a new invitation to tender for a general contractor or construction manager, as the case may be.
- (c) <u>Construction Manager</u>. In the event that the Operator obtains a construction manager, and not a general contractor, pursuant to Section 2.4(3)(a):
 - (i) it shall be a term of the contract between the construction manager and the Operator that the construction manager shall not be entitled to select the Subcontractors for the Construction and, for greater certainty, the construction manager shall not be permitted to allocate performance of the Construction or any part thereof (A) to its own employees, except for minor site work, i.e., site set-up, hoarding and general daily clean-up; or (B) to any Subcontractors selected by the construction manager;
 - (ii) the Operator shall select each Subcontractor for the Construction by means of a public tender in accordance with the requirements set out in the Policy for the public tender process for a general contractor, except that the Canadian Construction Documents Committee or the Canadian Construction Association standard forms and documents applicable to or appropriate for subcontractors or subtrades shall be used in place of those for

general contractors. Prior to selecting any subcontractor, the Operator shall submit to the Minister, as proof of the tender process for such subcontractor, the following documents: (A) a copy of the public tender documents issued by it for such subcontractor; (B) a list of the tender bids submitted to the Operator in response thereto; and (C) a copy of the tender bid submitted by the selected subcontractor;

- the Operator (and for greater certainty, not the construction manager) shall enter into a written agreement with each Subcontractor in respect of its role in the performance of the Construction;
- (iv) each Subcontractor who enters into a stipulated sum contract with the Operator for the Construction for an amount of Two Hundred and Fifty Thousand Dollars (\$250,000) or more shall provide to the Operator the following bonds with a financially sound and reputable bonding company: a fifty percent (50%) performance bond and a fifty percent (50%) labour and material bond;
- (v) the Operator shall submit to the Minister, on a monthly or more frequent basis during the course of the Construction, a copy of a report prepared by the Operator's architect for the Project, which report shall indicate the costs (including the fees of the construction manager) incurred on the Project to the date of such report, together with an estimate of the cost of the Project. The Operator's architect for the Project shall certify all costs incurred and all invoices therefor for the Project; and
- (vi) prior to the commencement of Construction the Operator shall submit to the Minister for approval an IEC Form in the form set out in Schedule A, and once all of the Subcontractors have been selected pursuant to Section 2.4(3)(c)(ii), the Operator shall submit an FEC Form to the Minister for approval within thirty (30) days of the date on which the Operator selects the last Subcontractor. All of the Subcontractors shall be selected and the FEC submitted to the Minister no later than one hundred and eighty (180) days prior to the deadline for Total Completion set forth in the Project Schedule.

2.5 Compliance.

(1) **General**. All aspects of the Construction shall be carried out in accordance with, and the Facility, once completed, shall comply with, all Applicable Law (including the CLA, all Environmental Laws, the Ontario Building Code and the Ontario Fire Code), the Design Manual, the Project Documents, the Application, and this Agreement (including for greater certainty, the Project Summary); provided that in the event that there are any conflicts between any of the foregoing, they shall be resolved in accordance with section 9.2.

(2) <u>Occupational Health and Safety</u>. Without limiting the generality of Section 2.5(I), the Operator shall be responsible for ensuring that the Construction is completed in compliance with all Applicable Law relating to health and safety (including the Occupational Health and Safety Act, R.S.O. 1990, c. O.1 (the "OHSA")). The Operator shall ensure that the general contractor for the Construction (if applicable) acts as "constructor" in accordance with the OHSA.

2.6 Inspection During Construction. The Minister shall be entitled, without notice to the Operator, at any time and from time to time on any Business Day before the Project has been completed, to enter upon the Site and inspect the Site, the Facility and the progress of the Project; provided that the Minister shall not unduly interfere with or cause the delay of the Construction during the course of such an inspection.

2.7 Timing.

- (1) <u>Project Schedule</u>. The Operator shall carry out and complete the Project in accordance with the Project Schedule, and in any event, shall ensure that Total Completion has been attained on or before the deadline for Total Completion set forth in the Project Schedule. The Minister may, at any time, in the Minister's sole and absolute determination, extend the deadline for Total Completion or any or all of the deadlines set forth in the Project Schedule.
- (2) <u>**Progress Reports.**</u> The Operator shall submit to the Minister any information relating to the Project which the Minister may request during and in connection with the progress of the Project.
- (3) **Delays**.
 - (a) <u>Notification</u>. The Operator shall notify the Minister in writing promptly if the submission of any Project Documents or work on the Project is overdue under the terms of the Project Schedule or upon becoming aware of any actual or threatened occurrence or condition which would reasonably be expected to cause a delay in meeting any deadline set forth in the Project Schedule.
 - (b) <u>Responsibility</u>. In the event of a delay, the Operator will use its best efforts to perform its obligations under this Agreement and to overcome or minimize the effects of such delay (including rearranging and rescheduling the work on the Project so as to minimize the ultimate delay in completion of the Project) in a timely manner utilizing to such end all resources reasonably required in the circumstances, including obtaining supplies or services from other sources if the same are reasonably available. The Operator shall be responsible for the care, maintenance and protection of the Project in the event of a shut-down.
 - (c) **Project Documents**. Subject to Section 8.5 (Force Majeure), if a delay in meeting the deadlines set forth in the Project Schedule for submission of any of the Project Documents is expected to be more than 60 days, the Minister may, in the Minister's sole and absolute determination, terminate this Agreement in accordance with Section 8.2 (Termination by Minister).

(d) <u>Total Completion.</u> Subject to Section 8.5 (Force Majeure), if the deadline set forth in the Project Schedule for Total Completion is not met or is not reasonably expected to be met, then the Minister may, in the Minister's sole and absolute determination, terminate this Agreement in accordance with Section 8.2 (Termination by Minister), unless such delay was a direct result of the Minister not approving one or more of the tender bids submitted by the Operator to the Minister pursuant to Section 2.4(3) (General Contractor/Construction Manager and IEC/FEC Form) and the Operator was, in the sole and absolute determination of the Minister, acting in good faith in the public tender process and in selecting the tender bids.

2.8 **Changes to Project.** The Operator shall submit to the Minister a copy of any proposed change order prior to implementing the change contemplated thereby if such change (a) affects the Construction Plans in any material respect, or (b) once implemented, would materially increase or decrease the total cost of the Project set out in the FEC Form prepared for the Construction. The Operator shall not implement any such change order without the prior written approval of the Minister. In the event that the Minister does not consent to the proposed changes, the Operator shall continue with the Project in the manner contemplated in the Project Summary and the Project Documents, as approved by the Minister. Notwithstanding the foregoing, the Operator need not obtain the approval of the Minister for a change order (i) if the change contemplated by such change order will not cause any delay in meeting the deadlines set forth in Schedule "E" or Section 2.7(I) (Project Schedule), (ii) if the change contemplated by such change order will not result in any non-compliance of the Project with the Design Manual or any Applicable Law, and (iii) if the cost which would have been expended by the Operator on the Project without such change would have exceeded \$75,000 per Bed unless, after implementation of such change order, the costs which will be expended by the Operator on the Project will not exceed \$75,000. In addition, the Operator need not obtain the approval of the Minister for a change order if the change contemplated by such change order is required by Applicable Law, unless such change will result in non-compliance of the Project with the Design Manual.

2.9 Signage. The Ministry may erect signs on the Site, at the Ministry's expense, at such time and in such location as the Ministry determines in its sole discretion, upon giving advance notice to the Operator, provided that a sign shall not be placed in a position that prevents the Construction.

ARTICLE 3 APPROVAL AND FUNDING

3.1 **Pre-Occupancy Review**.

(1) <u>Timing</u>. The Operator shall notify the Minister in writing 30 Business Days prior to the date on which the Operator reasonably expects Total Completion to be attained. The Operator shall notify the Minister in writing at the time the Operator reasonably believes that Total Completion has been attained. Once the Operator has notified the Minister in writing that the Operator reasonably believes that Total Completion has been attained, the Minister shall arrange a time and date with the Operator for a pre-occupancy review by the Minister, which date for the pre-occupancy review shall be within ten Business Days after the date on which the Operator reasonably believes Total Completion to have been attained. The Minister shall be entitled at the time and on the date set for the pre-occupancy review to enter upon the Site (including the Facility) to conduct the preoccupancy review, including inspection of the Site and the Facility.

- (2) **Postponement**. If it is readily apparent to the Minister that Total Completion has not been attained and that, in the sole and absolute determination of the Minister, a substantial amount of further work is required on the Project in order to attain Total Completion, the Minister shall be entitled, at the Minister's option, not to conduct or to complete the pre-occupancy review at such time and the Minister need not provide or impose conditions on the Operator specifying the work necessary to be performed on the Project in order to attain Total Completion. In such event, the Minister shall notify the Operator that the Minister will not conduct or complete the pre-occupancy review at such time, and will, if requested, give reasons for the decision. The Operator shall perform such further work on the Project as is necessary in order to attain Total Completion and a new time and date for the pre-occupancy review shall be arranged in accordance with Section 3.1(1) (Timing).
- (3) <u>Other Inspections</u>. The Minister shall advise the Operator to request that a fire safety inspection of the Facility be conducted by local authorities and to obtain the following documents prior to the pre-occupancy review: (a) occupancy permit; (b) approval of the Office of the Ontario Fire Marshall or local fire department; (c) certificate from Ontario Hydro regarding inspection of the Facility and compliance with the Electrical Safety Code; (d) fire and call system alarm verification certificate; and (e) fire retardancy certificate.

3.2 Conditions. The Minister shall be entitled to impose on the Operator conditions to the approval of the Facility for Occupancy requiring the Operator to repair, improve or modify any aspect of the Facility (for greater certainty, including the common areas and common elements which will be used, at least in part, for the Beds being developed by the Operator pursuant to this Agreement but not including any other part of the building which will not be used for the Beds being developed by the Operator pursuant to this Agreement, the Design Manual, the Project Documents approved by the Minister pursuant to Section 2.4(1) (Project Documents), the Application, or any Applicable Law. The Operator shall complete all such repairs, improvements and/or modifications within the time period specified by the Minister. For greater certainty, the Minister's approval of the Facility for Occupancy shall be conditional on completion of such repairs, improvements and/or modifications to the satisfaction of the Minister.

3.3 Occupancy Approval. Within seven Business Days following completion of a preoccupancy review, the Minister shall notify the Operator, in writing, whether the Minister (a) approves the Facility for Occupancy (in which case, such notice shall be referred to as the "Letter of Approval"), or (b) does not approve the Facility for Occupancy, together with the reasons for not approving the Facility. If the Minister does not approve the Facility for Occupancy (whether after the first or any subsequent pre-occupancy review), the Operator shall satisfy any conditions to approval imposed by the Minister pursuant to Section 3.2 (Conditions) and address any other issues raised by the Minister in such notice to the satisfaction of the Minister. In such case, the Minister shall arrange and conduct one or more subsequent preoccupancy reviews in accordance with Section 3.1 (Pre-Occupancy Review).

3.4 Operation of Beds. From and after the time Occupancy has occurred, the Operator shall operate the Beds and the Facility in accordance with the Program Manual and the Project Summary, provided that the Operator must comply with all Applicable Law and meet the standards and criteria for the operation of a Long-Term Care Facility set out in the Program Manual notwithstanding anything to the contrary in the Project Documents.

3.5 Service Agreement. The Operator shall execute and deliver to the Minister a service agreement relating to, among other things, the operation of the Beds and the Facility (the "Service Agreement"), in or substantially in the form of the agreement to be provided by the Minister, prior to or within 45 Business Days after receipt from the Minister of a Letter of Approval pursuant to Section 3.3 (Occupancy Approval). The Service Agreement and each and every subsequent service agreement entered into between the Operator and the Minister shall contain, among other things, an express continuing obligation on the Minister to provide the Operator with funding for the costs of the Construction and development of the Beds in accordance with the Policy, as applied in accordance with Section 3.6 (Funding). The Operator acknowledges and agrees that the Service Agreement and each and every subsequent service agreement shall contain an express continuing obligation on the Operator that is the same or substantially the same as the obligation set forth in Section 3.4 (Operation of Beds).

3.6 Funding.

- (1) <u>Funding Conditions</u>. The Minister shall provide the Operator with funding for the costs of the Construction and development of the Beds in accordance with the Policy, provided that funding shall only be provided in respect of Items Eligible for Provincial Contribution. The Minister shall not be obligated to provide any such funding to the Operator until the following conditions have been met:
 - (a) the Minister has issued a Letter of Approval to the Operator pursuant to Section 3.3 (Occupancy Approval);
 - (b) the Operator has obtained or been granted a licence or statutory approval to operate a Long-Term Care Facility pursuant to the *Nursing Homes Act*, R.S.O. 1990, c. N.7, the *Charitable Institutions Act*, R.S.O. 1990, c. C.9 or the *Homes for the Aged and Rest Homes Act*, R.S.O. 1990, c. H.13;
 - (c) the Operator has executed and delivered the Service Agreement to the Minister in accordance with Section 3.5 (Service Agreement); and
 - (d) Occupancy has occurred.

The Minister shall provide the Operator funding based on the FEC Form approved by the Minister pursuant to Section 2.4(3) (General Contractor/Construction Manager and IEC/FEC Form) until such time as the Operator provides the Minister with a Statement of Disbursements and Source of Funds for the Project, in or substantially in the form set out in Schedule "D", and proof, satisfactory to the Minister, of the costs expended by the Operator on the Project up to a maximum of \$75,000.00 per Bed; for greater certainty, the Operator may incur costs exceeding \$75,000.00 per Bed but need not provide the Minister with proof of costs in excess of such amount given that funding will not be provided by the Minister in respect of any such excess costs in accordance with the Policy.

(2) Statement of Disbursements. The Operator shall use reasonable efforts to provide the Minister with such Statement of Disbursements and Source of Funds and such proof of costs as soon as possible after Occupancy, but in no event more than one year after the date of Occupancy (or such longer period as the Minister may consent to in writing). The amount of funding provided prior to, and the amount of funding to be provided after, the provision of such Statement and proof to the Minister may be adjusted by the Minister: (a) based on such Statement and proof such that the amount of funding being provided to the Operator for the costs of the Construction and development of the Beds is in accordance with the Policy, or (b) in the sole and absolute determination of the Minister, if the Operator has not provided such Statement and proof within the time period set out in the previous sentence, based on the costs of the Construction and development of the Beds which the Minister believes were actually incurred by the Operator in order that the amount of such funding is in accordance with the Policy.

ARTICLE 4 REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Representations and Warranties. The Operator hereby represents and warrants to the Minister as follows:

(1) <u>Status</u>. [Option 1 – If the Operator is a corporation (for profit or not-for-profit.] The Operator is a corporation [If the corporation does not have share capital, insert: without share capital] incorporated and validly subsisting under the laws of the jurisdiction of its incorporation. The Operator has the necessary corporate power and authority to own its property and assets and [if corporation is for profit. to carry on its business, and is qualified to do business][or if corporation is not for profit: conduct its affairs] in the Province of Ontario. No act or proceeding has been taken by or against the Operator in connection with the dissolution, liquidation, winding-up, bankruptcy or reorganization of the Operator.

[Option 2 – If the Operator is a partnership:] The Operator is a [Insert if applicable: limited] partnership formed and validly subsisting under the laws of the jurisdiction of its formation. The [Insert if applicable: limited] partnership agreement is in full force and effect. The Operator has the power and authority to own its property and assets and to [carry on business, and is qualified to do business or if not for profit [conduct its affairs] in the Province of Ontario. No act or proceeding has been taken by or against the Operator in connection with dissolution, liquidation, winding-up, bankruptcy or reorganization of the Operator.

[Option 3 – If the Operator is an individual or sole proprietorship] The Operator is at least 18 years of age and has the physical and mental capacity necessary to execute, deliver and perform his or her obligations under this Agreement.

- (2) <u>Due Authorization</u>. The Operator has the full power and authority to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated herein (including the Service Agreement) and to carry out its obligations under this Agreement and such other agreements and instruments, and [*If the Operator is a general partnership, insert* each of the partners of; *If the Operator is a limited partnership, insert* the general partner of] the Operator has taken all necessary action to authorize the execution, delivery and performance of its obligations under this Agreement and such other agreements and instruments.
- (3) Enforceability The Operator holds, or will hold by the time they are required, all permits, licences, consents, intellectual property rights, registrations and authorizations required to conduct its affairs and to perform its obligations under this Agreement and such other agreements and instruments referred to in Section 4.1(2). This Agreement constitutes a legal, valid and binding obligation of the Operator enforceable against the Operator in accordance with its terms, subject to limitations on enforcement imposed by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally and subject to general principles of equity.
- (4) **No Legal Bar.** The execution, delivery and performance by the Operator of this Agreement and such other agreements and instruments referred to in Section 4.1(2): (a) do not and will not conflict with, result in a breach or violation of or constitute a default under any Applicable Law or any agreement, instrument or other document to which the Operator is a party or by which the Operator or any of its property or assets are bound, except for violations which do not relate to the Site, the Facility or the Project or will not, in the aggregate, have a material adverse effect on the present or future business, operations, property, prospects or condition (financial or otherwise) of the Operator; and (b) [Option 1 – If the Operator is a corporation, insert: do not and will not conflict with, result in a breach or violation of, or constitute a default under, its constituting documents or by-laws [add if corporation is for profit or any unanimous shareholders agreement between the shareholders of the Operator] [Option 2 – If the Operator is a general partnership, insert: do not and will not conflict with, result in a breach or violation of, or constitute a default under, its partnership agreement.][Option 3 - Ifthe Operator is a limited partnership, insert: do not and will not conflict with, result in a breach or violation of, or constitute a default under, its limited partnership agreement.1.
- (5) Interest in Site. [Option 1 If the Operator already owns the Site as of the date of this Agreement or it is known that the Operator will purchase the Site:] On and as of the later of (a) the date of this Agreement and (b) the date on which the Operator acquires the Site, the Operator has good and marketable title to the Site, free and clear of any and all Liens except those Liens which have been listed by the Operator, as set out in Schedule "F".

[Option 2 – If the Operator already leases the Site as of the date of this Agreement or if it is known that the Operator will lease the Site] On and as of the later of (a) the date of this Agreement and (b) the date on which the Operator enters into a lease of the Site, the Operator has a good and valid leasehold interest in the Site under the lease between the Operator and [*insert name of landlord*] dated [*insert date of lease*], and the Operator is in good standing under such lease and such lease is in full force and effect, unamended. The Operator's leasehold interest in the Site is free and clear of any and all Liens except those Liens which have been listed by the Operator, as set out in Schedule "F".

[Option 3 – If the Operator does not, as of the date of this Agreement, know whether it will purchase or lease the Site:] On and as of the date on which:

- (a) the Operator acquires the Site, the Operator has a good and marketable title to the Site, free and clear of any and all Liens except those Liens which have been listed by the Operator, as set out in Schedule "F"; or
- (b) the Operator enters into a lease of the Site, the Operator has a good and valid leasehold interest in the Site under a lease between the Operator and the landlord, and the Operator is in good standing under such lease and such lease is in full force and effect, unamended. The Operator's leasehold interest in the Site is free and clear of any and all Liens except those Liens which have been listed by the Operator, as set out in Schedule "F".
- (6) <u>Environmental Matters</u>. On and as of the later of (a) the date of this Agreement and (b) the date on which the Operator acquires the Site or enters into a lease of the Site, the Operator warrants that:
 - to the best of the Operator's knowledge upon reasonable inquiry, no hazardous material is now or was formerly (including the period prior to the Operator's acquisition of the Site) used, stored, generated, manufactured, installed, disposed of or otherwise present at or about the Site or any property adjacent to the Site, other than in accordance with Environmental Laws; or
 - (ii) the site has been remediated in accordance with any and all Environmental laws, and that it shall submit proof of this to the Ministry; or
 - the Operator has a plan to remediate the Site in accordance with any and all Environmental laws, and that it shall remediate the Site in accordance with any and all Environmental laws before construction begins, and that it shall submit proof of this to the Ministry;

and that

- (iv) all current permits, licences, approvals and filings required with respect to the Site by Environmental Laws have been obtained,
- (v) the Operator's use, operation and the present condition of the Site does not and will not violate any Environmental Laws during the term of this agreement,

- (vi) the Operator has not violated any Environmental Laws in the conduct of its business (including business not relating to the Site or the Project), and
- (vii) to the best of the Operator's knowledge, no civil, criminal or administrative action, suit, claim, hearing, investigation or proceeding has been brought, nor have any settlements been reached by or with any party or any Liens imposed, concerning Hazardous Materials or Environmental Laws in connection with the Site or any other real property owned or leased by the Operator, or otherwise on or against the Operator.
- (7) Full Disclosure. All written statements made or furnished by or on behalf of the Operator to the Minister in the Project Summary or otherwise in connection with the transactions contemplated by this Agreement, were, as of the time such statements were made, true in all material respects and remain true in all material respects on the date hereof, and such statements do not contain any untrue statement of a material fact or omit a material fact necessary to make such statements not misleading, and all such statements, taken as a whole, do not contain any untrue statement of a material fact or omit a material fact necessary to make such statements or the statements contained herein not misleading. All expressions of expectation, intention, belief and opinion contained therein were honestly made on reasonable grounds after due and careful inquiry by the Operator (and any other Person who furnished such material). There is no fact which the Operator has not disclosed to the Minister in writing which adversely and materially affects, or so far as the Operator can now reasonably foresee, will adversely and materially affect its business, operations, property, prospects, liabilities or condition (financial or otherwise), or its ability to perform its obligations under this Agreement or to operate the Beds and the Facility in accordance with the Project Summary and the Program Manual.

4.2 Covenants. In addition to any other covenants and agreements of the Operator in this Agreement or the Project Summary, the Operator agrees and covenants with the Minister as follows:

- (1) <u>No Change in Ownership</u>. The Operator shall not, without the prior written consent of the Minister, permit a significant change in the management or ownership [Delete "or ownership" if the Operator is a publicly traded corporation, or a municipality, or a corp w/o share capital] of the Operator [Change "Operator" to "Project" if municipality] after the date of the Project Summary and during the Term of this Agreement, which change is, in the sole and absolute determination of the Minister, material;
- (2) <u>Material Documents</u>. The Operator shall not terminate the contract with the general contractor or construction manager for the Construction or any agreements, documents or instruments forming part of the Project Documents, and shall not amend, supplement or replace such contract with the general contractor or construction manager or the lease, if any, referred to in Section 2.2(1)(Approval of Site) in a manner that may adversely and materially affect the Project or the operation of such lease, if any without the prior written consent of the Minister; and

(3) <u>No Change in Site</u>. The Operator shall not develop the Beds at any location other than the Site which has been approved by the Minister. The Operator shall not sell, assign, convey or otherwise dispose of the Operator's interest in the Site without the prior written consent of the Minister. If the Operator leases the Site, the Operator shall not purchase the Site, whether pursuant to a purchase option under the lease thereof or otherwise, without the prior written consent of the Minister.

4.3 Insurance.

- (1) <u>General</u>. The Operator shall protect itself, by obtaining and maintaining insurance in accordance with Section 4.3, from and against all claims that might arise from anything done or omitted to be done by the Operator or the Operator's Personnel under this Agreement, and more specifically all claims that might arise from anything done or omitted to be done under this Agreement where bodily injury (including personal injury), death or property damage, including loss of use thereof, is or may be caused.
- (2) <u>**Construction Insurance**</u>. The Operator shall, at its own expense, maintain in full force and effect during the Term of this Agreement with financially sound and reputable insurance companies, at least the following:
 - (a) Builder's Risk property insurance for the full Replacement value of the complete Project, including earthquake and flood and testing and commissioning, with a reasonable deductible per loss, for which the Operator shall be solely responsible, and including the following endorsements: Replacement Cost Value, stated amount co-insurance and waiver of subrogation; and
 - (b) Wrap Up Liability insurance, providing coverage with a limit of not less than Five Million Dollars (\$5,000,000.00) for each occurrence of a claim of bodily injury (including personal injury), death or property damage, including loss of use thereof, that may arise directly or indirectly from the acts or omissions of the Operator or the Operator's Personnel, and including at least the following policy endorsements: Her Majesty the Queen in right of Ontario as represented by the Minister of Health and Long-Term Care and the Minister's officers and employees as Additional Insureds, Cross Liability, Blanket Contractual Liability, Products and Completed Operations, Contingent Employers Liability, and thirty (30) day written notice of cancellation, except that coverage of completed operations liability shall be maintained for two (2) years from the date of first Occupancy.
- (3) <u>Other Insurance Requirements</u>. To the extent that any Applicable Law, the nature of the Operator's business or any other factor requires the Operator to maintain any particular type of insurance (in addition to the insurance expressly required by this Agreement) with respect to the Site, the Facility, or any contents thereof, the Operator shall comply with all such requirements. Furthermore, the Operator shall take reasonable measures to ensure that professionals providing advice or services to the Project maintain in full force and effect during the Term

of this Agreement with financially sound and reputable insurance companies Professional Errors & Omissions Liability Insurance, insuring liability for errors and omissions in the performance or failure to perform services contemplated in connection with the Project, in the amount not less than Two Million Dollars (\$2,000,000) per claim.

(4) **Proof of Insurance**. The Operator shall submit to the Ministry certificates of insurance or other proof of the insurance coverage required in Section 4.3, together with copies of the relevant portion or portions of each insurance policy incorporating the terms and clauses referred to in Sections 4.3(2) and (3).

ARTICLE 5 CONFIDENTIALITY

5.1 General.

- (1) **Duty of Confidentiality**. During the Term and after the termination or expiry of this Agreement, the Operator shall,
 - (a) treat as confidential any data, information (whether oral, written, in computer readable format or otherwise) or any other item in any form (including any data, information or other item derived from any data) relating to the Ministry, this Agreement or the Service Agreement which the Operator or the Operator's Personnel may have acquired or learned in the course of, or incidental to, the negotiations and discussions leading to the finalization of this Agreement, the performance of this Agreement or otherwise, which was labelled or otherwise identified by or on behalf of the Minister as confidential, or which is confidential under applicable law (the "Confidential Information");
 - (b) use Confidential Information only with the prior written consent of the Minister or as required for the performance of this Agreement; and
 - (c) not directly or indirectly disclose to any Person any Confidential Information without the prior written consent of the Minister, except where required to do otherwise by an order of the Information and Privacy Commissioner or a court.
- (2) **Exceptions**. Except as otherwise provided by applicable law, Confidential Information does not include information that,
 - (a) is known to the public at the time such information is made available to the Operator other than through a breach of this Agreement,
 - (b) becomes known to the public after the time such information is made available to the Operator other than through a breach of this Agreement; or
 - (c) is required to be disclosed by the Operator by Applicable Law, but prior to such disclosure, and to the extent feasible, the Minister shall be consulted

as to the proposed form and nature of the disclosure and the Operator shall cooperate with and assist the Minister if the Minister wishes to take reasonable action to challenge the requirement to disclose.

5.2 Exception. The Minister agrees to treat as confidential all information provided to the Minister by the Operator pursuant to this Agreement except where an order of the Information and Privacy Commissioner or a court require the Minister to do otherwise.

5.3 Operator's Personnel.

- (1) <u>Confidentiality</u>. The Operator shall not disclose Confidential Information to any of the Operator's Personnel not having a need to know such information in connection with the performance of this Agreement. The Operator shall advise the Operator's Personnel of the requirements of Sections 5.1 (General Confidentiality) and 5.2 (Freedom of Information Legislation) and shall take appropriate action to ensure compliance by the Operator's Personnel with the terms of Sections 5.1 and 5.2 as if such sections applied directly to them.
- (2) <u>Liability</u>. In addition to any other liabilities the Operator may have under this Agreement, the Operator shall be liable for all damages (including incidental, indirect and consequential damages), costs, expenses, losses, claims or actions arising from any non-compliance by the Operator's Personnel with Sections 5.1, 5.2 and 5.3(I).

5.4 Return of Information. Following termination or expiry of this Agreement and at the request of the Minister, the Operator shall (and shall cause each of the Operator's Personnel to) deliver forthwith to the Minister all copies of any tangible items (other than this Agreement), if any, which are or which contain Confidential Information. No copy or duplicate of any such items shall be retained by the Operator without the prior written consent of the Minister. The Operator shall not destroy any such items without the prior written consent of the Minister.

5.5 The Operator is solely responsible for any applicable privacy law, including the Personal Health Information Protection Act.

ARTICLE 6 CONFLICT OF INTEREST

6.1 General. The Operator shall not, and shall cause the Operator's Personnel not to, engage in any activity where such activity creates a conflict of interest (actually or potentially in the sole and absolute determination of the Minister) in connection with the transactions contemplated by this Agreement (including the development of Beds). The Operator acknowledges and agrees that it shall be a conflict of interest for it or any of the Operator's Personnel to use confidential information of Her Majesty the Queen in right of Ontario (including the Confidential Information) relevant to the development of Beds where the Minister has not specifically authorized such use.

6.2 Disclosure. The Operator shall disclose to the Minister without delay any actual or potential situation that may be reasonably interpreted as being either a conflict of interest or a potential conflict of interest on the part of the Operator or any of the Operator's Personnel.

6.3 Use of Information. During the Term and after the termination or expiry of this Agreement, the Operator shall not, and shall cause the Operator's Personnel not to, directly or indirectly use for personal or any other type of gain any information obtained in connection with the transactions contemplated by this Agreement.

6.4 Operator's Personnel. The Operator shall make all reasonable efforts to ensure that the Operator's Personnel do not violate this Article 6. Such efforts shall include, but shall not be limited to, bringing the prohibitions under this Article to the attention of all such Persons.

6.5 Breach. A breach of this Article by the Operator or the Operator's Personnel shall entitle the Minister to terminate this Agreement, in accordance with Section 8.2 (Termination by Minister) in addition to any other remedies that the Minister has in this Agreement, at law or in equity.

ARTICLE 7 LIABILITY AND INDEMNIFICATION

7.1 Limitation of Liability. The Minister and the Minister's officers, employees, volunteers, agents and other representatives and successors and assigns shall not be liable to the Operator or the Operator's Personnel for any losses, expenses, costs, claims, damages (including incidental, indirect and consequential damages) and liabilities arising in connection with or as a result of:

- (a) anything done or omitted to be done by the Operator or the Operator's Personnel in carrying out the Project or otherwise in the performance of this Agreement or the obligations under the Project Summary;
- (b) the selection of the Site, the Construction of the Facility, the contract with the general contractor, construction manager or any subcontractors for the Construction or any of the Project Documents, or any other matter on which the Minister may be required or requested to give consent or approval, notwithstanding any consent to or approval of any of the foregoing by the Minister; or
- (c) termination of this Agreement pursuant to Section 8.2 (Termination by Minister) or Section 9.8 (Severability).

7.2 Indemnification by Operator. The Operator shall indemnify and save harmless the Minister and the Minister's officers, employees, volunteers, agents and other representatives, successors and assigns (collectively, the "Indemnified Parties") from any and all losses, damages (including incidental, indirect and consequential damages), liabilities, judgments, claims, demands, causes of action, suits, actions or other proceedings of any kind or nature and expenses (including legal fees on a solicitor and solicitor's own client basis) which the Indemnified Parties, or any of them, may suffer or incur arising in connection with or as a result of anything done or omitted to be done by the Operator or the Operator's Personnel in carrying out the Project or otherwise in the performance of this Agreement, or the Project Summary, including any breach by the Operator of its obligations under, or its representations, warranties and covenants set forth in this Agreement, or the Project Summary.

ARTICLE 8 TERM AND TERMINATION

8.1 Term. The term of this Agreement shall commence on the date written above at the top of the first page of this document and, subject to earlier termination pursuant to Section 8.2 (Termination by Minister), continue until the Minister has issued a Letter of Approval to the Operator pursuant to Section 3.3 (Occupancy Approval), the conditions for funding set out in Section 3.6 (Funding) have been satisfied, in the sole and absolute determination of the Minister, and the Minister has received a Statement of Disbursements and Source of Funds and proof of costs from the Operator as required by Section 3.6 (Funding).

8.2 Termination by Minister.

- (1) <u>Termination</u>. The Minister, without liability, cost or penalty, may, in the Minister's sole and absolute determination and without prejudice to any other rights or remedies of the Minister under this Agreement or at law or in equity, terminate this Agreement immediately upon giving written notice to the Operator if any of the following events or conditions have occurred or exist:
 - (a) [intentionally blank]
 - (b) subject to Section 8.2(2) (Cure Period), the Minister is of the opinion that there has been a material breach by the Operator of any term, warranty, representation, condition, covenant or other provision of this Agreement or, subject to Section 9.2 (Inconsistencies Between Contract Documents), the Project Documents;
 - (c) subject to Section 8.5 (Force Majeure) and Section 8.2(I)(e), an actual occurrence or condition is reasonably expected to cause a delay in meeting the deadlines set forth in the Project Schedule or stipulated by the Minister under clause 2.4(1)(g) for submission of any of the Project Documents by more than 60 days, as contemplated in Section 2.7(3)(c) (Project Documents);
 - (d) subject to Section 8.5 (Force Majeure), Section 8.2(I)(e) and the limitation expressed in Section 2.7(3)(d) (Total Completion), the deadline for Total Completion set out in Section 2.7(I) (Project Schedule) is not met or is not reasonably expected to be met, as contemplated in Section 2.7(3)(d);
 - (e) an event of Force Majeure prevents or delays performance by the Operator of a material obligation for more than 270 days, as contemplated in Section 8.5 (Force Majeure);
 - (f) the Operator is adjudged bankrupt or is insolvent according to the provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 and the regulations made thereunder, or any bankruptcy, reorganization, arrangement, insolvency, liquidation or winding up proceedings or any other proceedings for the benefit of creditors generally are instituted by or against the Operator (including an assignment, proposal, compromise or arrangement for the benefit of creditors);

- (g) a receiver, a receiver and manager, trustee or other official with similar powers is appointed for the Operator or all or a substantial part of the property of the Operator, or the Operator files for the appointment of any such official, prior to Occupancy, provided that at the time the Minister notifies the Operator of the termination under this clause, such official (or a replacement thereof) has not sold, assigned or transferred the property of the Operator with the consent of the Minister pursuant to Section 9.11 (Assignment) to another Person who will assume the obligations of the Operator under this Agreement;
- (h) the indebtedness of the Operator under any financing arrangements for the Project has been declared due and payable by the creditor(s) thereunder, where such financing has not been replaced by comparable financing arrangements approved by the Minister, prior to the date or dates on which such indebtedness would otherwise have been due thereunder;
- the financing arrangements made by the Operator for the Project are cancelled or no longer available to the Operator, other than in the event contemplated in Section 8.2(I)(g), and have not been replaced by comparable financing arrangements approved by the Minister;
- (j) the Operator attempts to execute a bulk sale of its property, except with the prior written consent of the Minister, which consent shall not be unreasonably withheld; or
- (k) the Operator ceases, or notifies the Minister of its intention to cease, carrying on business as presently carried on by it or any steps are taken to dissolve the Operator or the Operator is not, or ceases to be, qualified under Applicable Law to operate the Facility.
- (2) Cure Period. In the event that the Minister is of the opinion that there has been a material breach by the Operator of any term, warranty, representation, condition, covenant or other provision of this Agreement or, subject to Section 9.2 (Inconsistencies between Contract Documents), the Project Summary and such breach is not remedied within 45 days (the "Cure Period") after the Operator receives from the Minister written notice of such breach setting out the particulars thereof, then, in any such event, in addition to the Minister's other rights and remedies under this Agreement or at law or in equity, the Minister shall have the right to terminate this Agreement immediately upon giving notice of termination to the Operator to that effect at the end of the Cure Period, provided, however, that if such breach is of such a nature that it cannot be completely cured or remedied within the Cure Period, or the Operator is not proceeding in a manner satisfactory to the Minister, the Minister shall have the right to terminate this Agreement immediately upon giving notice of termination to the Operator prior to the end of the Cure Period. This provision does not apply to terminations other than terminations pursuant to clause 8.2(1)(b).

8.3 Termination by Operator. Subject to Applicable Law, the Operator may terminate this agreement at any time, without reason, upon sixty (60) days prior written notice to the Minister.

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8.4 Effective Date and Consequences of Termination. In the event of early termination of this Agreement, the effective date of the termination shall be the last day of the notice period, if any, and if there is no notice period, immediately upon the Minister giving notice of termination to the Operator. In the event of early termination of this Agreement:

- (1) The Operator shall have no further entitlement to develop the Beds under this Agreement, there shall be no obligation on the Minister to provide to the Operator any funding in accordance with the Policy; and
- (2) All rights and obligations of the Operator and the Minister under this Agreement shall cease upon any termination of this Agreement (including any obligation on the Minister to provide to the Operator any funding in accordance with the Policy), subject to Section 9.6 (Survival of Certain Terms).

8.5 Force Majeure. If, as a result of an event of Force Majeure (as defined below), the Operator fails to perform or comply with any of its obligations under this Agreement, such failure shall not constitute a default or breach of this Agreement. Dates and times by which the Operator is required to render performance under this Agreement shall be postponed automatically to the extent and for the period of time that the Operator is prevented from meeting them by causes beyond its control which are not avoidable by the exercise of reasonable foresight. Such causes (each such cause, an event of "Force Majeure") shall include but not be limited to acts of God, acts of war, riots, epidemics, fire, strikes, labour disruptions or lock outs and delays or difficulties (other than such as are caused by the actions or omissions of the Operator) in obtaining zoning which permits the Site to be used for a Long-Term Care Facility of the type that the Facility is proposed to be. The Operator must, however, notify the Minister immediately, in writing and in detail of the commencement and nature of such event of Force Majeure and the probable consequences thereof. The Operator must use its reasonable efforts to perform its obligations under this Agreement and to overcome or minimize the effects of such event of Force Majeure (including rearranging and rescheduling the work on the Project so as to minimize the ultimate delay in completion of the Project) in a timely manner utilizing to such end all resources reasonably required in the circumstances, including obtaining supplies or services from other sources if the same are reasonably available. Notwithstanding the foregoing, if performance of a material obligation is prevented or delayed for more than 270 days by reason of an event of Force Majeure, the Minister may on notice treat the delay as a material breach of a term of this Agreement and may terminate this Agreement in accordance with Section 8.2 (Termination by Minister).

ARTICLE 9 GENERAL PROVISIONS

9.1 Entire Agreement. This Agreement and the Schedules listed below, together with the Project Documents as approved by the Minister, constitute the entire agreement between the parties hereto pertaining to the subject matter of this Agreement and supersede all prior agreements and understandings, collateral, oral, or otherwise. There are no conditions, warranties, representations or other agreements between the parties in connection with the subject matter of this Agreement (whether oral or written, expressed or implied, statutory or otherwise), except as specifically set forth or incorporated by reference in this Agreement or in the Project Documents. No modification of this Agreement shall be binding upon the parties to

this Agreement unless in writing and executed by the designated representatives of the Operator and the Minister, as specified in Section 9.14 (Designated Representatives).

The Schedules to this Agreement are:

Schedule "A" - IEC and FEC Forms
Schedule "B" - Policy
Schedule "C" - Project Summary
Schedule "D" - Statement of Disbursements and Sources of Funds
Schedule "E" - Project Schedule
Schedule "F" - Liens
Schedule "G" - Application
Schedule "H" - Application Guidelines

9.2 Inconsistencies Between Contract Documents. In the event that there are any conflicts between the terms of

- (a) Applicable Law
- (b) this Agreement
- (c) the Project Schedule
- (d) Schedules to this agreement, except Schedules "E" and "G"
- (e) the Design Manual
- (f) the Project Summary,
- (g) the Project Documents approved by the Minister, and
- (h) the Application

the terms of the law or document that is higher on this list takes precedence.

9.3 Currency. All payments to be made by the Minister or the Operator under this Agreement shall be made in the lawful currency of Canada.

9.4 Further Assurances. The Operator agrees to promptly perform, make, execute, deliver, or cause to be performed, made, executed, or delivered, all such further acts and documents as the Minister may reasonably require for the purpose of giving effect to this Agreement.

9.5 Independent Contractor. The Operator and the Minister are independent contractors and neither of them shall be deemed to be the employee, agent, partner of, or in a joint venture with, the other. The Operator's Personnel shall not be deemed to be the employees, agents, partners of, or in a joint venture with, the Minister.

9.6 Survival of Certain Terms. The representations, covenants, warranties, indemnities and limitations of liability set out in Section 4.1 (Representations and Warranties) (except Section 4.1(6) (Environmental Matters)) and Section 4.3 (Insurance) of this Agreement shall survive the termination or expiry of this Agreement, and shall bind the parties and their successors and assigns, for a period of six years after termination. The representations, covenants, warranties, indemnities and limitations of liability set out in Section 4.1(6) (Environmental Matters), Article 5 (Confidentiality), Article 7 (Liability and Indemnification), Section 8.4 (Consequences of Termination) and Section 9.6 (Survival) of this Agreement shall survive the termination or expiry of this Agreement, and shall bind the parties and their successors and assigns, indefinitely. The representations, covenants, warranties, indemnities

and limitations of liability set out in Section 3.4 (Operation of Beds), and the second and third sentences of Section 3.5 (Service Agreement) of this Agreement shall survive the expiry of this Agreement, and shall bind the parties and their successors and assigns, indefinitely.

9.7 Enurement. This Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of each of the parties.

9.8 Severability. If any provision of this Agreement is invalid, illegal or unenforceable, such provision shall be severed from the balance of this Agreement and the remaining provisions of this Agreement shall continue in full force provided that such remaining provisions express the intent of the parties. If the intent of either party cannot be preserved, this Agreement shall be either renegotiated or terminated by either party, without liability, cost or penalty to the other party, upon 30 days prior written notice to the other party.

9.9 Waiver. No waiver of any breach of this Agreement shall operate as a waiver of any subsequent breach or of the breach of any other provision of this Agreement. No provision of this Agreement shall be deemed to be waived, and no breach excused, unless such waiver or the consent excusing the breach is in writing and signed by the party that is purported to have given such a waiver or consent. No delay or omission on the part of any party to this Agreement to avail itself of any right it may have under this Agreement shall operate as a waiver of any such right. No waiver or failure to enforce any of the provisions of this Agreement shall in any way affect the validity of this Agreement or any part hereof.

9.10 Rights and Remedies Cumulative. The rights and remedies of the parties to this Agreement are cumulative and are in addition to and not in substitution for any rights and remedies provided at law or in equity.

9.11 Assignment. The Operator shall not assign, transfer, or pledge, directly or indirectly, any of its rights or obligations under this Agreement without the prior written consent of the Minister. Such consent of the Minister may be withheld by the Minister, in the Minister's sole and absolute determination. Such consent shall be conditional upon the assignee, transferee or pledgee, as the case may be, executing an agreement, in form and substance satisfactory to the Minister, whereby such assignee, transferee or pledgee, as the case may be, executing an agreement, in form and substance satisfactory to the Minister, whereby such assignee, transferee or pledgee, as the case may be, assumes all obligations and liabilities of the Operator hereunder and under the Service Agreement or the service agreement in effect at the time of such assignment, transfer or pledge, as the case may be. Such consent may also be granted subject to such other terms and conditions as the Minister may require. For greater certainty, the Operator may retain contractors and subcontractors for any and all aspects of the Construction but the Operator shall at all times be held fully responsible for the acts and omissions of all of such contractors and subcontractors and their respective shareholders, directors, officers, employees, agents or other representatives, successors and assigns.

9.12 Time of the Essence. Time shall be of the essence of this Agreement in all respects.

9.13 Publicity. The Operator shall notify the Minister in advance of any proposed publicity or publications by or on behalf of the Operator relating to this Agreement or the development of the Beds (including press releases and press conferences but excluding brochures, pamphlets, books or other marketing materials intended to promote or advertise the Beds and the Facility), where feasible, and shall use reasonable efforts to make such changes thereto reasonably requested by the Minister.

9.14 Designated Representatives. For purposes of this Agreement, the designated representatives are as follows:

(a) the designated representative of the Minister is:

[TBD]

(b) the designated representative of the Operator, who shall be an authorized signing officer of the Operator, is:

[Design Rep Name] [Design Rep Title] [Legal Name of Operator] [Design Rep Address] [Design Rep City, Province Postal Code] Phone: [Design Rep Phone Number] Fax: [Design Rep Fax Number]

Any party may designate different representatives, addresses, telephone or facsimile numbers, , by notifying the other party in accordance with Section 9.15 (Notice).

9.15 Notice.

- (1) Form. Any notice, request, demand, consent, approval or authorization (each, a "Notice") required, permitted or contemplated under this Agreement shall be in writing, whether or not such Notice is expressly stated herein to be provided or made in writing, (unless a provision of this Agreement expressly provides otherwise); under the signature of the respective designated representative as specified in Section 9.14 (Designated Representatives); and delivered by courier, personal delivery or sent by facsimile or ordinary mail addressed to the designated representative of the party to whom it is intended as specified in Section 9.14 (Designated Representatives).
- (2) Deemed Receipt. A Notice sent by facsimile or delivered by courier on a Business Day is deemed to be received by the addressee on the day that it is sent. If the Notice is so sent or delivered after the end of the Business Day, then it is deemed to be received by the addressee on the following Business Day. If the Notice is so sent or delivered on a day other than a Business Day, then it is deemed to be received by the addressee on the following Business Day. A Notice sent by ordinary mail is deemed to be received by the addressee to which it is delivered on the fifth Business Day following the date when it is so mailed; provided however that no such Notice will be mailed during any actual or apprehended disruption of postal services.

9.16 Approvals. With respect to any matter which is subject to the approval or consent of the Minister pursuant to this Agreement, unless a time period for providing such approval or consent is expressly provided hereunder, the Minister shall use reasonable efforts to notify the Operator as to whether or not the Minister approves or consents of or to such matter in a prompt and timely manner.

9.17 Governing Law. This Agreement shall be governed by, subject to, and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, and the parties agree to submit to the jurisdiction of the courts of the Province of Ontario.

9.18 Joint and Several Liability. In the event that the Operator is comprised of more than one party, each of such parties shall execute and deliver this Agreement and shall be jointly and severally liable in all respects under and in connection with this Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

		HER MAJESTY THE QUEEN in right of Ontario, as represented by the Minister of Health and Long-Term Care
	Per:	
Date		TBD
		<legal name="" of="" operator=""> (I have authority to bind the Corporation)</legal>
	Per:	(c/s)
Date		<signatory name=""> <signatory position=""></signatory></signatory>

SCHEDULE "A" **INITIAL ESTIMATE OF COSTS (IEC) FORM** FINAL ESTIMATE OF COSTS (FEC) FORM

See attached.

MINISTRY OF HEALTH AND LONG-TERM CARE 2006 NEW FACILITIES VERSION INITIAL ESTIMATE OF PROJECT COST (IEC)

			0.1	
Facil	•		City:	
Venc	dor ID #:	Number of Dode		
	ect #:			
Estin	nated construction time:	months		
Estin	nated date for occupancy:	month	year	
Α.	Estimated Project Costs for Items	s Eligible for Provincial Contribut	ion <u>Amount</u>	
	Construction Bid		1	
	Consultant's Fee (architect)		2	
	Professional Fees (attach list)		3	
	Furnishing & Equipment (attach list)		4	
	Building Permit		5a	
	Building Permit Municipal Development Charges		5b	
	GST Less GST rebate (if applicable)		6	
	Less GST rebate (if applicable)			
	Subtotal (sum of lines 1 to 7)		8	
В.	Estimated Project Costs for Items	Not Eligible for Provincial Contr	ibution	
	Land / Building		99	
	Demolition of Building		10	
	Re-zoning Application			
	Audit Fees		12	
	Site Survey		13	
	Other (attach list)		14	
	Less GST rebate (if applicable)		15	
	Subtotal (sum of lines 9 to 15)		16	
C.	TOTAL INITIAL ESTIMATED PRO	JECT COST (lines 8 + 16)	17	
D.	MINISTRY'S ESTIMATED SHARE	OF PROJECT COST		
	Per Diem Calculation equals les \$75,000 per	bed = (X)		
	OR Total cost of		¢ perhad (V)	
	= (Lesser of (X) or (Y) divided b	y \$75,000 per bed x \$10.35 = \$ per day x 365 days = \$	= \$ per bed = (Y) per bed per day per vear	
E.	Confirmation of Project Cost Fina			
	(i) Attached is a written commi	tmont latter from a landing/financial	institution (or other equivalent commi	itmont)
		purpose of developing and construct	institution (or other equivalent commicting this project.	iimeni)
		nan line 17) Attached is an equivale ace between the amounts in (a) and	nt written commitment for an addition line 17.	al
	The Operator hereby accepts full re occupancy, as well as being respon		evelop and construct this project read ct costs.	y for
	Signature:		Date:	
	(Authorized signator	y of Operator)		
	Print name:			
	Ministry Approval:		Date:	
	V 11 * * ·			

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MINISTRY OF HEALTH AND LONG-TERM CARE 2006 NEW FACILITIES VERSION FINAL ESTIMATE OF PROJECT COST (FEC)

Operator's Name:			
Facility Name:		City:	
Vendor ID #:	Number of Beds:		
Project #:			
Estimated construction time:	months		
Estimated date for occupancy:	month		_year

A. Estimated Project Costs for Items Eligible for Provincial Contribution

Construction Bid1Consultant's Fee (architect)2Professional Fees (attach list)3Furnishing & Equipment (attach list)4Building Permit5aMunicipal Development Charges5bGST6Less GST rebate (if applicable)7Subtotal (sum of lines 1 to 7)8

Amount

B. Estimated Project Costs for Items Not Eligible for Provincial Contribution

Land / Building	9
Demolition of Building	10
Re-zoning Application	11
Audit Fees	12
Site Survey	13
Other (attach list)	14
Less GST rebate (if applicable)	15
Subtotal (sum of lines 9 to 15)	16

C. TOTAL FINAL ESTIMATED PROJECT COST (lines 8 + 16) ______17 _____17 _____

D. MINISTRY'S ESTIMATED SHARE OF PROJECT COST

Per Diem Calculation equals lesser of:	
\$75,000 per bed = (X)	
OR	
Total cost of (line 8) divided by number of beds = \$ _	per bed = (Y)
= (Lesser of (X) or (Y) divided by \$75,000 per bed x \$10.35 = \$	per bed per day
x beds = \$ per day x 365 days = \$	per year

E. Confirmation of Project Cost Financial Viability

- (i) Attached is a written commitment letter from a lending/financial institution (or other equivalent commitment) of \$______ for the purpose of developing and constructing this project.
- (ii) (If the amount in (i) is less than line 17) Attached is an equivalent written commitment for an additional amount equal to the difference between the amounts in (a) and line 17.

The Operator hereby accepts full responsibility for providing funds to develop and construct this project ready for occupancy, as well as being responsible for any and all unknown project costs.

Signature:	(Authorized signatory of Operator)	Date:	
Print name:		_	
Ministry Appr	oval:	Date:	

SCHEDULE "B"

POLICY FOR FUNDING CONSTRUCTION COSTS OF LONG -TERM CARE FACILITIES

See attached.

SCHEDULE "C"

PROJECT SUMMARY

The *Project Summary* must include the following information under the following general headings:

1. Description of Project

The description of the project should be brief and outline the general philosophy of care, programs and services proposed to be provided in the long-term facility.

2. Overview of the Project

The section should be brief and provide the following information:

- the size of the building including the total number of beds and the number of floors;
- whether the long-term care facility shall be part of an integrated multi-use complex (for example, attached to a rest/retirement home or a supportive housing apartment building, or part of other services/programs to be offered in the complex, for example as Meals-on-Wheels or a seniors day program); and
- the location and description of **Outdoor Space**.

3. Resident Home Areas

This section must include a brief description of each *Resident Home Area*, including:

- the number of beds in each Resident Home Area;
- the number and dimensions of private, semi-private and standard (basic) resident bedrooms;
- the size, number, dimensions and design of resident washrooms;
- the size, number, dimensions and design of the resident bathrooms and shower rooms; and
- a summary of the common area space including the sizes of the dining area(s), lounge(s) and program/activity area(s).
- **Note:** If each *Resident Home Area* is the same in size and design, only one description shall be required and the submission shall indicate that this is the case.

4. Care and Service Program(s) in Resident Home Areas

This section must provide a brief description of the care and service program(s) proposed to be delivered in each **Resident Home Area** and a brief overview of how the design of each **Resident Home Area** will support the delivery of the proposed care and service program(s), (for example, how the design of a specific **Resident Home Area** will support the provision of a palliative care program).

5. Space for Resident Care Services

This section must briefly describe how and where space will be allocated to support the provision of the following resident care services:

- nursing services
- medical services
- therapy/activity services
- pastoral care services

6. Facility Support Space

This section must briefly describe how and where space will be allocated to support the provision of the following facility support services:

- meal services and food services
- personal laundry and facility linen services
- administration services
- building services
- housekeeping services

7. Additional Information (Optional)

Completion of this section is optional. It is up to the Operator to decide any additional relevant information which can be provided to assist the Ministry staff in the plans review process. See attached.

SCHEDULE "D"

STATEMENT OF DISBURSEMENTS AND SOURCES OF FUNDS

See attached.

MINISTRY OF HEALTH AND LONG-TERM CARE 2006 NEW FACILITIES VERSION STATEMENT OF DISBURSEMENTS AND SOURCES OF FUNDS

Operator's Name: Facility Name:		City:	
Vendor ID #: Project #:	Number of Beds:		

Α.	Estimated Project Costs for Items Eligible for Provincial Contribution	<u>Amount</u>
	Construction Bid	1
	Consultant's Fee (architect)	2
	Professional Fees (attach list)	3
	Furnishing & Equipment (attach list)	4
	Building Permit	5a
	Municipal Development Charges	5b
	GST	6
	Less GST rebate (if applicable)	7
	Subtotal (sum of lines 1 to 7)	8

B. Estimated Project Costs for Items Not Eligible for Provincial Contribution

Land / Building	99
Demolition of Building	10
Re-zoning Application	11
Audit Fees	12
Site Survey	13
Other (attach list)	14
Less GST rebate (if applicable)	15
Subtotal (sum of lines 9 to 15)	16
C. TOTAL FINAL ESTIMATED PROJECT COST (lines 8 + 16)	17

AUDITOR'S REPORT: TO THE OPERATOR

This financial information contained in A, B, and C is the responsibility of the Operator; our responsibility is to express an opinion on the financial information based on our audit. I/We conducted the audit in accordance with generally accepted auditing standards, which require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures stated. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

I/We have audited the Statement of Disbursements and Sources of Funds for this project, for the period specified below. In my/our opinion, this statement presents fairly, in all material respects, the funds received and disbursed, in accordance with generally acceptable accounting principles.

Audit Period Covered:	to
Chartered Accountant(s):	Date:
Construction completion date: Pre-occupancy review date: Resident occupancy started on:	(day/month/year) (day/month/year) (day/month/year)

Note: Attach construction completion verification from your architect.

Ministry's Share of Project Cost

Per Diem Calculation equals lesser of: \$75,000 per bed = (X)	
or	
Total cost of (line 8) divided by number of beds =	per bed = (Y)
= (Lesser of (X) or (Y)) divided by \$75,000 per bed x \$10.35 = \$ x beds = \$ per day x 365 days = \$	per bed per day
$x_{$	per year

Signature: (Authorized Signatory of Operator)	Print Name:	Date:
	Ministry Approval:	Date:

SCHEDULE "E"

PROJECT SCHEDULE

Activity/Objective	Completion Date MM/DD/YY
Acquisition of Site	Schedule E date
Zoning (if applicable)	Schedule E date
Severance (if applicable)	Schedule E date
Request for Minister to approve site, including submission of agreements, documents and instruments relating to Operator's ownership or leasehold interest in the Site	Schedule E date
First Submission of Plans (i.e. submission of (a) preliminary sketch plans* and/or working drawings* and specifications, and (b) project summary*)	Schedule E date
Submission of Operational Plan*	Schedule E date
Second Submission of Plans (i.e. submission of revised sketch plans, revised working drawings and specifications, detailed working drawings and specifications based on approved sketch plans and/or revised project summary)	Schedule E date
Public Tender for Construction:	*****
Invitation to Tender	Schedule E date
Deadline for Bids	Schedule E date
Submission of Top Bids to Minister for Approval	Schedule E date
Construction Start Date	Schedule E date
Construction Schedule	The dates in the Construction Schedule to be agreed upon between the Operator and the general contractor / construction manager are hereby incorporated by reference.
Notify Minister 30 Business Days prior to expected Total Completion	Schedule E date
Total Completion Date**	Schedule E date

*

As defined in the Design Manual. See Article 1 of the Agreement for definitions. **



LIENS

SCHEDULE "F"

SCHEDULE "G"

APPLICATION

The Application is the Operator's application submitted to the Ministry on or about DATE, in response to the Ministry's Application Guidelines identified in Schedule H, together with:

- (i) any and all written clarifications of such Application provided by the Operator to and upon request by the Minister; and
- (ii) any and all written revisions to such Application as negotiated between the Operator and the Minister, including the number of beds.

SCHEDULE "H"

APPLICATION GUIDELINES

Attached