

EDMONTON COMMUNITY DEVELOPMENT CORPORATION

BUSINESS CASE FOR SUBMISSION TO THE CITY OF EDMONTON

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EXECUTIVE SUMMARY

Background

Edmonton has experienced population and employment growth significantly above the national average almost continuously since the arrival of the new millennium.¹ Yet many Edmontonians have not shared in this prosperity. Income inequality in Edmonton is growing and low income households in economically distressed neighbourhoods remain isolated from mainstream economic opportunities. In response to these challenges, Edmonton City Council first launched the Task Force for the Elimination of Poverty in Edmonton in 2014. Earlier this year, Council accepted the *EndPoverty Edmonton Road Map* as the outcome of the Task Force's work. The document identifies the need to find new approaches and solutions for addressing poverty in our city and one of the *Road Map's* key recommendations is the creation of a Community Development Corporation (CDC). In June 2016, Edmonton City Council voted unanimously to support community-led efforts to launch a Community Development Corporation for Edmonton.

To move forward, Council requested that the Community Development Steering Committee² return in the Fall, with “a business case containing an analysis of the CDC's business model, proposed capital and operating budgets for the first three years of operation, potential funding sources (loans, borrowing, guarantees), and a list of City owned lands that the Edmonton Community Development Corporation could acquire from the City in order to achieve [its] outcomes...”³ This business case, prepared by the Community Development Corporation Steering Committee, was created in response to Council's motion and sets the path forward for the creation of a new Community Development Corporation to alleviate poverty in our City.

¹For more information, please see Edmonton Social Planning Committee - A Profile in Poverty, available online at: https://www.edmonton.ca/city_government/documents/PovertyProfileJanuary2015.pdf

²Members of the CDC Steering Committee are listed in Appendix 1.

³The full motion is available online at: <http://sirepub.edmonton.ca/sirepub/mtgviewer.aspx?meetid=1700&doctype=MINUTES>

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What is a CDC?

Community Development Corporations are typically nonprofit companies that partner with communities to address poverty by attracting jobs and investment and otherwise increasing wealth in lower-income neighbourhoods. The tools used by CDCs to achieve their goals include: residential and commercial real estate development, business development, job training and neighbourhood beautification. Investments made by CDCs in infrastructure using these tools can help stem the tide of economic decline and spark renewal in neighbourhoods where a concentration of poverty exists.

Community Development Corporations provide a unique value proposition to poverty reduction work through their *focus on defined geographical areas*, their *use of a community economic development approach that is community-led* and *focuses on economic investment*, and their *prioritization on the creation of new revenue streams to reinvest in their mission*.

CDCs focus their work in neighbourhoods where there is a geographic concentration of poverty. In these neighbourhoods, deteriorating social conditions and/or the opportunity to serve more lucrative markets elsewhere have led to reduced private investment. As a result, there are less opportunities for residents to access high quality affordable housing, living wage jobs and the goods and services they depend on. The tools used by CDCs depend on the specific needs of each community. To determine which tool to use, CDCs engage with residents, local businesses and community organizations to identify each neighbourhood's existing assets, opportunities and challenges. Unlike other nonprofit organizations that depend largely on a mix of grants, government contracts for services and/or donations, the revenue sources of a CDC generally includes a significant amount of revenue earned through business activities, which is then reinvested back into their missions and mandates. Chapter 2 provides additional background information about CDCs and the case for starting one in Edmonton.

While the CDC model is new to Edmonton, CDCs have been used to address poverty in other jurisdictions for over 60 years. In particular, CDCs are widespread across the United States, where an estimated 4 600 corporations produce 96 000 units of housing, 7.41 million square feet of commercial space and 75 000 jobs annually. In Canada, where local governments have traditionally had a smaller role in poverty

⁴Community Wealth, Industry Survey <http://community-wealth.org/strategies/panel/cdcs/index.html>

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reduction, there are approximately half a dozen urban Community Development Corporations focused on fighting poverty. The analysis contained in this business case was informed by a comparative review of relevant CDCs that have achieved success in other Canadian and American cities. To provide an illustration of the examples reviewed by Edmonton's CDC Steering Committee, five different CDCs are profiled in Chapter 3.

The Edmonton Model

The Edmonton Community Development Corporation Steering Committee proposes the following model for the establishment of a CDC in Edmonton. The CDC will be created and incubated by a community leadership team consisting of the Edmonton Community Foundation, Homeward Trust Edmonton and the United Way of the Alberta Capital Region. These organizations have been entrusted by EndPoverty Edmonton to lead the start-up of the CDC because of the tremendous expertise, formidable resources and proven track records they each bring to the effort.

The CDC will be incorporated as a Part IX company under the *Companies Act of Alberta*. The initial Members (owners) of the CDC Company will be the Edmonton Community Foundation, Homeward Trust Edmonton and the United Way of the Alberta Capital Region. At this time, it is understood that City Administration is recommending that the City of Edmonton not take an ownership position in the CDC. The CDC Steering Committee agrees with this position as it will allow the City of Edmonton to minimize its financial risk and allow the CDC to be truly community-based. However, should the City decide it wishes to take an ownership stake in the CDC now, or at any time in the future, this can easily be accommodated.

The CDC's Members will appoint a Board of Directors for the CDC. All Directors will be chosen for the skills they can contribute to the CDC's work. The CDC's Articles of Incorporation contain a provision that at least one-third of the Directors be residents of the neighbourhoods in which the CDC works or intends to work in the future. There is also a provision in the Articles for the appointment of additional Advisors to the Board, who will not be voting Directors but will be able to assist in the work of the Company. The Steering Committee intends to make an early appointment of someone from the City of Edmonton to ensure that the CDC continues to maintain a close and positive working relationship with the City and to enhance the formal annual reporting process back to City Administration and/or Council.

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The CDC's Scope of Service may include a wide range of approaches depending on what is most appropriate or possible – given the needs, desires, available partners and resources for any given neighbourhood. These tools may include, but not be limited to:

- Commercial and residential real estate development;
- Workforce training and development;
- Business development, including
 - » Business retention and attraction,
 - » Market research and support to help existing businesses grow,
 - » Creation of new social enterprises and community-owned businesses; and
- Neighbourhood beautification.

The CDC Steering Committee has identified guiding principles that will shape its innovative, community-driven approach to combating poverty in new ways. In all it does, the Edmonton CDC will:

- Use a community economic development approach to combat poverty at the local level.
- Deliver products aligned with community needs and priorities.
- Create benefits that accrue to all members of the communities it serves.
- Concentrate resources within a defined geographic area to achieve maximum impact.
- Be nimble, entrepreneurial and solution-oriented.
- Integrate and leverage multiple poverty reduction strategies.
- Activate new partnerships and forms of collaboration as it works to reduce poverty.

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The success of the CDC depends on how it engages with a wide range of stakeholders including: The City of Edmonton, nonprofit service providers and housing organizations, community representatives, the business community and other orders of Government. Representatives of these stakeholder groups were consulted in the drafting of this business case.

As an organization dedicated to maximizing its impact, the CDC will have no desire to either duplicate the work of existing organizations or compete with existing organizations for a limited pool of resources. Instead the CDC will seek to make the pie bigger by activating underutilized resources and taking a leadership role in bridging the gap between the needs and desires of the community and what individual stakeholders – be they public or private – are able to accomplish on their own. This was an important theme highlighted in the consultations undertaken by the CDC since the beginning of this year.⁵

Geographic Focus

The CDC will seek to work in Edmonton neighbourhoods that score highly on the Social Vulnerability Index,⁶ are in geographic proximity to one another, include community members (residents, business owners and other stakeholders) interested in working with the CDC, and provide the opportunity to develop City-owned land. Since the CDC's initial endorsement by City Council in June, the Steering Committee has been working with the City of Edmonton to identify potential City-owned sites in neighbourhoods with demonstrated need. City Administration will be preparing a separate Council Report to discuss possible sites identified for potential CDC use.

⁵For a list of groups consulted, please see Appendix 3. Other key themes arising from the Steering Committee's consultation process are also captured in the Appendix to the CDC Concept presented to Council in June (available online at: <http://sirepub.edmonton.ca/sirepub/mtgviewer.aspx?meetid=1700&doctype=MINUTES>)

⁶The Social Vulnerability Index is part of the City of Edmonton's Stewarding Great Neighbourhoods indicator set. The index combines sub-measures of unemployment rate, low income, no post-secondary education, lone-parent families, no knowledge of official languages, mobility (moved within previous year), non-home ownership, and government transfer payments. Socially vulnerable individuals and groups are those members of society that are more likely to experience marginalization and exclusion, and therefore limited access to social, political and economic resources. Note: not all people with the characteristics described above are necessarily socially vulnerable individuals and groups are those members of society that are more likely to experience marginalization and exclusion, and therefore limited access to social, political and economic resources. Note: not all people with the characteristics described above are necessarily socially vulnerable.

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Financial Strategy & Performance Measures

The Community Development Corporation has defined the following financial goals:

- CDC development projects and social enterprises aim to generate revenue;
- After Year 5, an increasing share of operational expenses will be covered by revenue generated through the CDC's projects and social enterprises;
- The Community Development Corporation will generate enough revenue to sustain its ongoing operations after Year 10.

In order to achieve these expectations, the CDC requires access to operating funding, in-kind support and project funding from the City of Edmonton and its community partners. The operating funds required by the CDC are detailed in the Table 1.

TABLE 1: Edmonton CDC - Forecast Operational Funding

ADMINISTRATION	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Operating Cash Grants - City of Edmonton	\$ 280,000	\$ 280,000	\$ 280,000	\$ 280,000	\$ 280,000
Operating Cash Grants - Edmonton Community Foundation	75,000	75,000	75,000	75,000	75,000
Operating Cash Grants - Homeward Trust	50,000	50,000	50,000	50,000	50,000
Operating Cash Grants - United Way	50,000	50,000	50,000	50,000	50,000
Hiring (ECF donation)	32,000	-	-	-	-
Furnishings (ECF donation)	7,500	-	-	-	-
Rent & Utilities (ECF donation)	26,000	26,520	27,591	29,280	31,694
Accounting/Audit (ECF donation)	36,000	36,720	38,203	40,542	43,884
Insurance (ECF donation)	2,500	2,550	2,653	2,815	3,047
	559,000	520,790	523,448	527,637	533,625
Working Capital					
Working Capital Grants - City of Edmonton	250,000	250,000	-	-	-
Total Operational Funding	\$ 809,000	\$ 770,790	\$ 523,448	\$ 527,637	\$ 533,625

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The CDC's operational funding requirements for its first five years of operation will be met through grants from the City of Edmonton, Homeward Trust and the United Way of the Alberta Capital Region as well as in-kind and grant support from the Edmonton Community Foundation. Line items identified as 'ECF donation' represent in-kind donations from the Edmonton Community Foundation.

The Community Development Corporation will aim to develop two to three real estate projects during its first five years of operation. Each of these projects will require land as well as financial resources to cover the costs of design, site preparation, construction, sales/marketing and project administration.

The City of Edmonton will contribute \$500 000 in initial seed funding to cover the CDC's predevelopment expenses. The City will also contribute \$10 million worth of land to the CDC at nominal cost. The sites will be chosen from the City's inventory of surplus land located in Edmonton's socially vulnerable neighbourhoods. The Edmonton Community Foundation has directed that up to \$10 million in debt financing be made available to support projects and enterprises developed through the CDC. These repayable loans shall be delivered through the Social Enterprise Fund. The CDC will also seek third party financing as required.

To illustrate how the CDC can meet its financial goals, financial models for three CDC demonstration projects have been developed. These projects are hypothetical in nature and while they were modeled using real-world conditions, do not represent actual planned projects. More information about these projects and the assumptions used to create them is contained in Chapter 8 and Appendix 7.

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The demonstration project models inform the five-year forecast balance sheet and income statement for the CDC, presented in Tables 2 and 3 below.

TABLE 2: Edmonton Community Development Corporation - Forecast Balance Sheet

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
ASSETS					
Cash	\$ 250,000	\$ 1,330,419	\$ 200,059	\$ 14,090,049	\$ 2,607,290
Inventory	-	6,276,735	17,682,806	3,272,649	-
Land	-	4,639,980	4,639,980	5,557,925	5,557,925
Buildings (net of accumulated amortization)	-	3,527,947	9,925,832	10,278,212	9,867,084
	\$ 250,000	\$ 15,775,081	\$ 32,448,676	\$ 32,198,835	\$ 18,032,299
LIABILITIES		-	-	-	-
Construction Loans	\$ -	\$ 9,577,187	\$ 23,533,532	\$ 16,867,095	\$ -
Deposits	-	-	2,661,998	-	-
Long-Term Debt	-	977,986	954,950	9,145,247	10,255,673
	-	10,555,173	27,150,481	26,012,342	10,255,673
NET ASSETS					
Net Assets	\$ 250,000	\$ 5,219,908	\$ 5,298,195	\$ 7,186,493	\$ 7,776,627
	\$ 250,000	\$ 15,775,081	\$ 32,448,676	\$ 33,198,835	\$ 18,032,299

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TABLE 3: Edmonton Community Development Corporation - Forecast Income Statement

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
SALES	\$ -	\$ -	\$ -	\$ 16,893,451	\$ 3,655,129
COST OF SALES	-	-	-	15,125,688	3,272,649
GROSS PROFIT	-	-	-	1,767,763	382,480
EXPENSES					
Administration Costs	559,000	478,703	480,418	490,036	510,781
Interest on long-term debt	-	46,400	45,379	434,037	487,399
Property Management and Professional Fees	-	9,360	29,024	59,748	80,519
Amortization	-	-	-	209,769	411,128
	559,000	534,463	554,820	1,193,581	1,489,828
OTHER INCOME					
Administration Grants	559,000	520,790	523,448	527,637	533,625
Working Capital Grants	250,000	250,000	-	-	-
Interest	-	-	16,060	18,179	189,700
Rent	-	93,600	93,600	768,299	974,157
	809,000	864,390	633,108	1,314,116	1,697,482
OPERATING SURPLUS (DEFICIT)	\$ 250,000	\$ 329,928	\$ 78,288	\$ 1,888,298	\$ 590,134
Opening Net Assets	-	250,000	5,219,908	5,298,195	7,186,493
Donated Net Assets	-	4,639,980	-	-	-
ENDING NET ASSETS	\$ 250,000	\$ 5,219,908	\$ 5,298,195	\$ 7,186,493	\$ 7,776,627

As Tables 2 and 3 demonstrate, it is reasonable to expect that after Year 5, when the CDC's initial projects mature and start to generate an operating surplus, the organization's net administrative funding requirements will decline. It is anticipated that the net administrative funding requirement will reduce to zero (and become positive) after Year 10, meaning the CDC will be in a position to sustain itself financially.

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In addition to making progress towards its financial goals the CDC will have also created benefits for the communities in which it works through the development of such projects. At a high level the CDC will strive to achieve the following outcome:

- Communities have increased leadership and capacity to sustain their neighbourhood.
- Communities have increased thriving businesses that provide vital community services and employ local residents.
- Communities have increased adequate, affordable, safe quality housing to meet their needs.
- Communities have less people living in poverty.

Consistent with industry benchmarks, these community impacts will be measured through a series of additional (non-financial) performance measures, which initially could include:

- Number of community stakeholders engaged;
- Number of jobs created;
- Number of workers trained;
- Number of local residents hired;
- Amount of new commercial space developed;
- Amount invested in communities through real estate development;
- Number of affordable housing units built or renovated;
- Number of households prepared for homeownership;
- Number of new businesses (including social enterprises and community-owned businesses) opened; and
- Number of partnerships developed.

As the Community Development Corporation grows, additional activity-based performance measures and qualitative assessment tools could be developed to more fully capture the extent of the CDC's work and its social return on investment.

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The performance of each CDC project with respect to these mission related indicators will be closely linked to the project's financial performance. Simply stated, in many cases the better the CDC performs on these non-financial indicators the weaker the CDC's expected performance on project financial metrics. In the early years, the Edmonton CDC will place a higher priority on project financial performance to allow it to achieve financial sustainability over the medium term. As the CDC matures and its projects and developments generate surplus revenue, the corporation will be in a better position to cross-subsidize additional investments that help accelerate its social impact. This means that future CDC projects will represent an even better balance of financial performance and mission-related impacts through the incorporation of additional community benefits. This strategy was chosen to reduce the CDC's dependence on grants and donations.

Risks and Risk Management

Like all other new nonprofit organizations and real estate developers, the Edmonton Community Development Corporation faces certain known and unknown financial and operational risks. Some of these risks are general risks that apply to all real estate developments, and include real estate market impacts on the value of land assets, project absorption rates, and vacancy rates, the risk of unknown environmental or geotechnical issues, delays or unforeseen challenges in obtaining the proper construction permits and issues with construction quality (warranty risk) or construction timing and cost. Appropriate strategies including but not limited to the execution of proper due diligence in development planning and the inclusion of cost contingencies will be used to minimize these risks to the CDC.

The Community Development Corporation may also face some risks that are unique to its specific approach as a nonprofit development corporation focused on revitalizing socially vulnerable neighbourhoods. A summary of these potential risks and their accompanying mitigation strategies is included in Chapter 9.

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Next Steps

Should City Council approve the one-time and five-year operating funding outlined in this business case and agree to the transfer of \$10 million in land to the CDC, the CDC's community partners will move quickly to incorporate the Edmonton Community Development Corporation and appoint its first Board of Directors. The Steering Committee will also work with the City to finalize an agreement to govern the transfer of the identified parcels to the CDC. A list of key milestones and timelines has been created to guide the CDC's first year of operations. This plan is included in the section 'Conclusion – Next Steps.'

1. INTRODUCTION

In June 2016, Edmonton City Council voted unanimously to support community efforts to launch a Community Development Corporation (CDC) for Edmonton.

The creation of a Community Development Corporation was a key recommendation of the EndPoverty Edmonton Road Map approved by Edmonton City Council earlier this year.⁷ The document, the product of a year-long, robust community consultation process highlights the need to focus on generating new ideas, approaches and solutions for addressing poverty in our city. It also calls for increased collaboration to achieve the collective impact necessary for realizing the vision of alleviating poverty in a generation. Specifically, the *EndPoverty Edmonton Road Map* recommends the creation of a “...Community Development Corporation to invest in affordable housing and community economic development” and “provide the infrastructure and sophistication needed to engage the community to take on [the challenges facing low-income neighbourhoods.]”

To move forward, City Council requested that the Community Development Corporation Steering Committee⁸ return in Fall 2016 with “a business case containing an analysis of the CDC’s business model, proposed capital and operating budgets for the first three years of operation, potential funding sources (loans, borrowing, guarantees), and a list of City-owned lands that the Edmonton Community Development Corporation could acquire from the City in order to achieve [its] outcomes...”⁹ This business case is a response to the Council’s motion and builds upon the substantial work and analysis undertaken in the development of the initial CDC concept paper, *Edmonton Community Development Corporation – Making the Case* developed by the CDC Steering Committee and Another Way.¹⁰

⁷ The EndPoverty Edmonton Road Map is available online at: www.endpovertyedmonton.ca

⁸ Members of the CDC Steering Committee are listed in Appendix 1.

⁹ The full motion is available online at: <http://sirepub.edmonton.ca/sirepub/mtgviewer.aspx?meetid=1700&doctype=MINUTES>

¹⁰ Available online at: <http://sirepub.edmonton.ca/sirepub/mtgviewer.aspx?meetid=1700&doctype=MINUTES>

2. BACKGROUND

The City of Edmonton has experienced population and employment growth significantly above the national average almost continuously since the arrival of the new millennium.¹¹ Yet many Edmontonians have not shared in this prosperity. Income inequality in Edmonton is growing. Low income households in economically distressed neighbourhoods remain isolated from mainstream economic opportunities.

Residents face barriers to participation in the mainstream economy and this has significant impacts for families, communities, regional growth and prosperity. Overcoming these persistent challenges requires a Community Economic Development (CED) approach. The Canadian Community Economic Development Network defines Community Economic Development as,

...local action that creates economic opportunities and enhances the social and environmental conditions in communities. It understands that sustainable development requires an integrated approach to complex community problems. Strategic priorities include structural economic change, local ownership of resources, social development, environmental stewardship, labour market development, and access to capital. CED encourages people to take charge of their future through systematic renewal that is conceived and directed locally.¹²

This approach is based on the belief that increasing economic opportunity is the best means for improving social conditions in neighbourhoods where people are living in poverty. Well-functioning communities, in turn, provide critical support to families struggling to get by.

¹¹ For more information, please see Edmonton Social Planning Committee - A Profile in Poverty, available online at: https://www.edmonton.ca/city_government/documents/PovertyProfileJanuary2015.pdf

¹² Canadian CED Network (2012). "The Canadian CED Network: Strengthening Canada's Communities." Available online: https://ccednet-rcdec.ca/sites/ccednet-rcdec.ca/files/commag_en_brochure_11x17_2012b.pdf

2. BACKGROUND

What is a Community Development Corporation?

Community Development Corporations are typically nonprofit companies that partner with communities to address poverty by attracting jobs and investment and otherwise increasing wealth in lower-income neighbourhoods. The tools used by CDCs to achieve their goals include: residential and commercial real estate development, business development, job training and neighbourhood beautification. Taken together, investments made using these tools can help stem the tide of economic decline and spark renewal in neighbourhoods where a concentration of poverty exists.

Community Development Corporations strive to deliver projects that align with community needs and priorities. By adopting a specific geographical area of focus, CDCs are able to engage directly with residents and community organizations to understand each neighbourhood's unique challenges and opportunities. Active, ongoing engagement and partnership with community members is important for project success and for ensuring project benefits accrue to community members.

Why is an Edmonton Community Development Corporation Needed?

Over the years, the establishment of a Community Development Corporation has been consistently recognized as a potential tool for community economic development in our city. The first call for a Community Development Corporation came in 1976, when the Edmonton Social Planning Council outlined how a CDC could address the challenges of the inner city by creating employment opportunities, producing needed goods and services, increasing income, facilitating skills development and fostering individual growth. Twenty years later, the creation of a CDC was recommended in the Boyle Street/McCauley Area Redevelopment Plan.

2. BACKGROUND

Today, the case for a CDC in Edmonton has never been stronger. A Community Development Corporation will:

GIVE COMMUNITY MEMBERS A STRONGER VOICE IN THE DEVELOPMENT THAT SHAPES OUR NEIGHBOURHOODS.

Edmontonians are passionate about their communities and are active in tackling community challenges head on. Much has already been invested in revitalizing and sustaining mature neighbourhoods in our City. A Community Development Corporation will use a community-driven approach to work with residents and organizations to collectively mobilize public, private and community resources at the neighbourhood level. The creation of a Community Development Corporation and its emphasis on community leadership aligns with the recommendation of the Edmonton Federation of Community Leagues in its September 2011 Report to the Community Sustainability Task Force, that “all levels of government establish and fund a Neighbourhood Redevelopment Corporation with the mission of revitalizing older urban neighbourhoods by mobilizing public, private and community resources at the neighbourhood level...”¹³

TARGET THE GEOGRAPHIC CONCENTRATION OF POVERTY IN OUR CITY.

Edmonton neighbourhoods are often unequal in terms of measures such as prevalence of low household income, proportion of renters and unemployment. In particular, there is a large concentration of vulnerable neighbourhoods in one region of the City (North-East/North-Central Edmonton). As an organization that uniquely chooses to be the ‘first-in’ to economically challenged neighbourhoods, the CDC can catalyze inclusive economic growth in long-neglected parts of the City.

UNLOCK NEW PARTNERSHIPS AND COLLABORATION.

There is no shortage of hard-working agencies making an impact in the struggle to reduce poverty in our City. Existing agencies have responded to these challenges, but even innovative programs are often constrained by dependency on grants as well as the siloed and rigid nature of disconnected public and private funding streams. The Community Development Corporation will serve as a flexible, willing partner that identifies needs, consolidates resources and works with existing organizations to leverage their expertise, create new relationships that span scale and sector and unearth new partnership opportunities that engage new resources in poverty reduction. The CDC also will seek to support and work with Edmonton’s affordable housing organizations and may do so by partnering with them on the redevelopment of aging developments in CDC focus neighbourhoods, animating vacant spaces in their facilities, working with them on new developments, helping streamline some of challenges they face with the transfer of land from the City and by facilitating multi-agency project partnerships.¹⁴

¹³ A copy of this report was provided to CDC Steering Committee by Edmonton Federation of Community Leagues.

¹⁴ These ideas were identified through a consultation session with existing housing providers that occurred on September 20, 2016.

2. BACKGROUND

COMPLEMENT EXISTING ECONOMIC DEVELOPMENT INITIATIVES.

Edmonton has a robust program of economic development initiatives that target economic growth in the city as a whole and provide business development resources, but these efforts have largely focused on the growth of private industry. The City of Edmonton engages in community economic development through its Cornerstores Development Incentive and Façade Improvement Programs, but its impact is limited by the availability of willing external development partners. A Community Development Corporation can leverage existing economic development initiatives in its efforts to grow social enterprises and community-owned businesses. It can also be a willing development partner for initiatives that depend on the mobilization of external resources.

PARTNER WITH A SUPPORTIVE BUSINESS COMMUNITY.

Edmonton has a mature development community with significant experience and expertise and a demonstrated track record of giving back to the community. Industry representatives have expressed a willingness to contribute to the CDC's work by providing technical expertise, possible financial support and additional future partnership opportunities.

CREATE NEW REVENUE STREAMS FOR ADDRESSING POVERTY.

By taking a community economic development approach that leverages market forces through a social enterprise model, the CDC's work can generate new revenue streams to reinvest in addressing poverty.

ALIGN WITH CITY GOALS.

Edmonton City Council and the citizens they represent have identified poverty reduction in our city as a high priority. By supporting the creation of a CDC through the transfer of surplus land and start-up funding, the City can leverage underutilized resources in support of this strategic objective. In the future, should the CDC model prove successful, Edmonton City Council may consider transferring additional underutilized lands and/or city-owned facilities such as closed school buildings to the CDC in further support of its poverty reduction work.

3. WHAT CAN A CDC ACCOMPLISH?

Community Development Corporations are widespread across the United States, where an estimated 4600 CDCs produce 96 000 units of housing, 7.41 million square feet of commercial space and 75 000 jobs annually.¹⁵ The American CDC movement was born out of a nation-wide program focused on fighting poverty at the local level. In Canada, where local governments have traditionally had a smaller role to play in poverty reduction, there are relatively few CDCs. According to the Executive Director of the Canadian CED Network there are approximately half a dozen urban Community Development Corporations focused on fighting poverty in Canada.¹⁶

The analysis contained in this business case was informed by a comparative review of relevant Community Development Corporations, which have achieved success in other Canadian and American cities. To provide an illustration of the examples Edmonton's CDC can learn from, an overview of five different CDCs is provided below.

New Dawn Enterprises

New Dawn Enterprises Limited,¹⁷ founded in 1976 in Sydney, Nova Scotia, is the oldest Community Development Corporation in Canada. New Dawn is a private, volunteer-directed business dedicated to community building by identifying community needs and establishing and operating ventures that address those needs. Its mission, which remains the same today as when it was founded, is to “engage the community to create and support the development of a culture of self-reliance.”

New Dawn's first project involved the repurposing of a vacant commercial building into a mixed use building with bachelor suites on the second floor. On the heels of this success, New Dawn built and furnished a number of dental clinics to help attract new dental graduates into the area. Today, New Dawn Enterprises has an annual operating budget of \$7 million and employs 175 people across its eight divisions, which include: a homecare company, a vocational college, a Centre for Immigration, a meals-on-wheels service and the operation of several residential and commercial properties. Most recently, New Dawn Enterprises has established an investment fund that invests in growth-oriented businesses located in Cape Breton and recently purchased a convent and high school with historical significance for renovation into a Centre for Social Innovation (inspired by the CSI model¹⁸ first established in Toronto, Ontario).

¹⁵ Community Wealth, *Industry Survey* <http://community-wealth.org/strategies/panel/cdcs/index.html>

¹⁶ Personal Interview with Executive Director, Rankin McSween, <January 14, 2016>

¹⁷ For more information about New Dawn Enterprises visit www.newdawn.ca

¹⁸ For more information on this model, <https://socialinnovation.org/>

3. WHAT CAN A CDC ACCOMPLISH?

EXAMPLE PROJECTS:

Crowell's Realty



In 2005, New Dawn Enterprises partnered with a private developer to save a heritage building from demolition by turning it into a viable commercial enterprise. The building became the home of eight independent commercial businesses, which now employ more than 45 people.

Centre for Social Innovation



In 2013, New Dawn Enterprises purchased the 128 year-old Holy Angels convent along with a nearby museum and former high school for girls to create Sydney's Centre for Social Innovation. Today, the 12 700 square metre high school is fully leased by a mix of 20 commercial and nonprofit tenants, which include a streaming video company, a yoga studio, a textile manufacturing business and a business school that teaches entrepreneurs how to start high-tech companies. Work has started on raising the \$6 million in capital needed to renovate the 12 000 square metre convent into a public performance space and additional lease space.

3. WHAT CAN A CDC ACCOMPLISH?

New Dawn Innovation Fund

New Dawn also operates the New Dawn Community Economic Development Investment Fund family of companies (New Dawn Innovation Fund, New Dawn Community Investment and New Dawn Holdings), which has raised more than \$10 million for Cape Breton companies since it began in 2004. It was started to channel some of the more than \$600 million invested annually by Nova Scotians in RRSP funds to be put to work in the Cape Breton community. Investments in the fund garner investors a 35% non-refundable provincial income tax credit in addition to annual dividends.

Quint Development Corporation

Quint Development Corporation is a “unique not-for-profit organization, focused on creating economic opportunities that help to strengthen communities and improve social conditions for Saskatoon residents.”¹⁹ The goal of the corporation is to create opportunities for stable housing, jobs and economic development in Saskatoon’s west-side core neighbourhoods.

Quint was formed by area residents in February 1995 at the conclusion of an educational workshop on Community Economic Development. Today, Quint manages 72 units of affordable housing, seven co-op housing units and operates transitional housing for at-risk young men and women. In 2015, 700 people were registered in Quint’s employment programs. Quint has an annual operating budget of approximately \$2 million.

EXAMPLE PROJECTS:

Station 20 West



Station 20 West²⁰ is a Community Enterprise Center located in the heart of Saskatoon’s west-side core neighbourhoods. The \$3 million project was built on abandoned railway land as part of a larger development site, which also includes 55 units of affordable housing and a new City of Saskatoon public library branch. Station 20 West is a ‘one-stop shop’ for public health, food security, employment and housing services, and includes a community owned grocery store, the Boxcar Café – a program for young people needing work experience – and space for community events and meetings.

¹⁹ To learn more about Quint Development Corporation, please visit www.quintsaskatoon.ca.

²⁰ Learn more about Station 20 West www.station20west.org

3. WHAT CAN A CDC ACCOMPLISH?

Neighbourhood Home Ownership Program

Quint's Neighbourhood Home Ownership Program was developed in 1997 after "improved and more affordable housing" was identified as a priority by community members.²¹ Under this program, small groups of low-income families living in rental accommodation form a co-operative, which then purchases and renovates homes on behalf of its members. This approach allows low-income renters to overcome a key barrier they often face - the lack of a down payment. After paying the mortgage and other costs for five years, families have the option of taking title to their homes. Today over 90 families have taken ownership of their own renovated homes through this program.

North End Community Renewal Corporation

Winnipeg's North End Community Renewal Corporation (NECRC)²² was founded by a coalition of community organizations in 1998 to promote the social, economic and cultural renewal of five north end neighbourhoods. It achieves its goals by "improving the quality and accessibility of housing, creating jobs, upgrading commercial and industrial areas, implementing employment development programs, improving the overall image of the community, and reducing crime in the community." The corporation also provides "co-ordination activities and a strategic focus" for many of the community improvement activities taking place in the target neighbourhoods. These goals are defined through "annual consultations and ongoing networking with North End residents and businesses."

NECRC manages an annual operating budget of approximately \$5.5 million, which is directed towards a range of services including:

- The PATH Employment Centre - pre-employment training, resume-writing and interview skills, literacy with an employment focus, and job survival skills;
- Inner City Renovations - a social enterprise launched by NECRC
- Business and institutional resource attraction - including two adult education schools
- Commercial real estate development and management; and
- Neighbourhood beautification.

²¹ A detailed case study on this program is available online at: https://www.cmhc-schl.gc.ca/en/inpr/afhoce/afhoce/afhostcast/afhoid/rere/acquirebu/acquirebu_005.cfm

²² More information about the NECRC is available online at: <http://necrc.org/index.php/about-us/history/>

3. WHAT CAN A CDC ACCOMPLISH?

EXAMPLE PROJECTS:

Building Construction Mentorship Program

The Building Construction Mentorship Program (BCMP) is a partnership between NECRC and Manitoba Housing, which provides employment and training for North End residents interested in building trades. To date, the program has renovated over 50 social housing units and in doing so, provided employment and training to 60 community members.

North End Business Development Centre



The North End Business Development Centre (NEBDC) works with local partners to create strategies and undertake activities that help North End businesses grow. Their four key objectives include: strengthening existing business/local business retention, attracting outside business, creating new business opportunities (private and/or social enterprise) and creating a vibrant business environment in the North End. The NEBDC also connects budding neighbourhood entrepreneurs with coaching, resources for business planning, seed funding sources and additional business training.

3. WHAT CAN A CDC ACCOMPLISH?

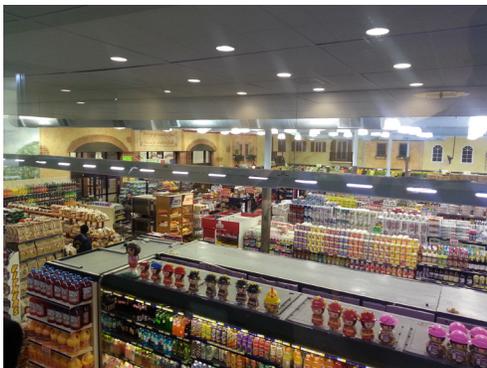
Bickerdike Redevelopment Corporation

The Bickerdike Redevelopment Corporation²³ was founded in 1967 by residents of and representatives from local community groups who banded together to help revitalize five low-income neighbourhoods in Chicago's near northwest side. At the time, nearby factories were closing and taking with them the manufacturing jobs that had sustained the area's residents. Unemployment soared and houses were abandoned as many residents fled to the suburbs in search of jobs. Bickerdike carries out its mission by providing high-quality affordable housing, promoting economic development by creating and preserving jobs and advocating for additional resources.

Bickerdike initially started in the area of housing development and property management. As of 2015, it managed 14 developments, 126 buildings and 1022 units of housing. Bickerdike also owns the social enterprise Humboldt Construction, which provides construction jobs and contracting services for Bickerdike and employs community residents. Bickerdike has contributed to the community through the redevelopment of a neighbourhood trail system and the creation of community gardens. Bickerdike's annual operating budget is approximately \$4 million.

EXAMPLE PROJECTS:

El Mercado Food Market



In 1992, Bickerdike opened a grocery store and food market called El Mercado on a site where two chain supermarkets had been unsuccessful. The anchor tenant for the market is locally-owned Cermak Produce, which provides quality products and fair prices and is a source of local employment for community residents. The store employs 30 people and at least 75% of the jobs are reserved for people from the neighbourhood.

²³ Learn more about Bickerdike Redevelopment Corporation at: www.bickerdike.org

3. WHAT CAN A CDC ACCOMPLISH?

Rosa Parks Apartments



The Rosa Parks Apartments development was completed in 2010 and consists of eight newly constructed pre-cast masonry buildings with superior insulation and energy efficient cooling and heating systems, including one building with geothermal HVAC. The largest building in the development was Chicago's first LEED Gold certified affordable multifamily building. All residents in the new development receive an orientation and Green Manual that provides information on the green systems in their building and tips for saving money by going green.

Fifth Avenue Committee

Brooklyn's Fifth Avenue Committee (FAC) was incorporated in 1978 following several meetings of residents and merchants from throughout the 5th Avenue corridor organized to address widespread building abandonment and vacant lots in the area. The mission of the FAC is to,

advance economic and social justice in South Brooklyn principally by developing and managing affordable housing and community facilities, creating economic opportunities, organizing residents and workers, providing student-centred adult education, and combating displacement caused by gentrification.²⁴

In 2012, FAC had an operating budget of \$10.5 million. FAC has developed over 600 units of affordable housing for low and moderate income families in over 100 buildings. Through its employment programs, FAC has created over 500 jobs for low-income community residents and trained and placed another 1200 residents into decent jobs.

²⁴ <http://www.fifthave.org/index.cfm?fuseaction=Page.ViewPage&pageId=551>

3. WHAT CAN A CDC ACCOMPLISH?

EXAMPLE PROGRAMS:

Brooklyn Workforce Innovations

In 2000, FAC launched Brooklyn Workforce Innovations (BWI), which carries out the majority of its workforce development activities. BWI focuses on “sector-based, targeted skills training programs rooted in employer demand to equip people for living wage jobs with a career ladder in expanding industries.” Programs include:²⁵

- Red Hook on the Road, a commercial driver training program;
- Brooklyn Networks, a teledata cable installation training program;
- Made in NY, a production assistant training program; and
- Brooklyn Woods, a woodworking and cabinet-making program.

FAC Centre for Community Development



The FAC Center for Community Development, is a 27 000 square foot green building that houses the majority of FAC’s program activities under one roof. The building integrated an arts and culture theme into its planning and now includes a public art sculpture garden and community mural. In addition to the financial literacy, homelessness prevention counseling, adult education and workforce development programs operating there, the FAC also houses a community computer lab, affordable space for nonprofits, small businesses and light manufacturers and space for community meetings and events.

²⁵ <http://www.fifthave.org/index.cfm?fuseaction=page.viewPage&pageID=582&nodeID=1>

3. WHAT CAN A CDC ACCOMPLISH?

Synthesis

As is evident from each CDC description, the experiences and activities of CDCs vary. In general a number of important factors account for these differences, including but not limited to:

- The needs of the communities they work in;
- The expectations of their funders;
- Their relative dependence on grants vs. earned revenue;
- The existence of other social agencies already active in their cities;
- The size of the communities they work in; and
- Their governance models and their start-up approach.

The pace and growth of each CDC is also impacted by their assets/capitalization at start-up. The case studies demonstrate that there is no one right way to start a CDC, but to be successful each CDC should be responsive to the external contexts and environments in which they operate.

In compiling the summaries of the experiences of the CDCs described above (and others) the CDC Steering Committee was able to speak to representatives of CDCs across Canada and the US and hear from them what they felt was critical to their success. Among other things, this process identified the following critical success factors:

- Being rooted in the communities where CDCs work;
- Partnership with patient and forward-thinking governments and other funders;
- Inclusion of community representatives in their governance model;
- Factoring in a strong business approach and expertise from the private sector;
- Activating unique partnerships;
- A very flexible, nimble approach that is entrepreneurial and responds to changing needs; and
- Taking on more than one project at once.

A table further highlighting the similarities and differences of the five CDCs profiled in this section is also included in Appendix 2.

4. EDMONTON COMMUNITY DEVELOPMENT CORPORATION MANDATE

The Edmonton Community Development Corporation Steering Committee has proposed the following mandate and scope for the Edmonton Community Development Corporation.

Vision

Distressed communities have the capacity to build stable housing, create employment, and further the economic and social development of their neighbourhoods.

Mission

The mission of the CDC is to promote the renewal of distressed neighbourhoods through a Community Economic Development approach. Edmonton's CDC will create a new approach that helps families increase financial security, enables inclusive economic development and fosters thriving communities.

Principles

In all it does, the Edmonton CDC will:

- Use a community economic development approach to combat poverty at the local level.
- Deliver products aligned with community needs and priorities.
- Create benefits that accrue to all members of the communities it serves.
- Concentrate resources within a defined geographic area to achieve maximum impact.
- Be nimble, entrepreneurial and solution-oriented.
- Integrate and leverage multiple poverty reduction strategies.
- Activate new partnerships and forms of collaboration as it works to reduce poverty.

4. EDMONTON COMMUNITY DEVELOPMENT CORPORATION MANDATE

Scope of Service

CDCs use community wealth-building strategies, “developing place-based assets of many kinds, working collaboratively, tapping large sources of demand, and offering economic institutions and ecosystems of support for enterprises rooted in community.”²⁶

Edmonton’s CDC may use a wide range of approaches, depending on what is most appropriate or possible – given the needs, desires, available partners and resources for any given neighbourhood:

- Commercial and residential real estate development;
- Workforce training and development;
- Business development, including
 - » Business retention and attraction
 - » Market research and support to help existing businesses grow,
 - » Creation of new social enterprises and community-owned businesses; and
- Neighbourhood beautification.

²⁶ Democracy Collaborative (2015). Community Wealth Building – www.democracycollaborative.org/cities

4. EDMONTON COMMUNITY DEVELOPMENT CORPORATION MANDATE

Key Stakeholders

The success of the Community Development Corporation depends on how it engages with a range of stakeholders and partners.

The City of Edmonton - As a critical founding partner of the Edmonton Community Development Corporation, the City of Edmonton will be integral to the CDC's success. A close and flexible working relationship between the City and the CDC will be necessary to ensure the CDC is able to start-up and gain momentum quickly.

Nonprofit Service Providers and Housing Organizations - Edmonton is home to a large number of skilled organizations contributing to the mandate to end poverty in our City. While there is no organization currently fulfilling the role of a CDC, there are many organizations with expertise in related areas that the CDC can partner with as it works to build community wealth in neighbourhoods.

Community Representatives - Community engagement is central to the work of the Community Development Corporation. Much work has already been done by communities to identify their needs and priorities for economic growth. Active ongoing partnership with community members is critical to the CDC's success.

Business Community - The Community Development Corporation can benefit from the technical expertise and experience of Edmonton's development community. The CDC may seek to work in direct or indirect partnership with private developers in its real estate development. The CDC will look to unlock new partnerships with members of the business community who have not already been engaged in the effort to fight poverty in our City. At the local level, the CDC will work to develop collaborative partnerships with Business Revitalization Zones (BRZs) and other business associations that may or may not already be working in CDC focus neighbourhoods.

Other Orders of Government - The provincial and federal governments control considerable resources that can be deployed for the purpose of combating poverty at the neighbourhood level and may be able to contribute to the start-up and early success of the CDC, as it works towards organizational sustainability.

Representatives from these stakeholder groups were consulted during the development of this business case. A list of those consulted in Appendix 3 - Summary of Stakeholder Consultation.

5. GOVERNANCE

Overview

Based on a review of other CDCs in Canada, consultation with local legal experts and being mindful of the City's preferences, the Steering Committee is recommending that Edmonton's CDC be organized under Part 9 of the Companies Act of Alberta. Toward that end, a Memorandum of Association and Articles of Association have been drafted and are attached, in full, in Appendices 4 and 5.

Because the Steering Committee understands that City Administration's recommendation is likely to be that the City of Edmonton not take an ownership position in the Company, the Memorandum and Articles have been designed with this in mind. However, if the City of Edmonton does want to be an owner/shareholder (the Companies Act term is "Member"), this can be easily accommodated.

Otherwise, the initial Members of the Edmonton Community Development Company will be United Way of Alberta Capital Region, Homeward Trust, and Edmonton Community Foundation. Additional Members can be added as other organizations show interest and bring resources to the table. Only those who bring concrete resources to the organization will be invited to become Members of the Company.

5. GOVERNANCE

Purpose and Objects

The most significant parts of the Memorandum of Association are the Purposes for which the Company has been incorporated and the Objects, which outline what the Company intends to do. The Purposes and Objects both direct and limit the work of the Company, ensuring that all of the Company's resources are focused on what the Company is created to accomplish.

The Purposes of the Company, in the language of the Companies Act, is as follows:

The Company is formed under and by virtue of the provisions of Part 9 of the Companies Act, R.S.A. 2000, c. C-21, as amended from time to time (the "Companies Act"), for the purpose of organizing and representing various stakeholders operating in communities in and around the City of Edmonton in support of optimized development at a community level committed to the responsible and sustainable development of low income communities and to revitalizing those communities and working to eliminate poverty within the City of Edmonton, and promoting the charitable and other useful objects set out in this Memorandum of Association.

The Objects of the Company have been designed to use, as much as possible, language that is likely to be acceptable to Canada Revenue Agency (CRA) should the Company, in the future, seek to become a Registered Charity. CRA's "Guidelines" document on Community Economic Development provided guidance.

5. GOVERNANCE

The objects for which the Company is established are to:

1. Undertake community economic development that relieves poverty in identified communities, by:

- Developing economic opportunities within communities that require significant start-up capital and the focused deployment of equity, debt, and grant funding;
- Working with communities to take on the challenges of improving economic opportunities and social conditions in areas of social and economic deprivation in and around the City of Edmonton;
- Creating new community-owned businesses;
- Offering job training/placement for unemployed and underemployed residents; and
- Promoting commerce and industry in the identified communities;

2. Build the capacity of identified communities to improve employment and economic opportunities as appropriate to the Company, by:

- Mobilizing the right people and resources to provide the tools for communities to thrive locally and be part of Edmonton's prosperity; and
- Facilitating and encouraging social impact investment in communities by potential investors; and
- Collaborating with governments in the design of investment incentives to encourage and facilitate such investments;

3. Provide within identified communities affordable and appropriate residential accommodation by:

- Providing such accommodation at below market rate, with other support and incidental facilities necessary and appropriate for individuals and families in need; and
- Providing specially adapted residential accommodation, incidental facilities and support to relieve conditions associated with the aged or with persons with mental or physical disabilities; and

4. Facilitate grants and loans, program-related investments, community land trusts and other appropriate financing vehicles that advance the purposes of the Company.

5. GOVERNANCE

Board of Directors

In Part 9 Companies, the Directors are chosen by the Members. The Articles call for a Board of at least three Directors and not more than fifteen. There is a provision in the Articles that at least one-third of the Directors be residents of the neighbourhoods in which the Company works or intends to work in the future. All Directors will be chosen for the skills they can contribute to the work of the Company.

There is also provision in the Articles for the appointment of additional Advisors to the Board, who will not be voting Directors but will be able to assist in the work of the Company. The Steering Committee's intention would be to make an early appointment of someone from the City of Edmonton to ensure that the Company has a particularly close and positive working relationship with the City and to enhance whatever formal reporting structure the City wishes.

It is the hope of the CDC Steering Committee that the City would want at least a formal report to Council annually. Such a report would include both financial performance and progress toward outcomes that contribute to the broader EndPoverty Edmonton agenda.

Winding-Up

If the Company ever needs to be dissolved or wound-up, the Memorandum makes explicit provisions for that possibility, in line with the provisions of the Company's Act. The section titled "Distribution on Winding-up" provides for the return of any land contributed by the City of Edmonton that has not already been used.

If, on a winding-up, liquidation or dissolution of the Company, and after satisfaction of all the debts and liabilities of the Company, and after return to the City of Edmonton of any property that was itself granted or otherwise contributed to the Company by the City of Edmonton that has not already been used for Purposes or Objects of the Company, and after the return to the shareholders (i.e., members) of the nominal amount of the paid-up capital in respect of their shares of the Company, there remains any property whatsoever, the same shall not be paid to or distributed among the shareholders of the Company, but shall be transferred to organizations in Canada which are qualified donees (as defined in the Income Tax Act), with preference given in the first instance to such organizations that are located in the City of Edmonton and having similar purposes and objects as the Company.

5. GOVERNANCE

Advantages of the Recommended Governance Model

The Companies Act is a well-established and functional way of incorporating, governing and operating a nonprofit enterprise. Several members of the Steering Committee have considerable experience with Companies Act incorporations.

Although the proposed Memorandum and Articles could accommodate the City of Edmonton being a Member of the Company, the Steering Committee concurs with Administration's recommendation that not being a Member of the Company is a better way to mitigate potential risk to the City. The Steering Committee is committed to robust and regular reporting to City Council, as above, and to working closely with the Administration on matters that are of special interest to the City, including through the prompt appointment of an Advisor (of the City's choosing) to assist the Board of Directors of the Company.

6. OPERATING MODEL

While the mission and scope of the Edmonton Community Development Corporation is ambitious, the CDC's community-based leaders and relationships with outside experts will allow it to start lean and grow organically along with the needs of its real estate and business portfolio and its program delivery.

Community Leadership and Expertise

The Community Development Corporation's founding partner organizations and owners have been entrusted by EndPoverty Edmonton to lead the start-up of the CDC because of the experience, networks and resources each organization brings to its work. The following section highlights their collective and individual expertise in successfully launching new developments and/or social impact models. Together these organizations bring tremendous expertise, formidable resources and most importantly proven track records of success to the community-based effort launch a Community Development Corporation in Edmonton.

Edmonton Community Foundation

In the initial start-up phase, the CDC will be incubated by the Edmonton Community Foundation (ECF), which will provide the CDC with the organizational support it needs until it can be financially and operationally self-sufficient. The ECF is a charitable organization that serves as a steward of gifts made to better the Edmonton community. The Foundation uses endowment funds that see those gifts grow through wise investment. Each year, the Foundation grants approximately four per cent of these investments to organizations and causes important to its donors. Currently, the Edmonton Community Foundation oversees more than \$455 million in assets and has granted more than \$150 million to the organizations in Edmonton since 1989. The Foundation is funded by Edmontonians for Edmontonians.

The Edmonton Community Foundation has previously successfully partnered with the City of Edmonton and others on another Community Economic Development initiative, the Social Enterprise Fund (SEF). In 2008, the SEF was launched through a unique collaboration between the City of Edmonton and the ECF. By providing organizations with flexible financing, the SEF helps agencies create or expand strong, resilient sustainable business ventures, and to focus on a sustainable business model. Since its inception, the Social Enterprise Fund has loaned over \$35 million to more than forty different ventures. As with the SEF, the commitment and dedication of the Edmonton Community Foundation will provide a substantial advantage to the fledgling CDC in its formative years. The Social Enterprise Fund will also extend its expertise in business development, social enterprise development and financing to the CDC.

6. OPERATING MODEL

Two other founding organizations – Homeward Trust and the United Way of the Alberta Capital Region will also provide the CDC with leadership, expertise and additional capacity in its initial years and as it grows.

Homeward Trust Edmonton

Homeward Trust Edmonton (HTE) is a nonprofit organization that uses a community-based approach toward the goal of ending homelessness in Edmonton. Since 2001, Homeward Trust has funded the creation of more than 1900 new units of affordable housing by providing over \$82 million in funding to 84 housing developments in our city. The total value of these developments is \$215 million, representing a 2.5 to 1 return on the organization's investment.

HTE has also created a successful and growing social enterprise, FIND, which provides its Housing First program participants with access to gently used furniture at no cost. Homeward Trust benefits from a unique governance model that directly involves Indigenous communities; four of its nine board members are of Indigenous descent. Homeward Trust's ownership of the CDC will provide the organization with access to significant expertise in the finance, construction and management of residential developments, social enterprise and inclusive governance models.

United Way of the Alberta Capital Region

The mission of the United Way of the Alberta Capital Region (UW) is to mobilize collective action to create pathways out of poverty. Since its founding 75 years ago, the organization has raised over \$385 million dollars in support of its mission. In 2015 alone, UW raised \$25.3 million, including \$15.65 million from individual donors, \$7 million from corporate donors and \$2.65 in grants. In collaboration with the community, the UW has outlined specific impact targets through an Impact Scorecard that outlines five strategies and specific targets for the next three years. United Way of the Alberta Capital Region's expertise in resource development as well as community needs and impact assessment will provide the CDC with additional support in the development of its own strategic and business plans.

Taken together, the expertise of the CDC's three initial owners will provide the organization with access to invaluable formal and informal resources as it seeks to establish itself in its formative years.

6. OPERATING MODEL

Staffing and Budget

Following incorporation of the CDC and the appointment of a Board of Directors, an Executive Director and a Community Animator will be recruited to lead the efforts to establish the CDC and develop its first project. Consultants will be retained to undertake predevelopment market research, project planning and design.

The first five years of projected CDC operating expenses is displayed in Table 4 below. Items marked as 'ECF donation' will be provided to the CDC by the Edmonton Community Foundation in-kind.

TABLE 4: Edmonton Community Development Corporation - Forecast Administration Costs

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Incorporation	\$ 10,000	\$ -	\$ -	\$ -	\$ -
Hiring (ECF donation)	32,000	-	-	-	-
Equipment	5,000	-	-	-	-
Furnishings (ECF donation)	7,500	-	-	-	-
Branding/Marketing	20,000	-	-	-	-
Rent & Utilities (ECF donation)	26,000	26,520	27,591	29,280	31,694
Legal	15,000	15,300	15,918	16,892	18,285
Accounting/Audit (ECF donation)	36,000	36,720	38,203	40,542	43,884
Salaries, benefits, incentives (2FTE)	250,000	255,000	265,302	281,541	304,749
Consultants	75,000	65,438	55,493	44,756	34,409
Technology/phone	5,000	5,100	5,306	5,631	6,095
Marketing/public engagement	30,000	26,175	22,197	17,902	13,764
Insurance (ECF donation)	2,500	2,550	2,653	2,815	3,047
Directors fees and expenses	-	-	-	-	-
Office supplies	2,000	2,040	2,122	2,252	2,438
Office equipment	-	-	-	-	-
IT/Web maintenance	2,000	2,040	2,122	2,252	2,438
Bank charges	3,500	3,570	3,714	3,942	4,266
Licenses and memberships	1,500	1,530	1,592	1,689	1,828
Contingency	36,000	36,720	38,203	40,542	43,884
Total Administration Costs	\$ 559,000	\$ 478,703	\$ 480,418	\$ 490,036	\$ 510,781

6. OPERATING MODEL

Geographic Focus

The Edmonton Community Development Corporation will partner with communities to address poverty by attracting wealth, jobs, and investment to neighbourhoods with a concentration of low income households. Normally these communities are aggregated into clusters based on defined geographic or socio-economic boundaries. Clusters need to be of a sufficient size to allow for development at scale, but small enough to allow for the concentration of resources to have a visible positive impact on the community. Other CDCs have averaged a geographical area of approximately five neighbourhoods.

A heat map of possible neighbourhoods where the CDC could do its work has been prepared and is included in Appendix 5.²⁷ The color of each neighbourhood pictured on the map represents their relative scores on the City of Edmonton's Social Vulnerability Index.²⁸ Neighbourhoods that registered in the upper portion on the Social Vulnerability Index appear in red.

The CDC will not seek to work in every neighbourhood that scores highly on the SVI. Three other requirements will need to be in place:

1. Community members (residents, business owners and other stakeholders) should be interested in working with the Community Development Corporation.
2. The presence of City-owned surplus land in a neighbourhood will provide superior development opportunities in the short to medium term, making it more likely the CDC will seek to take on a project there. Once the CDC becomes financially self-sustaining, earned revenue may be invested in the purchase of privately-held land for redevelopment.
3. Because the CDC's model is based on the integration and leveraging of projects, it is important that the neighbourhoods the CDC works in be located near one another in a cluster.

²⁷ This map was generated by the City of Edmonton's Analytics Centre of Excellence (ACE). The CDC Steering Committee would like to acknowledge the exceptional support provided by ACE in general and David Rauch in particular in the identification of potential neighbourhoods of focus for the CDC.

²⁸ The Social Vulnerability Index is part of the City of Edmonton's Stewarding Great Neighbourhoods indicator set. The index combines sub-measures of unemployment rate, low income, no post-secondary education, lone-parent families, no knowledge of official languages, mobility (moved within previous year), non-home ownership, and government transfer payments. Socially vulnerable individuals and groups are those members of society that are more likely to experience marginalization and exclusion, and therefore limited access to social, political and economic resources. Note: not all people with the characteristics described above are necessarily socially vulnerable individuals and groups are those members of society that are more likely to experience marginalization and exclusion, and therefore limited access to social, political and economic resources. Note: not all people with the characteristics described above are necessarily socially vulnerable.

6. OPERATING MODEL

Since the CDC's initial endorsement by City Council in June 2016, the CDC Steering Committee has been working with the City of Edmonton to identify potential City-owned sites in neighbourhoods with demonstrated need.

In addition to their geographic location in neighbourhoods scoring highly on the SVI, the CDC's preference is for parcels that are neither too small nor too large, provide a mix of different land use zones and connect to existing community infrastructure (business revitalization zones, community revitalization efforts).

City Administration will be preparing a separate report to discuss the possible sites identified for potential CDC use. Should the transfer of the identified parcels be approved, the CDC Steering Committee will work with the City of Edmonton to negotiate a land sale agreement that considers the timing of the sale and transfer of each parcel and the condition of each site at the time of transfer. The details of these agreements could have substantial material implications for CDC finances and timelines, therefore this agreement will need to be negotiated in a timely fashion.

7. OUTCOMES & PERFORMANCE MEASURES

If the Community Development Corporation is successful, its work will impact the communities in which it works. At the highest level, the CDC will strive to achieve the following outcomes:

- Communities have increased leadership and capacity to sustain their neighbourhood.
- Communities have increased thriving businesses that provide vital community services and employ local residents.
- Communities have increased adequate, affordable, safe quality housing to meet their needs.
- Communities have less people living in poverty.

Progress on these outcomes will be tracked through the assessment of the CDC's work against a defined set of performance measures. In addition to the financial performance measures discussed in the Financial Strategy section (below), the Community Development Corporation will annually report on other mission-related performance measures. These measures could include:

- Number of community stakeholders engaged;
- Number of jobs created;
- Number of workers trained;
- Number of local residents hired;
- Amount of new commercial space developed;
- Amount invested in communities through real estate development;
- Number of affordable housing units built or renovated;
- Number of households prepared for homeownership;
- Number of new businesses (including social enterprises and community-owned businesses) opened; and
- Number of partnerships developed.

8. FINANCIAL STRATEGY

As the Community Development Corporation grows, additional activity-based performance measures and qualitative assessment tools could be developed to more fully capture the extent of the CDC's work and its social return on investment.

The CDC's performance of each CDC project with respect to these mission related indicators will be closely linked to the project's financial performance. Simply stated, in many cases the better the CDC performs on these non-financial indicators the weaker the CDC's expected performance on project financial metrics. In the early years, the Edmonton CDC will place a higher priority on project financial performance to allow it to achieve financial sustainability over the medium term. As the CDC matures and its projects and developments generate surplus revenue, the corporation will be in a better position to cross-subsidize programs that help accelerate its social impact. This means that future CDC projects will represent an even better balance of financial performance and mission-related impacts through the incorporation of additional community benefits.

Over the near to medium terms, the Community Development Corporation model creates the potential to unlock new revenue streams in support of its mission to reduce poverty and revitalize struggling neighbourhoods.

Financial Performance Goals

The Community Development Corporation has defined the following financial performance goals:

- CDC development projects and social enterprises aim to generate revenue;
- After Year 5, an increasing share of operational expenses will be covered by revenue generated through the CDC's projects and social enterprises;
- The Community Development Corporation will generate enough revenue to sustain its ongoing operations after Year 10.

8. FINANCIAL STRATEGY

In order to achieve its financial performance goals, the CDC will require access to operating, in-kind and capital funding from the City of Edmonton and its community partners. These required resources were originally outlined in the CDC concept paper received for information in June and are discussed further below.

**Table 5: Edmonton Community Development Corporation
Forecast Operational Funding**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
ADMINISTRATION					
Operating Cash Grants - City of Edmonton	\$ 280,000	\$ 280,000	\$ 280,000	\$ 280,000	\$ 280,000
Operating Cash Grants - Edmonton Community Foundation	75,000	75,000	75,000	75,000	75,000
Operating Cash Grants - Homeward Trust	50,000	50,000	50,000	50,000	50,000
Operating Cash Grants - United Way	50,000	50,000	50,000	50,000	50,000
Hiring (ECF donation)	32,000	-	-	-	-
Furnishings (ECF donation)	7,500	-	-	-	-
Rent & Utilities (ECF donation)	26,000	26,520	27,591	29,280	31,694
Accounting/Audit (ECF donation)	36,000	36,720	38,203	40,542	43,884
Insurance (ECF donation)	2,500	2,550	2,653	2,815	3,047
	559,000	520,790	523,448	527,637	533,625
WORKING CAPITAL					
Working Capital Grants - City of Edmonton	250,000	250,000	-	-	-
Total Operational Funding	\$ 809,000	\$ 770,790	\$ 523,448	\$ 527,637	\$ 533,625

The CDC's operational funding requirements for its first five years of operation will be met through grants from the City of Edmonton, Homeward Trust and the United Way of the Alberta Capital Region and in-kind and grant support from the Edmonton Community Foundation. Line items identified as 'ECF donation' represent in-kind donations from the Edmonton Community Foundation.

After Year 5, as the CDC's initial projects mature and start to generate revenue, the organization's net administrative funding requirements are expected to decline. It is anticipated that the net administrative funding requirement will reduce to zero (and become positive) after Year 10. However, it is not anticipated that the City of Edmonton will need to contribute operating funding beyond Year 5.

8. FINANCIAL STRATEGY

Project Funding

The Community Development Corporation will aim to develop two to three real estate projects during its first five years of operation. Each of these projects will also require land as well as financial resources to cover the costs of design, site preparation, construction, sales/marketing and project administration.

The City of Edmonton will be required to contribute \$500 000 in initial seed funding to cover the CDC's predevelopment expenses. The City will also contribute approximately \$10 million worth of land to the CDC. The sites will be chosen from the City's inventory of surplus land located in Edmonton's socially vulnerable neighbourhoods. The Edmonton Community Foundation has directed that up to \$10 million in debt financing be made available to support projects and enterprises developed through the CDC. These repayable loans shall be delivered through the Social Enterprise Fund. The CDC will also seek third party financing as required.

The CDC's financial model does not incorporate any additional resources that could reasonably be expected to accrue to the CDC on account of its mission. Other CDCs have been the beneficiaries of partnerships with private businesses, volunteer labour, access to discounted services and products, eligible grants from different orders of government, grants from private foundations and preferential procurement policies. These potential resources, which may or may not be accessed by the CDC have been excluded from the overall financial model and each demonstration project modeled below, to present a relatively conservative expectation of future financial performance.

The CDC also expects to partner with other nonprofit organizations in the delivery of its projects, however at this stage it would be premature to provide specific information about partnership opportunities that exist. Finally, it is reasonable to expect that some of the development projects undertaken by the CDC would contribute a financial benefit to the City through property tax lift, however it is not possible to quantify those benefits at this time.

8. FINANCIAL STRATEGY

Demonstration Projects

In order to help illustrate how the CDC may be able to achieve the financial goals outlined above, the Steering Committee has modeled three demonstration projects that provide useful examples of the kinds of projects the CDC may undertake. A description and financial summary of each is provided below. A more detailed pro forma for each project is also provided in Appendix 6.

It is important to note, these demonstration project models are unaudited and high-level, serving an illustrative purpose only. While effort has been made to ensure they reflect real-world real estate market conditions and construction costs, these projects are hypothetical and do not necessarily reflect projects planned to be undertaken by the CDC. Actual results may vary from forecasts and the amount of variation may be material.

DEMONSTRATION PROJECT #1: NEW COMMERCIAL BUILDING

Project Description:

- Three story commercial building, including two floors of office space and one floor of purpose-built institutional space (ground level)
- Mostly leased at market rates
- Development would also include a café operating as a social enterprise on the ground floor or additional community meeting space
- Partnership with an anchor institution³⁰ on main floor and floors above provides secure, long-term revenue to the CDC and a new opportunity for the anchor institution to invest in socially marginal communities
- Revitalization and animation of a socially vulnerable neighbourhood through the relocation and addition of people and jobs

³⁰Anchor institutions are nonprofit institutions that once established tend not to move locations. Emerging trends related to globalization – such as the mobility of capital – increase the importance of anchor institutions as employers in local economies. Prominent examples of anchor institutions in Canada include nonprofit healthcare authorities, universities and colleges, cultural institutions, and faith-based institutions.

8. FINANCIAL STRATEGY

FIGURE 1: Project Financial Model

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
INFLOW						
Development						
Land Donation	\$ -	\$ 816,510	\$ -	\$ -	\$ -	\$ -
Equity Investment	-	150,000	1,350,000	-	-	-
Financing Proceeds - Constructions	-	2,942,945	4,087,181	-	-	-
Financing Proceeds - Mortgage	-	-	-	7,710,846	-	-
Interest	-	-	1,109	1,096	10,720	12,345
Institutional Rent (Triple Net)	-	-	-	435,520	435,520	435,520
Commercial Rent (Triple Net)	-	-	-	4,228	4,228	4,228
Parking Proceeds	-	-	-	234,951	239,650	244,443
Insurance (ECF donation)	-	-	-	-	-	-
TOTAL INFLOWS	-	3,909,455	5,438,290	8,386,642	690,118	696,536
OUTFLOWS						
Development						
Land Donation	\$ -	\$ 816,510	\$ -	\$ -	\$ -	\$ -
Design and Construction	-	2,862,171	5,108,976	-	-	-
Financing Principals Payments - Construction Loan	-	-	-	7,030,126	-	-
Financing Interest Payments - Construction Loan	-	138,318	330,416	-	-	-
Financing Principal Payments - Mortgage	-	-	-	169,748	177,624	185,866
Financing Interest Payments - Mortgage	-	-	-	357,783	349,907	341,665
Property Management	-	-	-	26,988	27,176	27,368
TOTAL OUTFLOWS	-	3,817,000	5,439,392	7,584,645	554,707	554,899
Net Inflows (Outflows)	\$ -	\$ 92,455	\$ (1,102)	\$ 801,997	\$ 135,411	\$ 141,637
Opening cash	-	-	92,455	91,354	893,350	1,028,761
ENDING CASH	\$ -	\$ 92,455	\$ 91,354	\$ 893,350	\$ 1,028,761	\$ 1,170,398
DEBT COVERAGE RATIO					1.24	1.25

8. FINANCIAL STRATEGY

Project Benefits

- \$7.97 million invested in a socially vulnerable community
- 25 000 square feet of commercial space developed
- 1 new partnership with an anchor institution
- 1 new social enterprise created
- 8 new jobs created
- Total economic impact:³¹ \$11.9million

Examples of successful similar or related projects or programs:

- Crowell’s Realty developed by New Dawn Enterprises in Sydney, Nova Scotia
- Station 20 West developed by Quint in Saskatoon

RISK	DESCRIPTION OF RISK	MITIGATION STRATEGY
1	Project is somewhat sensitive to increases in mortgage rate.	Risk can be mitigated by fixing the mortgage rate prior to construction through use of construction to permanent loan.
2	Project is somewhat sensitive to assumed lease rate for institutional tenant.	Risk can be mitigated by securing lease agreement prior to construction.

³¹The Finance Department of the Government of Alberta establishes the economic impact of various types of industries in order to better understand the multiplier effect of investing in a given industry. These multipliers can be imagined as concentric circles of economic impact. In the centre are the direct economic impacts (the jobs created and incomes received), followed by indirect impacts (the demand for the supplies or services needed for the jobs) and induced impacts (the ripple effects of workers having more income to spend). Total economic impact reflects the project’s overall impact on the economy, and includes its direct, indirect and induced impacts. Source: Government of Alberta, Alberta Economic Multipliers (2015), pg. 14. Available online at <http://www.finance.alberta.ca/aboutalberta/economic-multipliers/2011/Alberta-Economic-Multipliers-2011.pdf>

8. FINANCIAL STRATEGY

DEMONSTRATION PROJECT #2: FAMILY-ORIENTED CONDOMINIUMS

Project Description:

- 80 Family-oriented condominiums
- Mixed income, attainable homeownership model helps low-income families through an affordable home-ownership program that provides down payment assistance to first time homebuyers
- Partnership with financial institution or existing nonprofit in delivery of homeownership assistance program (ex. the HOME program or Options for Homes)
- Employ a social enterprise property management and/or maintenance company
- Proximity to transit, energy efficient design and on-site nonprofit day and after school care will also help reduce cost of living for residents
- Ground floor commercial spaces leased to a nonprofit day care provider and retail businesses (a small grocery or convenience store and/or a pharmacy that employs local residents)
- Development also adds to neighbourhood amenities through the inclusion of a small public park or green space

8. FINANCIAL STRATEGY

FIGURE 2: Project Financial Model - Family Oriented Condominiums

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
INFLOW						
Development						
Land Donation	\$ -	\$ 1,499,910	\$ -	\$ -	\$ -	\$ -
Equity Investment	-	400,000	-	-	-	-
Financing Proceeds - Construction	-	6,634,242	9,869,164	-	-	-
Financing Proceeds - Mortgage	-	-	-	-	1,189,902	-
Interest	-	-	2,761	4,557	165,800	27,819
Residential Condo Sales - Market	-	-	2,661,998	14,231,453	3,655,129	-
Commercial Rent (Triple Net)	-	-	-	-	116,903	116,903
TOTAL INFLOWS	-	8,534,152	12,533,923	14,236,010	5,127,734	144,721
OUTFLOWS						
Development						
Land Donation	\$ -	\$ 1,499,910	\$ -	\$ -	\$ -	\$ -
Design and Construction	-	6,492,383	11,588,903	-	-	-
Financing Principals Payments - Construction Loan	-	-	-	-	16,503,407	-
Financing Interest Payments - Construction Loan	-	311,809	775,660	775,660	-	-
Financing Principal Payments - Project Mortgage	-	-	-	-	26,195	27,410
Financing Interest Payments - Project Mortgage	-	-	-	-	55,211	53,996
Real Estate Commissions	-	-	-	-	-	-
Legal Conveyance Fees	-	-	19,664	23,400	23,868	-
Property Management	-	-	-	-	11,690	11,690
TOTAL OUTFLOWS	-	8,304,102	12,384,227	799,060	16,626,216	98,942
Net Inflows (Outflows)	\$ -	\$ 230,050	\$ 149,696	\$ 13,436,950	\$ (11,498,482)	\$ 45,780
Opening cash	-	-	230,050	379,746	13,816,696	2,318,214
Ending Cash	\$ -	\$ 230,050	\$ 379,746	\$ 13,816,696	\$ 2,318,214	\$ 2,363,994
DEBT COVERAGE RATIO					1.29	1.29

8. FINANCIAL STRATEGY

Project Benefits:

- \$18.1 million invested in socially vulnerable neighbourhood
- 40 units for attainable home ownership program and 40 low-to-moderate income families trained for home ownership
- 40 units of market housing
- 30 new affordable day care spaces
- 2 new partnerships with nonprofit organizations and social enterprise
- 10 jobs created
- Total economic impact:³² \$27.1 million

Examples of successful similar or related projects or programs:

- Inner City Homebuyer Program operated by Seed Winnipeg³³
- Affordable Home Ownership Programs developed by the Community Development Corporation of Utah³⁴
- Toronto Community Housing Regent Park Revitalization (Affordable Home Ownership Program)³⁵

RISK	DESCRIPTION OF RISK	MITIGATION STRATEGY
1	This project is highly sensitive to residential to condo price fluctuations. A 15% decline in prices could significantly impair the CDC's cash reserves, at this early stage in CDC's establishment.	This could be mitigated through careful price studies and an emphasis on ensuring there are sufficient presales prior to construction.
2	This project is also highly sensitive to a decrease in the assumed levels of presales. If these presales decline by 5% it could be difficult to finance this project.	This risk could be mitigated by ensuring sufficient presales are in place prior to construction.
3	The project is highly sensitive to the timing of condo sales. A very slow market that pushes the payment of the construction loan for a year would add \$ 600,000 in net interest costs.	This risk could be mitigated by ensuring a target of 65% presales is met prior to commencing construction.

³²The Finance Department of the Government of Alberta establishes the economic impact of various types of industries in order to better understand the multiplier effect of investing in a given industry. These multipliers can be imagined as concentric circles of economic impact. In the centre are the direct economic impacts (the jobs created and incomes received), followed by indirect impacts (the demand for the supplies or services needed for the jobs) and induced impacts (the ripple effects of workers having more income to spend). Total economic impact reflects the project's overall impact on the economy, and includes its direct, indirect and induced impacts. Source: Government of Alberta, Alberta Economic Multipliers (2015), pg. 14. Available online at <http://www.finance.alberta.ca/aboutalberta/economic-multipliers/2011/Alberta-Economic-Multipliers-2011.pdf>

³³ For more information on this program, please see: <http://www.newjourneyhousing.com/article/home-buying/inner-city-homebuyer-program>

³⁴ For more information on the Community Development Corporation of Utah, please visit: www.cdcutah.org

³⁵ https://www1.toronto.ca/city_of_toronto/affordable_housing_office/files/pdf/tch-regentpark.pdf

8. FINANCIAL STRATEGY

DEMONSTRATION PROJECT #3: REVITALIZED COMMERCIAL SPACE

Project Description:

- Renovation of a derelict commercial space in a socially vulnerable neighbourhood
- Purchase of renovation supply from an existing construction materials social enterprise (ex. Habitat ReStore)
- Building would be renovated to current code and leased out to a social enterprise focused on providing low income neighbourhood residents with work experience and needed products or services (ex. a coffee shop, café, a small grocery store, etc.)

FIGURE 3: Demonstration Project #3 - Revitalized Commercial Space

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
INFLOW						
Development						
Equity Investment	\$ -	\$ -	\$ -	\$ 441,000	\$ 189,000	\$ -
Financing Proceeds - Construction	-	-	-	363,689	-	-
Financing Proceeds - Mortgage	-	-	-	688,459	-	-
Refinancing Proceeds - Mortgage	-	-	-	-	169,149	-
Interest	-	-	-	-	313	406
Commercial Rent (Triple Net)	-	-	-	-	84,256	84,256
TOTAL INFLOWS	-	-	15,293,755	1,493,147	442,718	84,662
OUTFLOWS						
Development						
Purchase Price	\$ -	\$ -	\$ -	\$ 917,945	\$ -	\$ -
Design and Construction	-	-	-	484,918	-	-
Financing Principals Payments - Construction Loan	-	-	-	-	363,689	-
Financing Interest Payments - Construction Loan	-	-	-	17,093	-	-
Financing Principal Payments - Mortgage	-	-	-	15,156	15,859	16,595
Financing Interest Payments - Mortgage	-	-	-	31,944	31,241	30,505
Refinancing Principal Payments - Mortgage	-	-	-	-	3,724	3,896
Refinancing Interest Payments - Mortgage	-	-	-	-	7,848	7,6776
Vacancy Allowance	-	-	-	-	4,213	4,213
Property Management	-	-	-	-	8,426	8,426
TOTAL OUTFLOWS	-	-	-	1,467,057	435,000	71,311
Net Inflows (Outflows)	\$ -	\$ -	\$ -	\$ 26,091	\$ 7,718	\$ 13,351
Opening cash	-	-	-	-	26,091	33,809
Ending Cash	\$ -	\$ -	\$ -	\$ 26,091	\$ 33,809	\$ 47,106
DEBT COVERAGE RATIO					1.22	1.22

8. FINANCIAL STRATEGY

Project benefits:

- \$485,000 invested in socially vulnerable neighbourhood
- 7500 square feet of commercial space renovate
- 20 workers trained
- 10 jobs created
- 1 social enterprise created
- Total economic impact:³⁶ \$724,000

Examples of successful similar or related projects or programs:

- The Carrot Café on Alberta Avenue
- Cermak Produce at El Mercado (Bickerdike CDC)

RISK	DESCRIPTION OF RISK	MITIGATION STRATEGY
1	This project is also highly sensitive to increases in mortgage rate.	This risk could be mitigated by fixing the mortgage rate prior to construction financing through the use of a construction to permanent loan.
2	This project is sensitive to increases in vacancy or reductions in lease rate.	Increases to the vacancy rate or decreasing the lease rate by 10% would impair the project's ability to fund its financing costs but the CDC would be able to make up for this shortfall from its cash reserves without significantly impacting its financial security.

³⁶The Finance Department of the Government of Alberta establishes the economic impact of various types of industries in order to better understand the multiplier effect of investing in a given industry. These multipliers can be imagined as concentric circles of economic impact. In the centre are the direct economic impacts (the jobs created and incomes received), followed by indirect impacts (the demand for the supplies or services needed for the jobs) and induced impacts (the ripple effects of workers having more income to spend). Total economic impact reflects the project's overall impact on the economy, and includes its direct, indirect and induced impacts. Source: Government of Alberta, Alberta Economic Multipliers (2015), pg. 14. Available online at <http://www.finance.alberta.ca/aboutalberta/economic-multipliers/2011/Alberta-Economic-Multipliers-2011.pdf>

8. FINANCIAL STRATEGY

Although each of these projects are hypothetical in nature and do not represent actual planned projects, the financial models contained within can be used to demonstrate how the CDC may reasonably meet its financial performance goals. The Community Development Corporation's projected financial performance, based on leveraging lands donated by the City of Edmonton to develop three projects like these during its first five years of operation is presented in the Forecast Balance Sheet and Income Statements below.

TABLE 6: Edmonton Community Development Corporation - Forecast Balance Sheet

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
ASSETS					
Cash	\$ 250,000	\$ 1,330,419	\$ 200,059	\$ 14,090,049	\$ 2,607,290
Inventory	-	6,276,735	17,682,806	3,272,649	-
Land	-	4,639,980	4,639,980	5,557,925	5,557,925
Buildings (net of accumulated amortization)	-	3,527,947	9,925,832	10,278,212	9,867,084
	\$ 250,000	\$ 15,775,081	\$ 32,448,676	\$ 32,198,835	\$ 18,032,299
LIABILITIES					
Construction Loans	\$ -	\$ 9,577,187	\$ 23,533,532	\$ 16,867,095	\$ -
Deposits	-	-	2,661,998	-	-
Long-Term Debt	-	977,986	954,950	9,145,247	10,255,673
	-	10,555,173	27,150,481	26,012,342	10,255,673
NET ASSETS					
Net Assets	\$ 250,000	\$ 5,219,908	\$ 5,298,195	\$ 7,186,493	\$ 7,776,627
	\$ 250,000	\$ 15,775,081	\$ 32,448,676	\$ 33,198,835	\$ 18,032,299

8. FINANCIAL STRATEGY

TABLE 7: Edmonton Community Development Corporation - Forecast Income Statement

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
SALES	\$ -	\$ -	\$ -	\$ 16,893,451	\$ 3,655,129
COST OF SALES	-	-	-	15,125,688	3,272,649
GROSS PROFIT	-	-	-	1,767,763	382,480
EXPENSES					
Administration Costs	559,000	478,703	480,418	490,036	510,781
Interest on long-term debt	-	46,400	45,379	434,037	487,399
Property Management and Professional Fees	-	9,360	29,024	59,748	80,519
Amortization	-	-	-	209,769	411,128
	559,000	534,463	554,820	1,193,581	1,489,828
OTHER INCOME					
Administration Grants	559,000	520,790	523,448	527,637	533,625
Working Capital Grants	250,000	250,000	-	-	-
Interest	-	-	16,060	18,179	189,700
Rent	-	93,600	93,600	768,299	974,157
	809,000	864,390	633,108	1,314,116	1,697,482
OPERATING SURPLUS (DEFICIT)	\$ 250,000	\$ 329,928	\$ 78,288	\$ 1,888,298	\$ 590,134
Opening Net Assets	-	250,000	5,219,908	5,298,195	7,186,493
Donated Net Assets	-	4,639,980	-	-	-
ENDING NET ASSETS	\$ 250,000	\$ 5,219,908	\$ 5,298,195	\$ 7,186,493	\$ 7,776,627

As demonstrated by the financial forecast above, by Year 5 the CDC should be on the path towards achieving its financial goals. Each of the projects modeled above generate revenue. The CDC's net financial position in Year 5 in the model will allow for an increasing share of operational expenses to be covered by revenue generated by the CDC's projects and programs and it is reasonable to anticipate the CDC will generate enough revenue to sustain its modeled operational resource level around Year 11.

8. FINANCIAL STRATEGY

The CDC anticipates being able to achieve financial sustainability at this time (Year 11) because its first three projects, as illustrated by the demonstration projects, will be focused on earning early surplus cash that can then be reinvested back into the CDC. Accordingly, the work undertaken by the CDC in this early period reflects a relatively lower level of subsidization and non-financial impact. As the CDC matures, it is anticipated it will be able to reinvest increasing surplus revenue into its future projects and increase the non-financial impact of the CDC's work without sacrificing its financial sustainability. This strategy was chosen to reduce the CDC's dependence on grants and donations relative to other not for profit organizations.

9. RISKS AND RISK MANAGEMENT

Like other all other new nonprofit organizations and real estate developers, the Edmonton Community Development Corporation faces certain known and unknown financial and operational risks. Some of these risks are general risks common to all real estate developments, and include things like real estate market impacts on the value of land assets and vacancy rates, the risk of the presence of unknown environmental or geotechnical issues, delays or unforeseen challenges in obtaining the proper construction permits, and issues with construction quality (warranty risk) or construction timing and cost. Appropriate strategies including the execution of proper due diligence in development planning and the inclusion of cost contingencies will be used to minimize these risks to the CDC.

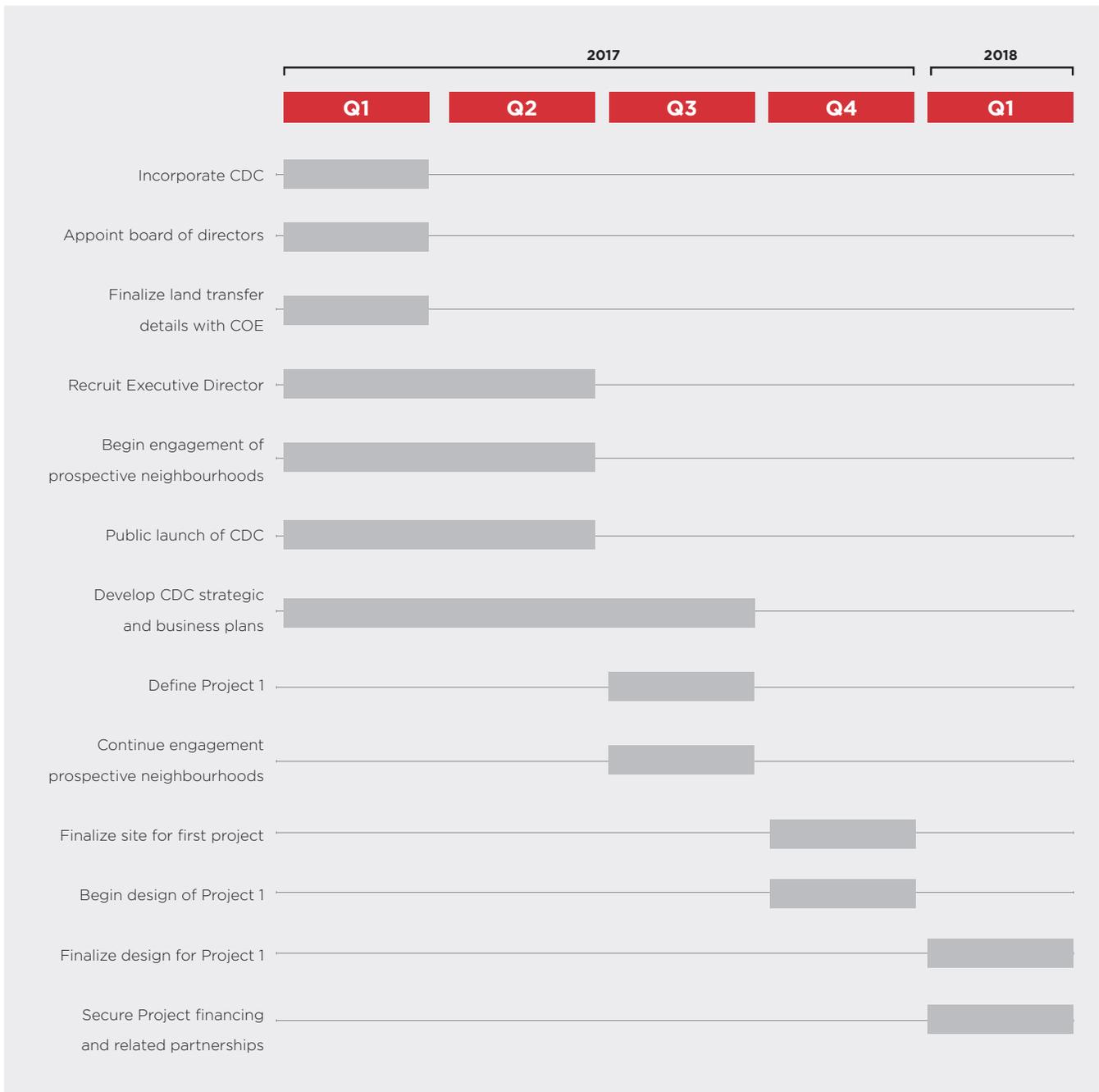
The Community Development Corporation may also face some risks that are unique to its specific approach as a nonprofit development corporation focused on revitalizing socially vulnerable neighbourhoods. A concise list of these potential risks and their accompanying mitigation strategies is included in Table 8 below.

TABLE 8: Risks & Management

RISK	DESCRIPTION OF RISK	MITIGATION STRATEGY
1. POLITICAL RISK	The CDC relies on community support and engagement to ensure the success of its projects. Delays associated with consultation process or a lack of interest from potential neighbourhoods could impact organizational timelines and operating budgets.	<p>The CDC will prioritize communication with potential neighbourhoods early on in its start-up period.</p> <p>A contingency/reserve for uncertainties surrounding potential financial impacts due to delays should be set aside.</p> <p>The CDC will work with the City to identify possible back-up sites, to give the CDC flexibility should some neighbourhoods not be interested in working with the CDC.</p>
2. REVENUE RISK	The CDC will be working in neighbourhoods that see on average less private investment and market activity than other neighbourhoods in Edmonton. Uncertainties regarding yields, rent levels, sales price levels, inflation and interest rate levels, absorption, demand and supply could impact the financial performance of projects.	<p>Engage in detailed research regarding demand, rent rates, sales price levels, etc. and forecast yield prior to development.</p> <p>Consideration should be given to engaging in pre-lease/pre-sale.</p>
3. CASH FLOW RISK	The CDC is undertaking a Community Economic Development approach that prioritizes obtaining earned revenue to offset the cost of its activities. In the short term, cash flow may be insufficient to meet required payments of principal and interest, and to pay operating expenses.	To expand financial flexibility, the CDC could work to acquire other sources of income other than government funding/donations/debt (ex. such as consulting fees for providing project development/ management expertise to nonprofit organizations pursuing residential or commercial construction projects, etc.).
4. STAFFING RISKS	The CDC will be undertaking an aggressive development schedule to help ensure it can attain financial sustainability over the short to medium term. In order to be successful in its endeavors the CDC will need to recruit dedicated, skilled, high performing staff on a short timeline.	<p>Begin identifying and approaching possible Executive Director candidates immediately following approval.</p> <p>Consider adopting pay structure to include some pay-at-risk /performance-based pay.</p>

10. CONCLUSION - NEXT STEPS

Should Council approve the Community Development Corporation's business case and related funding requests, the CDC Steering Committee will immediately begin executing on the following milestones, which will govern the CDC's first year of operations.



APPENDIX 1 STEERING COMMITTEE MEMBERS

MARTIN GARBER-CONRAD, EDMONTON COMMUNITY FOUNDATION

JANE BISBEE, SOCIAL ENTREPRISE FUND

ANNA BUBEL, ANOTHER WAY

SUSAN MCGEE, HOMEWARD TRUST

ANNE SMITH, UNITED WAY - ALBERTA CAPITAL REGION

CARMAN MCNARY, DENTONS

MARK HOLMGREN, TAMARACK INSTITUTE

JENNY KAIN, CITY OF EDMONTON

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TERESA TANG, CITY OF EDMONTON

FINANCIAL CONSULTANTS:

DAN WIART, KINGSTON ROSS PASNAK

ELISE NEELAND, KINGSTON ROSS PASNAK

APPENDIX 2 THE EXPERIENCES OF OTHER CDCS - A COMPARISON TABLE

CDC	CATCHMENT: GEOGRAPHY AND POPULATION	YEAR FOUNDED	SCOPE OF SERVICE	ANNUAL BUDGET	EARNED INCOME	% OTHER INCOME SOURCE	START-UP PROCESS	PROJECT HIGHLIGHTS	
Blakerlike (Chicago)	240,000 in five neighbourhoods	1967	Housing Dev.	\$11M	40%	Government grants - 20-25%	Impetus/ Catalyst - residents of Chicago's near northwest side and representatives of local community groups wanted to fight widespread housing deterioration, abandonment and arson	<ul style="list-style-type: none"> Social enterprises El Mercado - a locally owned food market that employs 75 per cent local residents Humboldt Construction - provides skilled employment opportunities for 15-20 local residents Community redevelopment Created trail system and community gardens Holds community fairs Instituted safety committee 	
			Commercial Dev.						X
			Social Enterprise						X
			Skills Training						
Investment									
Fifth Ave (New York)	34,000 in six communities	1978	Housing Dev.	\$11M	40%	Government grants - around 15% Fundraising - 40%	Impetus/ Catalyst - large meetings (400 people) with residents and merchants from the neighbourhood held to address housing tenants' rights, commercial revitalization, crime prevention, parks and vacant lots	<ul style="list-style-type: none"> Workforce Development Direct job placement and counselling for approximately 250 low-income area residents Sector based, targeted skills training programs rooted in employer demand. Eg. commercial driver training program, teledata cable installation training, production assistant training, and woodworking, construction training Adult education programs Offers over 20 programs, including English as a second language, GED prep, and basic computer skills 	
			Commercial Dev.						X
			Social Enterprise						X
			Skills Training						X
			Com. Engagement						X
Investment									

CDC	CATCHMENT: GEOGRAPHY AND POULATION	YEAR FOUNDED	SCOPE OF SERVICE	ANNUAL BUDGET	EARNED INCOME %	% OTHER INCOME SOURCE	START-UP PROCESS	PROJECT HIGHLIGHTS	
New Dawn (Nova Scotia)	167,000 (Sydney = 31,000 Cape Breton + Sydney = 167,000)	1976	Housing Dev.	X	\$7M	100%	N/A	<p>Impetus/ Catalyst – experiments by former head of Cape Breton Association for Cooperative Developments</p> <p>Initial Idea/ approach – identify a community problem, determine a business-based solution, do the 'deal' and evaluate the results</p> <p>First Initiative – redevelop a vacant commercial building and develop bachelor suites on the second floor</p>	<ul style="list-style-type: none"> Trade school for healthcare service 101 graduates in a typical year Graduates work in New Dawn supportive living homes Youth supports <ul style="list-style-type: none"> Centre for homeless and vulnerable young people Meals on Wheels 6200 meals served in a typical year
			Commercial Dev.	X					
			Social Enterprise	X					
			Skills Training	X					
			Com. Engagement	X					
			Investment	X					
			Housing Dev.	X					
			Commercial Dev.	X					
			Social Enterprise						
			Skills Training	X					
Com. Engagement	X								
Investment									
Quint (Saskatoon)	167,000 (Sydney = 31,000 Cape Breton + Sydney = 167,000)	1976	Housing Dev.	X	\$2M	33%	Government of Saskatchewan grants – 65%	<p>Impetus/ Catalyst – community buy-in to the results of an educational workshop on community economic development</p> <p>Initial Idea/ approach – use potential community-based economic development corporations to create jobs and economic opportunities to overcome lack of employment and inadequate income and improve five Saskatoon neighbourhoods</p>	<ul style="list-style-type: none"> Male youth lodge <ul style="list-style-type: none"> Transitional residence for young adult, at risk males Education and training 31 males housed in 2015 Core Neighbourhoods at work <ul style="list-style-type: none"> Connects job seekers with training and potential employers 700 people registered in employment programs 250 people gainfully employed Community Enterprise Centre <ul style="list-style-type: none"> Part of the larger neighbourhood revitalization environment Includes: community owned grocery store, housing, employment and economic development programs; Mother's Centre; Kids First Program, etc.
			Skills Training	X					
			Com. Engagement	X					
			Investment						
			Housing Dev.	X					
			Commercial Dev.	X					
			Social Enterprise						
			Skills Training	X					
			Com. Engagement	X					
			Investment						
NECRC (Winnipeg)	167,000 (Sydney = 31,000 Cape Breton + Sydney = 167,000)	1976	Housing Dev.	X	\$5M	7%	Government grants – 93%	<p>Impetus/ Catalyst – vision of local leaders and Manitoba's provincial push to start neighbourhood renewal projects</p> <p>Initial Idea/ approach – provide overall strategic planning for the North End</p>	<ul style="list-style-type: none"> PATH Employment Centre <ul style="list-style-type: none"> Helps people with basic job skills In 2015, 6000 people accessed online training, 790 accesses job search employment counsellors, and 113 secured gainful employment Inner City Renovations <ul style="list-style-type: none"> Social enterprise launched by NECRC that provides construction services, offers full-time employment, trains employees and offers employment to low income area residents Citizens Bridge program <ul style="list-style-type: none"> Helps people get basic documentation and services organized, including identification documents, bank accounts, drivers licences, etc.
			Commercial Dev.	X					
			Social Enterprise	X					
			Skills Training	X					
			Com. Engagement	X					
			Investment						
			Housing Dev.	X					
			Commercial Dev.	X					
			Social Enterprise	X					
			Skills Training	X					
Com. Engagement	X								
Investment									

APPENDIX 3 LIST OF STAKEHOLDERS CONSULTED

The following individuals and stakeholders were consulted during the drafting of the CDC concept paper presented to City Council in June 2016:

Business Community

- Urban Development Institute

Nonprofit Sector

- Capital Region Housing Corporation
- Habitat for Humanity
- Greater Edmonton Foundation
- HomeEd
- E4C
- Bissell Centre
- Right at Home Housing Society
- Boyle Street Community Services
- Jasper Place Health and Wellness
- Salvation Army
- La Cite Francophone
- Arts Habitat
- Arts on the Ave
- Women Building Futures
- Northern Alberta YMCA

APPENDIX 3 LIST OF STAKEHOLDERS CONSULTED

The following key stakeholders were also consulted during the creation of this business case (between June and October 2016):

Business Community

- City of Edmonton Real Estate Advisory Committee
- Council of Business Revitalization Zones

Community Representatives

- Edmonton Federation of Community Leagues
- Community University Partnership

Housing Providers

- Capital Region Housing Corporation
- Habitat for Humanity
- Greater Edmonton Foundation
- E4C
- Right at Home Housing Society
- Arts Habitat

Other Nonprofit Organizations

- Bissell Centre
- Arts on the Ave

Representatives from the City of Edmonton

- Wai Tse Ramirez, Senior Planner, Community Economic Development
- Stuart Kehrig, Senior Planner, Small Enterprise
- Paul Ross, Branch Manager, Economic and Environmental Sustainability

The Community Development Corporation Steering Committee appreciates the participation and input to date of all the above stakeholders and looks forward to continued dialogue, collaboration and partnership in the future.

APPENDIX 4 DRAFT MEMORANDUM OF ASSOCIATION

MEMORANDUM OF ASSOCIATION

of

EDMONTON COMMUNITY DEVELOPMENT COMPANY

(a company limited by shares pursuant to
the *Companies Act* of Alberta)

NAME

1. The name of the company (the “Company”) formed by this Memorandum of Association is “Edmonton Community Development Company”.

PURPOSES

2. The Company is formed under and by virtue of the provisions of Part 9 of the Companies Act, R.S.A. 2000, c. C-21, as amended from time to time (the “Companies Act”), for the purpose of organizing and representing various stakeholders operating in communities in and around the City of Edmonton in support of optimized development at a community level committed to the responsible and sustainable development of low income communities and to revitalizing those communities and working to eliminate poverty within the City of Edmonton, and promoting the charitable and other useful objects set out in this Memorandum of Association.

OBJECTS

3. The objects for which the Company is established are to:
 - a. Undertake community economic development that relieves poverty in identified communities, by:
 - i. Developing economic opportunities within communities that require significant start-up capital and the focused deployment of equity, debt, and grant funding;
 - ii. Working with communities to take on the challenges of improving economic opportunities and social conditions in areas of social and economic deprivation in and around the City of Edmonton;
 - iii. Creating new community-owned businesses;
 - iv. Offering job training/placement for unemployed and underemployed residents; and
 - v. Promoting commerce and industry in the identified communities;
 - b. Build the capacity of identified communities to improve employment and economic opportunities as appropriate to the Company, by:
 - i. Mobilizing the right people and resources to provide the tools for communities to thrive locally and be part of Edmonton’s prosperity; and
 - ii. Facilitating and encouraging social impact investment in communities by potential investors; and
 - iii. Collaborating with governments in the design of investment incentives to encourage and facilitate such investments;

APPENDIX 4 DRAFT MEMORANDUM OF ASSOCIATION

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- c. Provide within identified communities affordable and appropriate residential accommodation by:
 - i. Providing such accommodation at below market rate, with other support and incidental facilities necessary and appropriate for individuals and families in need; and
 - ii. Providing specially adapted residential accommodation, incidental facilities and support to relieve conditions associated with the aged or with persons with mental or physical disabilities;

and

- d. Facilitate grants and loans, program-related investments, community land trusts and other appropriate financing vehicles that advance the purposes of the Company.

POWERS

- 4. For the purposes of carrying out its objects, the Company has the powers set out in subsection 20(1) of the Companies Act, except those set out in paragraph 20(1)(l), which are expressly excluded. The powers set out in subsection 20(1) shall be interpreted and applied in such manner as is fitting and appropriate for a company governed by Part 9 of the Companies Act. For greater certainty, and without limiting the generality of the first sentence of this section, the Company's powers include the following:
 - a. to acquire, accept, solicit or receive (by purchase, lease, contract, donation, legacy, gift, grant, bequest or otherwise) any kind of real or personal property; and to enter into and carry out agreements, contracts, deeds and undertakings incidental thereto;
 - b. to retain, invest or reinvest any cash funds, real property or personal property of the Company in any investments which the directors of the Company shall in their unfettered discretion determine to be advisable, without being limited to investments authorized by law for trustees, including, without limiting the generality of the foregoing, any shares, stocks, bonds, debentures, notes, mortgages and all other securities, evidence of indebtedness and obligations issued or guaranteed by any company, corporation, body corporate, chartered bank, association, partnership, governmental, municipal or public authority, domestic or foreign, and in any real property of every kind and description and to invest and lend money without security or on the security of personal property and to accept as security for any obligation, guarantee or amount owing by any company, corporation, body corporate, association, partnership, syndicate, entity, person, trust or governmental authority to the Company any security and to change, alter or realize upon any investments and to reinvest any monies which may from time to time be available for that purpose;
 - c. to exercise all voting rights or authorize and direct the execution and delivery of proxies in connection with any shares or obligations of any company or corporation owned by the Company;
 - d. in connection with any company or corporation in which the Company may at any time hold shares or obligations, to take up the proportion of any increased capital to which as holders of such shares or obligations it may be entitled, and to purchase any additional shares or obligations in such company or corporation; to join in any plan for the reconstruction or reorganization of such company or corporation or for the amalgamation of such company or corporation or for the sale of the assets of such company or corporation or any part thereof and in pursuance of such plan to accept any shares or obligations in lieu of or in exchange for the shares or obligations held by the Company in such company or corporation, and to enter into any pooling or other agreement in connection with the shares or obligations held by the Company in such company or corporation and in the case of sale thereof to give any options considered advisable; and to give consent to the creation of any mortgage, lien or indebtedness by any company or corporation whose shares or obligations are held by the Company;

APPENDIX 4 DRAFT MEMORANDUM OF ASSOCIATION

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- e. to acquire by purchase, lease, devise, gift or otherwise, and to hold, any real property necessary for the carrying on of its undertaking, and to sell, lease, mortgage, dispose of and convey the same or any part thereof as may be considered advisable;
- f. to demand, receive, sue for, recover and compel the payment of all sums of money that may become due and payable to the Company, and generally to sue and be sued;
- g. to employ and pay such assistants, clerks, agents, representatives and employees, to procure such equipment and maintain such offices and other facilities and to incur such reasonable expenses as may be necessary;
- h. to incur debts, but only:
 - i. for current operating expenses;
 - ii. in connection with the purchase and sale of investments; or
 - iii. in the course of administering its activities;
- i. generally, to undertake any activity to use its resources, or to do all such other lawful things as may be necessary, incidental or conducive to the attainment of the objects of the Company, but not to carry on any business for the primary purpose of profit;
- j. to operate in all respects as a non-profit organization (of the type contemplated by paragraph 149(1)(l) of the Income Tax Act, R.S.C. 1985, Fifth Supplement, c. 1, as amended from time to time (the "Income Tax Act")) and to be guided in its operations by the requirements set out in the Income Tax Act for such organizations; and
- k. except as limited by the Companies Act, to do anything else which may, in the opinion of the directors, be conveniently done to further the attainment of the objects of the Company.
- l. If there is any conflict between the powers set out in this Memorandum of Association and the powers set out in subsection 20(1) of the Companies Act, this Memorandum of Association shall be paramount.

INCOME AND PROPERTY OF THE COMPANY

- 5. The income and property of the Company shall be applied solely toward the promotion of the objects of the Company, as set out in this Memorandum of Association, and no portion of the income or property of the Company shall be paid or transferred, directly or indirectly, by way of dividend, distribution or otherwise howsoever, to the shareholders (i.e. members) of the Company; provided that nothing herein shall prevent the return of the nominal amount of the paid-up capital in respect of the shareholders' shares of the Company, the repayment of any debt or other obligation owing by the Company to a shareholder, the reimbursement by the Company of expenses incurred by a shareholder on behalf of the Company or the payment in good faith of reasonable and proper remuneration to any employee or director of the Company as compensation for services actually rendered to the Company.

DISTRIBUTION ON WINDING-UP

- 6. If, on a winding-up, liquidation or dissolution of the Company, and after satisfaction of all the debts and liabilities of the Company, and after return to the City of Edmonton of any property that was itself granted or otherwise contributed to the Company by the City of Edmonton that has not already been used for Purposes or Objects of the Company, and after the return to the shareholders (i.e., members) of the nominal amount of the paid-up capital in respect of their shares of the Company, there remains any property whatsoever, the same shall not be paid to or distributed among the shareholders of the Company, but shall be transferred to organizations in Canada which are qualified donees (as defined in the Income Tax Act), with preference given in the first instance to such organizations that are located in the City of Edmonton and having similar purposes and objects as the Company.

APPENDIX 4 DRAFT MEMORANDUM OF ASSOCIATION

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AUTHORIZED SHARE CAPITAL

7. The share capital of the Company shall consist of two (2) classes of shares, without nominal or par value, the particulars of which are as follows:
 - a. The Company is authorized to issue up to One Hundred (100) Class A "Voting Shares", which have and are subject to the following rights, privileges, restrictions, conditions and limitations:
 - i. Except for meetings at which only holders of another specified class of shares of the Company are entitled to vote separately as a class, each holder of a Class A Share shall be entitled to receive notice of, to attend and to vote at all meetings of the shareholders (i.e., members) of the Company. Each holder of a Class A Share shall be entitled to one (1) vote for each Class A Share held.
 - ii. The holders of the Class A Shares shall not be entitled to receive dividends or other distributions from the Company.
 - iii. On a winding-up, liquidation or dissolution of the Company, the holders of the Class A Shares shall not be entitled to receive any distribution of property from the Company, other than the return of the nominal amount of the paid-up capital in respect of their Class A Shares.
 - b. The Company is authorized to issue One Hundred (100) Class B "Non-Voting Shares", which have and are subject to the following rights, privileges, restrictions, conditions and limitations:
 - i. Except for meetings at which only holders of another specified class of shares of the Company are entitled to vote separately as a class, each holder of a Class B Share shall be entitled to receive notice of and to attend all meetings of the shareholders (i.e., members) of the Company, but, except where required by the Companies Act, a holder of a Class B Share shall not be entitled to vote at meetings of shareholders of the Company.
 - ii. The holders of the Class B Shares shall not be entitled to receive dividends or other distributions from the Company.
 - iii. (On a winding-up, liquidation or dissolution of the Company, the holders of the Class B Shares shall not be entitled to receive any distribution of property from the Company, other than the return of the nominal amount of the paid-up capital in respect of their Class B Shares.
8. The maximum price or consideration at or for which the Class A Shares or the Class B Shares, being shares without nominal or par value, may be issued is One (\$1.00) Dollar per share.

LIMITATION ON NUMBER OF MEMBERS

9. The number of shareholders of the Company is limited to not more than fifty (50) persons.

PROHIBITION ON PUBLIC SUBSCRIPTION

10. Any invitation by the Company to the public to subscribe for shares or debentures of the Company is prohibited.

APPENDIX 4 DRAFT MEMORANDUM OF ASSOCIATION

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TRANSFER OF SHARES

11. A transfer of the shares held by a shareholder in the capital of the Company is restricted in accordance with the Articles of Association of the Company.

LIABILITY OF MEMBERS

12. The liability of the shareholders (i.e., members) of the Company is limited.

INTERPRETATION

13. For greater certainty, the words "members" and "shareholders", as used in this Memorandum of Association, are synonymous and interchangeable.

SUBSCRIPTION

This Memorandum of Association, including this subscription, is dated for reference as of the _____ day of October, 2016.

We, the several persons whose names and addresses are set out below, desire to be formed into a company pursuant to this Memorandum of Association, and we respectively subscribe for, and agree to take, the number and class of shares in the capital of the Company set out opposite our respective names.

The signature for each such subscriber is set out on separate signature pages following and attached hereto. The subscribers agree that this Memorandum may be executed in counterparts and by electronic reproduction or facsimile of their signatures.

REST OF PAGE INTENTIONALLY BLANK

APPENDIX 4 DRAFT MEMORANDUM OF ASSOCIATION

SUBSCRIPTION

The undersigned is a subscribing member to that certain Memorandum of Association dated for reference the ___ day of October, 2016, for the formation of a Part 9 Company to be named Edmonton Community Development Company. The undersigned, whose name and address is set out below, desires to be formed into a company together with those other subscribers to the Edmonton Community Development Company Memorandum of Association, and subscribes for, and agrees to take, the number and class of shares in the capital of the Company as set out below.

Subscriber	Number and Class of Shares
Edmonton Community Foundation	10 Class "A"
United Way of the Alberta Capital Region	10 Class "A"
Homeward Trust	10 Class "A"

Edmonton Community Foundation

Per: _____

United Way of the Capital Region

Per: _____

Homeward Trust

Per: _____

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APPENDIX 5 DRAFT ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION

of

EDMONTON COMMUNITY DEVELOPMENT COMPANY

1. TABLE A

The regulations contained in Table “A” in the First Schedule to the *Companies Act* shall not apply to this Company.

2. DEFINITIONS

In these Articles, unless the context otherwise requires:

- (a) “Assessment” means a fee annually to be paid by Members for the ongoing operations and costs of the Company, to be determined and assessed by the Board from time to time, which Assessment may be assessed differently among Voting Members and Non-Voting Members;
- (b) “Act” means the *Companies Act R.S.A. 2000, c. C-21*;
- (c) “appoint” includes “elect” and vice versa;
- (d) “Articles” means these Articles of Association as altered or added to from time to time;
- (e) “Board” means the board of directors of the Company;
- (f) “Company” means *Edmonton Community Development Company* brought into existence by the issuance of a certificate of incorporation under the Act pursuant to the Memorandum and Articles;
- (g) “Directors”, “Board” and “Board of Directors” means the directors of the Company for the time being;
- (h) “Ex Officio Advisor” means any person identified as such by the Board who shall be invited to attend at, comment and advise (but not vote) at any meetings of the Board or the Members, and who shall be entitled to receive minutes from such meetings. Such persons are intended to be primarily representatives of those entities or persons who provide a grant or funding to the Company for the carrying out of its objects, but without benefit or gain to that Ex Officio Advisor, and may include departments of
 - a. the Government of Canada,
 - b. the Government of Alberta,
 - c. the City of Edmonton, or any other municipal authority or municipality, or
 - d. Any other person so identified by the Board.
- (i) “in writing” and “written” includes printing, typewriting, lithographing, facsimile recording, electronic mail (“E-mail”), portable document format or other digital versions of documents, and other methods of representing or reproducing words in visible form;
- (j) “Member” means a Voting Member or a Non-Voting Member entered as such in the Register of Members of the Company and Members means collectively all of them from time to time;
- (k) “Memorandum” means the Memorandum of Association of the Company as altered or added to from time to time;
- (l) “meeting of the Members” includes the annual general meeting of the Members required by the Act, a

special, extraordinary or other meeting of the Members;

- (m) "month" means a calendar month;
- (n) "Non-Business Day" means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act (Alberta)*;
- (o) "Non-Voting Member" means Members who hold non-voting shares and are not entitled to vote at meetings of the Company;
- (p) "Recorded Address" means in the case of a Member, the address of that Member as recorded in the register of Members maintained by the Company and, in the case of a proxy holder, Director, officer, auditor, member of a committee of the Board or advisor or member of an advisory body, the last address of that person as recorded in the records of the Company;
- (q) "share" means a share in the capital stock of the Company;
- (r) "shareholder" means "Member" and vice-versa; and
- (s) "Voting Member" means Members who hold voting shares and are entitled to vote at meetings of the Company.

3. INTERPRETATION

Except where stated in section 2 or where the context does not permit:

- (a) words and expressions defined in the Act have the same meanings when used in the Articles;
- (b) the reference in the Articles to the "shareholders" or "members" in the context of any record, register, authority, action, meeting or resolution shall be synonymous with a reference in the Act to the shareholders or members;
- (c) words importing the singular number include the plural and vice-versa;
- (d) words importing gender include the masculine, feminine and neuter genders; and
- (e) words importing a person include a body corporate.

4. OFFICIALS

The reference to any officer, denoted by a title with an initial upper case letter or letters, shall mean the person appointed as that officer pursuant to the Articles.

5. AUTHORITY OF LISTED OFFICERS

Subject to the provisions of any resolution of the shareholders or the Board, where the authority or responsibility for any duty or function is prescribed to any list or series of officers, that authority or responsibility shall be discharged or undertaken by the officers in priority of the order listed.

6. LEGISLATION REFERENCES

Except where specifically limited or where specifically provided to the contrary in any legislation, the reference to any legislation shall be deemed to include all amendments thereto and regulations thereunder and all statutes, including all amendments thereto and regulations thereunder, that may be substituted for that legislation.

7. INTERNAL REFERENCES

Except where otherwise stated, all references to the "Articles" mean only these Articles and all references to section numbers refer to the numbered paragraphs in these Articles.

8. HEADINGS

The headings to any section or group of sections are inserted for convenience of reference and do not define, enlarge or limit the terms and provisions of that section or group of sections or the Articles, generally.

9. CONTINUOUS EFFECT

The Articles shall be construed as always speaking and shall be interpreted and applied to circumstances as they arise.

10. SUPREMACY OF AUTHORITIES

Whether or not expressly stated in the Articles, the Act or the Memorandum, at all times the Articles are subject to the Act and the Memorandum in that order.

11. AUTHORITY OF THE BOARD

The Board shall have all power to manage the business and affairs of the Company except as limited or restricted by the Act, the Memorandum or the Articles.

12. SPECIFIC BOARD AUTHORITY

Without limiting the generality of section 11, for greater certainty, the Board shall have all power to:

- (a) approve operating and capital budgets and total expenditure increases thereto;
- (b) establish the details of all operating and capital budgets;
- (c) approve the compensation to be paid to and benefit plans, if any, to be established for the officers of the Company but in respect only to their services as officers;
- (d) assess, review and approve strategic plans for the Company and its divisions;
- (e) safeguard the assets of the Company;
- (f) prepare annual financial operating reports and deliver them to the shareholders, and at the discretion of the Board, identified stakeholders, in a timely fashion;
- (g) report to the shareholders at the meetings of the Company and otherwise as the shareholders may request on future goals and objectives of the Company;
- (h) recommend to the shareholders for their approval all necessary or desirable alterations or additions to the Memorandum and the Articles to enable and better facilitate the efficient management of the Company and the pursuit of its objects;
- (i) establish and revise employee compensation and benefit plans;
- (j) meet regularly with and receive the reports of the auditor;
- (k) delegate to committees of the Board or any one or more officers, special powers with respect to the execution of instruments and the use of the corporate seal;
- (l) approve all borrowing requirements of the Company within its operating and capital budgets;
- (m) establish subsidiaries or other subdivisions of the Company to carry out any one or more objects of the Company;
- (n) authorize and delegate to one or more financial officers of the Company the authority to deal directly with one or more persons designated by the Board in respect of the short term borrowing requirements of the Company; and
- (o) appoint and reappoint all officers of the Company for one or more terms and remove any person appointed or reappointed to any office.

13. VOTING MEMBER AUTHORITY

In addition to all other matters which are subject to the exclusive authority of the shareholders of a company under the Act or are subject to some approval or action of the Members under the Articles, the following matters pertaining to the business and affairs of the Company are reserved exclusively to the authority and approval of the Voting Members who shall have all power to:

- (a) in addition to any qualifications prescribed in the Act, specify all eligibility and residency criteria for Directors and thereafter elect, re-elect and remove Directors and fill vacancies in the Board;
- (b) establish rules, duties, powers and provide for the accountability of Directors;
- (c) approve compensation and benefit plans, if any, for Directors but in respect only to their services in those capacities;
- (d) appoint and remove the auditors of the Company;
- (e) approve the sale, lease, exchange or disposal of all or substantially all of the property of the Company; and
- (f) review strategic plans and operating and capital budgets of the Company.

14. VOTING MEMBER AUTHORITY SUBJECT TO CITY APPROVAL

In addition to the voting member authority described in section 13 of these Articles, the following matters are reserved to the authority and approval of the Voting Members, provided that the City of Edmonton has provided its advance written approval:

- (a) Make, amend, or repeal the Memorandum or the Articles;
- (b) Cause or enable the Company to enter into any merger or amalgamation with any other entity;
- (c) Make use of any property, lands, funds, or other resources obtained from the City of Edmonton in a manner which falls outside the purposes identified in the Memorandum of Association; and
- (d) Approve the continuance of the Company under any other legislation including the laws of another jurisdiction.

15. FINANCIAL YEAR

The fiscal year of the Company shall end on December 31 in each year.

16. AUTHORITY TO EXECUTE INSTRUMENTS, ETC.

The Board may specify the manner in which and the officer or officers by whom any particular instrument or class of instruments may or shall be signed if not otherwise set out in these Articles or, even if so set out, notwithstanding any other section of these Articles.

17. MECHANICAL/DIGITAL SIGNATURES

The signature of any person authorized to sign any deed, document or instrument on behalf of the Company may be engraved, lithographed or otherwise mechanically or digitally reproduced upon any negotiable instrument, bond, debenture, warrant, share certificate or notice and any negotiable instrument, bond, debenture, warrant, share certificate or notice so signed shall be deemed to have been manually signed by the person whose signature is so engraved, lithographed or otherwise mechanically reproduced and shall be as valid for all intents and purposes as if it had been manually signed.

18. BANKING ARRANGEMENTS

The banking business and accounts of the Company shall be transacted with or maintained at the banks, trust companies, Alberta Treasury Branch or credit unions as from time to time decided by the Board.

19. BORROWING POWERS

Subject to any required approval of the Voting Members, the Board may authorize the Company to:

- (a) borrow money and obtain assurances upon the credit of the Company;
- (b) issue, reissue, sell or pledge debt obligations of the Company;
- (c) raise and assist in raising money for, and to aid by way of bonus, loan, promise, endorsement, guarantee or otherwise, any other company with which the Company may have business relations or any of whose shares, debentures, securities or other obligations are held by the Company and to guarantee the performance fulfillment of any contracts or obligations of that company or of any person with whom the Company may have business relations, and, in particular, to guarantee the payment of the principal of and interest on debentures or other securities, hypothecs, mortgages, securities and liabilities of any such company;
- (d) mortgage, hypothecate, pledge or otherwise create security interests of every kind in all or any property of the Company, real or personal, moveable or immovable or mixed, now owned or hereafter acquired, or both, and to renew, alter, vary or substitute that security from time to time; and
- (e) enter into promises to give security under the *Bank Act (Canada)* for any indebtedness contracted or to be contracted by the Company to any bank.

20. VOTING RIGHTS IN OTHER BODIES CORPORATE

Subject to the approval of the Board, the Company may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Company. In addition, the Board may direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

21. DIVISIONS

The Board may cause the business and operations of the Company or any part thereof to be divided into one or more divisions upon any basis, including without limitation, types of business or operations, geographical territories, activities or services, as the Board may consider appropriate in each case. The Board, or if authorized by the Board, the President, may authorize, upon any basis as may be considered appropriate in each case:

- (a) the further division of the business and operations of any division into sub-units and the consolidation of the business and operations of any divisions and sub-units;
- (b) the designation of any division or sub-unit by, and the carrying on of the business and operations of that division or sub-unit under a name other than the name of the Company provided that the name of the Company shall be set out in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of that division or sub-unit;
- (c) the appointment of officers for any division or sub-unit, the determination of their powers and duties and the removal of any officer so appointed without prejudice to the rights of that officer under any employment contract or in law, provided that an appointment of any person as an officer of any division or sub-unit shall not, as such, make that person an officer of the Company; and
- (d) the admission or removal of any persons, firms or corporations as associates of any division or sub-unit and the determination of their privileges as associates and the fees, charges or other sums payable to the Company on an initial and periodic basis as consideration for becoming an associate in any division or sub-unit.

22. SHARES NOT ASSIGNABLE

The shares of Members and membership in the Company are not transferable or assignable without the approval of the Board.

23. LIMITATION OF NUMBER OF SHAREHOLDERS

The number of shareholders of the Company is limited to fifty, not including persons who are in the employment of the Company, and persons who, having been formerly in the employment of the Company, were, while in that employment, and have continued after the determination of that employment to be shareholders of the Company, two or more persons holding one or more shares jointly being counted as a single shareholder.

24. NO INVITATION TO PUBLIC

Any invitation to the public to subscribe for any shares of the Company is prohibited.

25. RECOGNITION OF TRUST AND CONTRACTS

Except as herein otherwise provided or in any trust instrument directed to the Company or in any contract to which the Company is a party, and subject to the provisions of the Act and any other relevant legislation, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and shall not be bound to recognize any equitable or other claim to or interest in that share on the part of any other person.

26. NO SHARE SUBSCRIPTIONS RECEIVABLE

A share shall not be issued by the Company until the consideration for the share and the shareholder's initial Assessment is fully paid in money or property or past service that is not less in fair equivalent of the money that the Company would have received if the share had been issued for money.

27. SHARE AND MEMBER REGISTERS

A register of members shall be kept at the registered office of the Company or other place or places within Alberta or elsewhere as the Board may determine registers in which it records the names and address of Members, shares issued by it, and all approved transfers of shares. This register shall be kept by the Secretary or by any other officer or officers specifically charged with that duty or by any agent or agents appointed for that purpose by the Board. All transfers of shares shall be entered and particulars of all transfers shall be recorded in the register of members and in such other registers that the Board establishes for this purpose.

28. ENTITLEMENT TO SHARE CERTIFICATES

Every shareholder shall be entitled to one or more certificates evidencing, in the aggregate, the number and class of shares held by that shareholder as shown on the share register.

29. SHARE CERTIFICATE FORM

Share certificates shall be in a form approved by the Board. To be valid, every share certificate must be signed by a Director or officer of the Company and unless otherwise permitted by the Board, must be under the corporate seal of the Company.

30. TRANSFER FORMALITIES

No transfer of shares shall be valid until the transfer has been approved by the Board, entered in the register of members and in such other registers that the Board establishes for this purpose and the certificates representing the shares to be transferred have been surrendered and cancelled.

31. LOST AND DESTROYED CERTIFICATES

Upon such terms and conditions as to indemnity or otherwise as the Board deems expedient, the Board may direct that a new certificate for shares be issued to replace any certificate theretofore issued by the Company that has been worn out, lost or destroyed.

32. ALTERATION OF CAPITAL

Subject to the Act and the Memorandum, (and without in any way making the Company a for-profit organization or authorizing the return of capital or payment of any dividend to any shareholder) the Company may:

- (a) increase the maximum price or consideration for which shares without nominal or par value may be issued, where that maximum price or consideration has been stated in the Memorandum;
- (b) cancel shares that, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the share cancelled, or in the case of the cancellation of shares without nominal or par value, by the number of shares cancelled;
- (c) cancel paid-up shares that are surrendered to the Company by way of gift and, if the resolution of the shareholders so provides, diminish the amount of the share capital of the Company by the amount of the shares, or in the case of shares without nominal or par value by the number of shares so cancelled; and
- (d) cancel paid-up shares that are acquired by the Company on a distribution of the assets of another company under liquidation proceedings, and, if the resolution so provides, diminish the amount of the share capital of the Company by the amount of the shares cancelled, or in the case of shares without nominal or par value by the number of shares so cancelled.

33. ANNUAL GENERAL MEETINGS

The annual general meeting of the Company shall be held in the City of Edmonton (or elsewhere inside Alberta if the Voting Members consent in advance by special resolution), in each year and at such place as the Board may specify. At every annual general meeting of the Company required by the Act, the Company shall consider and may pass one or more resolutions with respect to:

- (a) the financial statements of the Company;
- (b) the auditor's report;
- (c) the number of Directors to constitute the Board;
- (d) on the expiration of the term of office of a Director, the appointment or reappointment of any person as a Director;
- (e) on the expiration of the term of office of the Chairman of the Board, the appointment or reappointment of any Director as Chairman of the Board;
- (f) the appointment or reappointment of any auditor;
- (g) the quarterly financial results of the Company;
- (h) significant events, past or expected;
- (i) an outlook or plan for the remainder of the calendar year;
- (j) goals and objectives for the ensuing calendar year;
- (k) all outstanding matters requiring the approval of the shareholders;
- (l) matters of concern to the shareholders with respect to the Company; and
- (m) all other matters which the Board wishes to raise with the shareholders.

The Board shall present the financial statements, the auditor's report, the recommendations for the number and appointment of Directors to the Board and recommendations for the appointment of auditors.

34. EXTRAORDINARY GENERAL MEETINGS

The Board or Voting Members holding not less than ten (10%) per cent of the issued shares shall have the right to call an extraordinary general meeting of the Company.

35. NOTICE OF SEVERAL MEETINGS

An extraordinary general meeting and the annual general meeting may be convened by the same notice, and it shall be no objection to that notice that it only convenes the second meeting contingently on any resolution being passed by the requisite majority at the first meeting.

36. ADJOURNMENT

With the consent of the meeting, the chairman of a meeting of the Members may adjourn that meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

37. TIME OF NOTICE OF MEETINGS

Not less than seven days before the date thereof, notice of the time and place of each meeting of the Members shall be given in the manner and to the persons provided in these Articles including any *Ex Officio Advisors*.

38. INFORMATION IN NOTICE

Notice of a meeting of the Members called for any purpose other than consideration of the financial statements and auditor's report, election of Directors and reappointment of the incumbent auditor shall state the nature of the business to one brought before the meeting, in sufficient detail to permit the Members to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting.

39. MEETINGS WITHOUT NOTICE

A meeting of the Members may be held without notice at any time and place permitted by the Act if all Members are present or waive notice of or otherwise consent to the meeting being held so long as a Member present is not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

40. CHAIRMAN AND SECRETARY

The Chairman of the Board shall be the chairman of every meeting of the Members and, in the absence of the Chairman of the Board at a meeting of the Members, the President shall be the chairman of that meeting. If neither of these officers is present within fifteen minutes of the time fixed for holding the meeting, the Members or their representatives or proxy holders of the Members present shall choose one of their number to be chairman of the meeting. If the Secretary of the Company is absent, the chairman of the meeting shall appoint some person, who need not be an officer, to act as secretary of the meeting.

41. PERSONS ENTITLED TO BE PRESENT

The only persons entitled to be present at a meeting of the Members shall be the Members, *Ex Officio Advisors, the Directors and officers and the auditors, if any, of the Company and others who, although not entitled to vote, have been invited or permitted to attend the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of those persons present and entitled to vote thereat. Subject to the Act and the Articles, the chairman of any meeting has the right to exclude any person from the meeting or require any person in attendance to leave the meeting.*

42. RIGHT TO VOTE

On every question or resolution before any meeting of the Members each Voting Member shall be entitled to one vote for each voting share held by that Voting Member. Non-Voting Members shall not be entitled to vote at any meeting of the Members.

43. PROXY

Votes may be given either personally or by a nominee appointed by a proxy. A proxy shall be in writing in any effectual form under the hand of the appointer or of his attorney duly authorized in writing, and need not be attested. A person appointed proxy must be a Voting Member.

44. NO FURTHER PROXIES

A proxy holder of a Member may not delegate any voting right or authority nor appoint a proxy holder or further proxy holder to vote for that proxy holder.

45. EXPIRATION OF PROXY

No proxy shall be valid after the expiration of twelve (12) months from the date of its execution unless it is otherwise specified in the instrument.

46. PROCEDURE FOR PROXY

The proxy shall be deposited at the registered office of the Company or such other place as may be specified in the notice of meeting and at a time as the Directors may by resolution fix but not exceeding forty-eight (48) hours before the time for holding the meeting at which the person named in the instrument proposes to vote. If there is any default in this procedure for the deposit of such proxy it shall not be treated as valid.

47. PROXY VOTE

A vote given in accordance with the terms of a proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy with respect to which the vote is given, provided no intimation in writing of the death or revocation shall have been received before the meeting at the place where the proxies are to be deposited.

48. MEMBERS IN DEFAULT

No Voting Member shall be entitled to be present or to vote on any question, either personally or by a nominee appointed by a proxy, or as the nominee appointed by a proxy for another Voting Member at any general meeting, or upon a poll, or to be reckoned in a quorum while any sum due or payable to the Company by such Voting Member shall remain unpaid for at least forty-five (45) days following a written request for payment of same.

Any Member who has not paid an Assessment for at least ninety (90) days shall cease automatically to be a Member and that Member's share shall be cancelled by the Company unless the Board has provided an extension in writing to that Member for payment of the Assessment.

49. VOTING PROCEDURE

Each question and resolution before a meeting of the Members shall be decided by a show of hands or by any other means which clearly indicates the affirmative vote, negative vote or abstention from Voting by each person voting. In the case of an equality of votes the chairperson shall not be entitled to a second or casting vote.

50. VOTES TO GOVERN

Except as otherwise required pursuant to these Articles, at every meeting of the Members, every question shall be determined by a simple majority of the votes cast on the question.

51. DECLARATION OF CHAIRMAN

At any meeting unless a poll is demanded by the chairperson or by ten percent (10%) of the Voting Members present, a declaration by the chairperson that a resolution has been carried or carried by a particular majority, and an entry to that effect in the book of proceedings of the Company shall be conclusive evidence of the fact without proof or proportion of the votes recorded in favour of or against such resolution.

If a poll is demanded as aforesaid it shall be taken in such manner and at such time and place as the chairperson of the meeting directs and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.

Whenever a vote shall have been taken upon a question or resolution, a declaration by the chairman of the meeting that the vote upon the question or resolution has or has not been carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the determination of the question or resolution without proof of the number of the votes recorded in favour of or against that question or resolution.

52. AMENDMENT OF ARTICLES OR MEMORANDUM

Notwithstanding anything to the contrary expressed or implied elsewhere herein, but subject to the Act and Section 14 of these Articles, altering or adding to the Articles or the Memorandum shall only be by special resolution of the Voting Members.

53. NUMBER OF DIRECTORS

The Board shall consist of that number of Directors as may be specified by the Voting Members but the number shall be not less than 3 nor more than 15.

54. FIRST DIRECTORS

The named representatives of the Voting Member subscribers to the Memorandum shall be the first Directors of the Company and they (or their replacements from time to time as nominated by the subscribers) shall remain as Directors until the first annual general meeting.

55. DIRECTORS MAY FILL CASUAL VACANCY

The Directors shall have power from time to time and at any time to appoint any other person or persons as Directors, to fill a casual vacancy or vacancies to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles.

56. QUALIFICATIONS

No person shall be qualified for election as a Director if that person:

- (a) is less than eighteen years of age;
- (b) is of unsound mind and has been so found by a court in Canada or elsewhere or by a physician licensed to practice medicine in Alberta;
- (c) has the status of a bankrupt;
- (d) is not an individual; or
- (e) has been a director of the Company for the immediately preceding six consecutive years.

Notwithstanding paragraph (e) above, the Voting Members may extend the term of service of a Director for up to two years past the limit of six years if at least two-thirds of the Voting Members so approve.

57. ADDITIONAL BOARD REQUIREMENTS

- (a) Directors shall be appointed to ensure that at least one-third of Directors are at the time of their appointment residents of the neighbourhoods in which the Company is operating or residents of neighbourhoods where the Company intends to operate within the next two years.
- (b) At all times at least 50% of the Directors must be resident Albertans, and no business of the Company shall be transacted at a meeting of the Board unless at least 50% of the Directors present at that meeting are resident Albertans.
- (c) A Director must be a Member of the Company or a named representative of a Member of the Company, but may be a Non-Voting Member or named representative of a Non-Voting Member and need not be a Voting Member or named representative of a Voting Member.

58. CONTRACTS

A Director shall not be disqualified solely by his office as a Director from holding any other office with the Company or from contracting with the Company, but subject to the conflict of interest disclosure provisions of these Articles.

59. AUTOMATIC VACANCIES

The office of a Director shall automatically be vacated:

- (a) if he ceases to be qualified as set out in section 56;
- (b) if by notice in writing to the Company he resigns his office upon the time hereinbefore fixed for the resignation to take effect or the previous acceptance of the same; or
- (c) if he is removed by resolution of the Voting Members, as hereinafter provided.

60. FILLING VACANCIES

The Voting Members at every annual general meeting shall fill up the vacated offices by electing a like number of persons to be Directors, or in case any change in the number of Directors is made at any such meeting, by electing the number of persons to be Directors as required by these Articles.

61. REMOVAL OF DIRECTORS

The Voting Members may, by special resolution, at any time remove any or all of the Directors before the expiration of his period of office and by ordinary resolution appoint another or other qualified person or persons in his stead; and the person or persons so appointed shall hold office during such time only as the Director or Directors in whose place he or she is or they are appointed would have held the same if he or she or they had not been removed.

62. TERMS AND ELECTION

The Voting Members shall elect Directors to hold office for various terms expiring not later than the last day permitted by the Act or the third (3rd) annual general meeting of the Members following the election. At the expiration of a Director's term, that Director shall be deemed to have retired but, if qualified, shall be eligible for re-election. If an election of Directors is not held at the proper time, then subject to these Articles, the incumbent Directors shall continue in office until their successors are elected. A retiring Director shall retain office until the dissolution of the meeting at which the successor of that Director is elected.

63. QUORUM

The quorum for the transaction of business at any meeting of the Board shall be a majority of the number of Directors elected by the Voting Members. No business of the Company shall be transacted at a meeting of the Board unless at least 50% of the Directors present at that meeting are resident Albertans.

64. ACTION BY THE BOARD

The Board may transact any business within its power at a meeting at which a quorum is present at the commencement thereof notwithstanding a loss of a quorum thereafter unless any Director present at the meeting objects to the continuance of proceedings at the time the quorum is lost or unless the number of resident Albertan Directors then present is less than 50% of all Directors present.

65. BOARD ACTION DESPITE VACANCY

The continuing Directors may act notwithstanding any vacancy in their number; but if and so long as their number is reduced below the number fixed by or pursuant to the Articles of the Company as the necessary quorum of Directors, the continuing Directors may act only for the purpose of increasing the number of Directors to that number or of summoning a general meeting of the Company, but for no other purpose.

66. PLACE OF MEETINGS

Meetings of the Board shall ordinarily be held in the City of Edmonton, but may be held at any other place inside Alberta as the Board approves in advance from time to time by special resolution.

67. MEETING BY TELEPHONE

If all of the Directors or members of any committee of the Board consent, one or more Directors may participate in a meeting of the Board or a committee of the Board (as the case may be) by means of telephone or other communication facilities which permit all persons participating in the meeting to hear or communicate with each other, and a Director participating in a meeting by that means is deemed to be present at that meeting. Any consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the Board and of committees of the Board.

68. PERSONS ENTITLED TO BE PRESENT

The only persons entitled to be present at a meeting of the Board of Directors shall be the Board of Directors and *Ex Officio Advisors, the President, Chairman and Secretary and others who, although not entitled to vote, have been invited or permitted to attend the meeting by the Board. Such invitee shall be entitled to participate and present to the Board but shall not be entitled to vote.*

69. NOTICE OF BOARD MEETING

Meetings of the Board may be held at any time without formal notice if all the Directors are present or those absent have signified their consent in writing to the meeting being held in their absence; and notice of any meeting where notice has not been dispensed with, delivered, mailed, telegraphed or transmitted by facsimile to each Director and *Ex Officio Advisor at his or her ordinary address two (2) days prior to such meeting, shall be sufficient notice of any meeting of the Directors. In computing such period of two (2) days the day on which such notice is delivered, mailed, telegraphed or transmitted by facsimile shall be included, and the day for which notice is given shall be excluded. Notice of any meeting or irregularity in any meeting or in the notice thereof, may be waived by any Director. The Directors may by resolution appoint a regular time and place for meetings, and no further or other notice of such time and place than the entry of such resolution upon the minutes of the meeting at which it was passed shall be necessary. Immediately upon the conclusion of the annual general meeting a meeting of the Directors shall be held and no notice of such meeting shall be necessary.*

70. WAIVER OF NOTICE

A Director or *Ex Officio Advisor may in any manner waive notice of or otherwise consent to a meeting of the Board or a committee of the Board and attendance of a Director or Ex Officio Advisor at a meeting of the Board is a waiver of notice of the meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.*

71. MEETING OF THE BOARD FOLLOWING MEMBERS' MEETING

Provided a quorum of Directors is present, the Board may, without notice, hold a meeting immediately following any meeting of the Members.

72. REGULAR BOARD MEETINGS

The Board may appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be fixed or later named. A copy of any resolution of the Board fixing the place and time of these regular meetings shall be sent to each Director forthwith after being passed, and no other notice shall be required for any of these regular meetings except where the Act requires the purpose of or the business to be transacted at the meeting to be specified.

73. ADJOURNED MEETING

Notice of an adjourned meeting of the Board is not required if the time and place of the adjourned meeting is announced at the original meeting. The Secretary shall attempt, but not be obligated, to notify a Director, absent at an original meeting, of the time and place of the adjourned meeting.

74. CHAIRMAN OF A BOARD MEETING

The chairman of any meeting of the Board shall be the Chairman of the Board, and in the absence of the Chairman of the Board, shall be the Vice-Chairman. If neither of these officers is present, the Directors present shall choose one of their number to be the chairman of that meeting.

75. MEETING AGENDA

The agenda for any meeting of the Board may be set or approved by the person who is the chairman of that meeting.

76. RULES OF PROCEDURE

The chairman of any meeting of the Board may establish and decide on the rules of procedure to be followed at the meeting at which that person is the chairman.

77. VOTES TO GOVERN

At all meetings of the Board, every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the person acting as chairman of the meeting shall not be entitled to a second or casting vote.

78. SIGNED RESOLUTION

A resolution in writing, signed by all the Directors entitled to vote on that resolution at a meeting of the Board, is as valid as if it had been passed at a meeting of the Board and a resolution so signed shall be held to relate back to any date therein stated to be the effective date thereof.

79. CONFLICT OF INTEREST

- (a) In this section:
 - i. "contract" includes arrangement;
 - ii. "meeting of Directors" includes a meeting of any committee of the Board;
- (b) Subject to this section, a Director who is in any way, directly or indirectly, interested in a contract or proposed contract with the Company shall declare that interest at a meeting of the Board;
- (c) In the case of a proposed contract, the declaration to be made by a Director shall be made at the meeting of the Board at which the question of entering into the contract is first taken into consideration, or, if the Director is not at the date of that meeting interested in the proposed contract, at the next meeting of the Board held after that Director becomes so interested, and in a case where that Director becomes interested in a contract after it is made, the declaration shall be made at the first meeting of the Board held after that Director becomes so interested;
- (d) For the purpose of this section, a general notice given by a Director to the effect that the Director is a

shareholder of or otherwise interested in any other company or is a member of a specified firm and is to be regarded as interested in any contract made with that other company or firm, shall be deemed to be a sufficient declaration of interest in relation to any contract so made;

- (e) No Director shall vote in respect of any contract or proposed contract in which that Director is so interested and if that Director does so vote, that vote shall not be counted;
- (f) Section (e) does not apply:
 - i. in the case of a contract by or on behalf of the Company to give to the Directors or any of them security for advances or by way of indemnity;
 - ii. in the case of a contract between the Company and any other company when the interest of the Director in that other company consists solely of being a director or officer of that other company and the holder of not more than the number of shares in that other company requisite to qualify as a director;
- (g) A Director who has made a declaration of interest in a contract or proposed contract in compliance with this section and has voted in respect of that contract contrary to the prohibition in section (e) if the prohibition applies, is not accountable to the Company or the shareholders or any creditors of the Company, by reason only of the Director holding that office or of the fiduciary relationship thereby established, for any profit realized by the contract;
- (h) Nothing in this Section imposes any liability on a Director in respect of the profit realized by any contract that has been confirmed by the vote of the Voting Members.

80. DUTIES OF DIRECTORS

Every Director shall act honestly and in good faith with a view to the best interests of the Company and shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

81. REMUNERATION AND EXPENSES

The Directors shall not be remunerated for their services. The Directors shall be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the Members, the Board and committees of the Board. Nothing contained in the Articles shall preclude any Director from serving the Company in any other capacity and receiving remuneration for those services. If any Director is called upon to perform extra services or to take any special action for any of the purposes of the Company, the Company may remunerate the Director for so doing.

82. MINUTES

The Board shall cause minutes to be duly entered in books provided for the purpose:

- (a) of all appointments of officers;
- (b) of the names of the Directors present at each meeting of the Board and of any committee of the Board;
- (c) of all resolutions made by the Board and of committees of the Board;
- (d) of all resolutions and proceedings of meetings of the Members and of meetings of the Board and of committees of the Board;

and any of those minutes if purporting to be signed by the chairman of that meeting, or by the chairman of the next succeeding meeting, shall be receivable as prima facie evidence of the consideration of the matters stated, business conducted and resolutions considered and passed as stated therein.

83. COMMITTEES

The Board may establish and thereafter appoint committees of the Board, however designated, consisting of a minimum of one (1) Director and other persons as it may think fit. Each committee shall have a Director as chairman. The Board may delegate to those committees any of the powers of the Board except those which pertain to items which, under the Act or the Articles, a committee of the Board has no authority to exercise. The Board shall annually review the terms of reference for each committee established by it and the Board may dissolve any committee at any time.

84. COMMITTEE PROCEDURES

The powers of a committee of the Board may be exercised by a meeting at which a majority of the members of that committee is present or by resolution in writing signed by all members of that committee who would have been entitled to vote on that resolution at a meeting of that committee and a resolution so signed shall be held to relate back to any date therein stated to be the effective date thereof. Unless otherwise determined by the Board, each committee of the Board shall have power to elect its chairman from among the Directors on the Committee, and to regulate its procedures.

85. REMOVAL FROM BOARD COMMITTEE

At any time, the Board may remove any committee member from any committee of the Board.

86. ADVISORS AND ADVISORY BODIES

The Board may appoint advisors and advisory bodies to act as *Ex Officio Advisors, who may or may not be composed of Directors, to advise the Board on any matters on such terms as the Board shall determine.*

87. OFFICERS

Except where noted as permissive, the Company shall have the following officers:

- (a) a Chairman of the Board;
- (b) a Vice-Chairman, at the option of the Board;
- (c) a Secretary;
- (d) a Treasurer;
- (e) a President, who shall also be the chief executive officer of the Company; and
- (f) one or more Vice Presidents, at the option of the Board.

88. ELECTION OF OFFICERS

The Board shall appoint all officers of the Company. The Directors may appoint a temporary substitute for any of the officers, who shall for the purposes of these presents be deemed to be the officer for the position he or she occupies. The Board may appoint and, thereafter may reappoint such other officers as the Board may consider advisable, including one or more assistants to any of the officers so appointed.

89. DUTIES OF OFFICERS

In addition to the duties and powers specified in the Articles, the Board shall specify the duties of and may delegate to the officers, powers to manage the business and affairs of the Company.

90. QUALIFICATIONS

Only the Chairman of the Board must be a Director.

91. SEVERAL OFFICES

With the exception of the Chairman and the President, a person may hold more than one office.

92. CHAIRMAN OF THE BOARD

The Board shall appoint and thereafter may reappoint or remove the Chairman. The Chairman shall:

- (a) preside as chairman of all meetings of the Board and all meetings of the Members;
- (b) set or approve the agenda of all meetings of the Board or of the Members called by the Chairman of the Board;
- (c) except as otherwise provided herein, call all meetings of the Board and all meetings of the Members;
- (d) except as otherwise provided herein, establish the rules of procedure to be followed at meetings of the Board and meetings of the Members;
- (e) confer with the President regarding all items of business which the President wishes to bring before the Board;
- (f) review the performance of the Directors and take reasonable measures to ensure that all Directors are active and contributing members of the Board;
- (g) plan for and make recommendations to the Members with respect to the succession of Directors;
- (h) recommend to the Board, the appointment of Directors to committees of the Board;
- (i) together with the President:
 - i. advise the Board of the business and affairs of the Company;
 - ii. sign reports, recommendations and proposals of the Board to be presented to the Members; and
 - iii. attend at and report to all meetings of the Members and the Board.

Subject to the right of removal as hereinbefore provided, the term of office of the Chairman of the Board shall be concurrent with that officer's term as a Director.

93. VICE-CHAIRMAN

The Board may at its option appoint and thereafter, may reappoint or remove the Vice-Chairman. During the absence or disability of the Chairman of the Board, the duties and powers of the Chairman of the Board shall be performed and may be exercised by the Vice-Chairman. Subject to the right of removal as hereinbefore provided, the term of office of the Vice-Chairman shall be concurrent with that officer's term as a Director.

94. SECRETARY

The Board shall appoint and, thereafter, may reappoint or remove any person as the Secretary. The Secretary shall attend at and be the secretary of all meetings of the Board, all meetings of the shareholders and all meetings of the committees of the Board. The Secretary shall ordinarily:

- (a) enter or cause to be entered in records kept for that purpose, minutes of all proceedings at all meetings;
- (b) give or cause to be given, as and when instructed, all notices to the shareholders, Directors, officers, auditors and members of committees of the Board;
- (c) except when another officer or agent has been appointed for that purpose, be the custodian of the corporate seal of the Company and of all books, papers, records, documents and instruments belonging to the Company;
- (d) maintain all registers required by the shareholders, the Board, the Articles and the Act; and
- (e) maintain registers of proxy holders, Directors, officers, auditors, members of committees of the Board and members of advisory in each register specify the Recorded Address of each person named therein.

The Secretary shall also have all other powers and duties as the Board or, when authorized by the Board, as the President may specify.

95. TREASURER

The Board shall appoint and, thereafter may reappoint or remove any person as the Treasurer. The Treasurer shall also have all other powers and duties as the Board or, when authorized by the Board, as the President may specify. The Treasurer shall ordinarily:

- (a) have general charge of the finances of the Company;
- (b) deposit all monies and other valuable effects of the Company in the banks or other depositories directed by the shareholders;

- (c) regularly report to the Board and render true accounts of the financial condition of the Company and of all transactions of the Company made by or within the knowledge of the Treasurer;
- (d) as soon as possible after the close of each financial year, make and submit to the Board a report of all transactions of the Company made by or within the knowledge of the Treasurer; and
- (e) have charge and custody of and be responsible for keeping the books of account required to be kept pursuant to the laws governing the Company.

96. PRESIDENT

The Board shall appoint and, thereafter, may reappoint or remove the President. The President shall be the chief executive officer of the Company and in that capacity, and subject to the express directions and decisions of the Board or the shareholders, within the power and authority reserved to them, respectively, may act for, on behalf of and in the name of the Board or the Company on any matter that is within the power of the Board and the Company. The President shall ordinarily:

- (a) make recommendations to the Board regarding policies, organization structure and general supervision of the Company;
- (b) establish overall objectives and plans for Board approval and take all steps to ensure the implementation of the overall objectives and plans, once approved by the Board;
- (c) in consultation with the Board, establish corporate priorities and allocate corporate resources accordingly;
- (d) ensure that programs are in place for management and employee development;
- (e) direct the management and control of the Company;
- (f) except as limited by the Board, specify the powers and duties of the Vice-Presidents;
- (g) consult with the officers and review their performance on a periodic basis;
- (h) together with the Chairman of the Board:
 - i. advise the Board of the business and affairs of the Company;
 - ii. sign reports, recommendations and proposals of the Board to be presented to the shareholders; and
 - iii. attend at and report to all meetings of the shareholders and the Board.

97. VICE-PRESIDENTS

The Board may at its option appoint and, thereafter, may reappoint or remove any Vice-President. The Vice-Presidents shall have the powers and duties as the Board or, when authorized by the Board, as the President may specify.

98. REMOVAL FROM OFFICE

The Board may remove any officer of the Company. Until an officer is removed, resigns, or becomes ineligible to hold office, that officer shall hold office until a successor to that officer is appointed.

99. CONFLICT OF INTEREST

An officer who is a party to, or who is a director or officer of or has an interest in any person who is a party to a material contract or proposed contract with the Company shall disclose in writing to the Board or request to have entered in the minutes of meetings of the Board the nature and extent of the disclosed interest substantially as contemplated in section 78 as if the officer was a Director and the contract was a "contract" as defined in that section.

Advisors who are in any way, directly or indirectly, interested in a contract, (which includes arrangements), or proposed contract with the Company shall declare that interest at a meeting of the Board.

The advisor shall not then provide any advice with respect to that contract or proposed contract, and the Board shall appoint an independent advisor to provide advice with respect to the aforesaid contract or proposed contract.

100. AGENTS AND ATTORNEYS

The Board shall have power to appoint agents or attorneys for the Company in or outside Canada with powers of management or otherwise (including the powers to sub-delegate) as the Board may specify.

101. REMUNERATION

The remuneration of all officers of the Company, as such, shall be fixed, from time to time, by the Board.

102. CORPORATE SEAL

The Company shall have a corporate seal which shall be of the form and device as may be adopted by the Board, and the Board may make all provisions with respect to the custody and use of the seal and the appointment of a Director or Directors or other officers, to attest by their signatures that the seal was duly affixed.

103. OFFICIAL FACSIMILE SEAL

The Company may exercise the powers conferred by the Act and may have for use in any other province state or country, an official seal, which shall be a facsimile of the corporate seal of the Company with the addition on its face of the name of the province, state, country or jurisdiction where it is to be used. Subject to the Act, the Board may make all provisions respecting the use of that facsimile seal and may comply with the requirements of any local law.

104. RESERVES

From time to time the Board may create a reserve or reserves to provide for the maintenance of the property of the Company, replacing the wasting assets, meeting contingencies, forming an insurance fund or for any other purpose whatsoever.

105. DUTY TO KEEP ACCOUNTS

The Board shall cause the Company to keep proper books of account and accounting records as and where required by the Act. The Directors may from time to time increase, reduce or abolish any reserve or reserve fund in whole or in part and may transfer the whole or any part to surplus.

106. INSPECTION OF BOOKS AND RECORDS

Unless the Board determines otherwise, the books of account and accounting records of the Company shall be kept at the registered office of the Company and those books and records shall always be open to the inspection of any Director, Shareholder, or the auditor of the Company.

107. FINANCIAL STATEMENTS

The Board shall lay before the Company at each annual meeting of the Members financial statements and the report of the auditor to the Members thereon.

108. FIRST AUDITORS

Notwithstanding section 109 of these Articles, until the Voting Members otherwise determine, the Board may appoint the first auditors of the Company who shall hold office until the close of the first annual general meeting unless previously removed.

109. APPOINTMENT OF AUDITORS BY SHAREHOLDERS

At each annual general meeting, the Voting Members shall appoint or confirm the appointment of one or more auditors to hold office until the close of the next annual general meeting, and, if any appointment is not so made, the auditor or auditors in office shall continue in office until a successor is appointed.

110. REMOVAL OF AUDITORS

The Voting Members may remove any auditor before the expiration of the appointed term of office of that auditor and may appoint another auditor for the remainder of that appointed term.

111. REMUNERATION OF AUDITORS

The remuneration of the auditors shall be fixed by the Voting Members or, if the Voting Members permit, by the Board.

112. CONTRACTS

Except as the Board may otherwise authorize from time to time, all deeds, documents, transfers, contracts, engagements, bonds, debentures, security agreements and other instruments requiring execution by the Company shall be signed by any two of the Chairman of the Board (or in the absence of the Chairman of the Board, the Vice-Chairman), the President or any Vice-President, the Secretary, the Treasurer or any Director. Any

authorization may be general or confined to specific instances. Except as provided in this section or as otherwise authorized by the shareholders or the Board within its authority, no Director, officer, agent or employee shall have any power or authority to bind the Company by any contract or engagement or to pledge its credit.

113. CHEQUES AND DRAFTS

All cheques, bills of exchange or other orders for the payment of money, notes or other evidences of indebtedness issued, accepted or endorsed in the name of the Company shall be signed by the officer or officers, Director or Directors, agent or agents of the Company and in the manner as shall be determined, from time to time, by the Board and any one of those officers, Directors or agents may alone endorse notes and drafts for collection on account of the Company through its bankers and endorse notes and cheques for deposit with the bankers of the Company for the credit of the Company or they may be endorsed "for collection" or "for deposit" with those bankers by using an appropriate stamp for the purpose. Any one of the officers, Directors or agents so appointed may arrange, settle, balance and certify all books and accounts between the Company and the bankers of the Company and may receive all paid cheques and vouchers and sign all the bank forms of settlement of balance and release or verification slips.

114. DEPOSIT OF SECURITIES AND VALUABLES FOR SAFEKEEPING

The securities and valuables of the Company may be deposited for safekeeping with one or more bankers, trust companies or other financial institutions in Canada or elsewhere selected by the Board. Any and all securities and valuables so deposited may be withdrawn only upon the written order of the Company, signed by the Director or Directors, officer or officers, agent or agents of the Company and in the manner as authorized by the Board which authority may be general or confined to specific instances. Any institution which may be so elected as custodian shall be fully protected in acting in accordance with the directions of the Board and for so doing shall not be liable for the due application or custody of the securities and valuables so withdrawn from deposit or the proceeds or value thereof.

115. METHOD OF GIVING NOTICES

Any notice (which term includes any communication or document) to be given (which term includes "sent", "delivered" or "served") pursuant to the Act, the Articles or otherwise to any shareholder, proxy holder, Director, officer, auditor or member of a committee of the Board shall be sufficiently served or sent:

- (a) if delivered personally to that person;
- (b) if delivered to the Recorded Address of that person;
- (c) if mailed by prepaid ordinary mail to the Recorded Address of that person;
- (d) if the Secretary knows of no address for that person, by posting the notice in the registered office of the Company;
- (e) if transmitted prepaid to the Recorded Address of that person by any means of electronic recorded transmission, or
- (f) by email, to the last known email address provided by that person.

116. DEEMED RECEIPT OF NOTICE

A notice given in any of the ways provided in section 114 shall be deemed to have been received by the person to whom it is to be given:

- (a) on the day of actual delivery if delivered personally to that person;
- (b) on the day following the day of actual delivery, if delivered to the Recorded Address of that person;
- (c) three days (excluding Non-Business Days) following the day when the notice was deposited, prepaid, in a post office or public letter box;
- (d) on the day when the notice was posted-up in the registered office of the Company when the Secretary knows of no address for that person;
- (e) on the day of actual transmission, if delivered by any means of electronic recorded transmission; or
- (f) on the day of actual transmission, if delivered by email.

117. CHANGE OF RECORDED ADDRESS

The Secretary may change the Recorded Address of any shareholder, proxy holder, Director, officer, auditor or member of a committee of the Board in accordance with any information believed by the Secretary to be reliable.

118. COMPUTATION OF TIME

In computing the date when notice must be given under any provisions requiring a specified number of days' notice of any meeting or other event, the deemed date of receipt of the notice shall be excluded and the date of the meeting or other event shall be included.

119. CERTIFICATE OF NOTICE

A certificate of the Secretary or other duly authorized officer of the Company in office at the time of the making of the certificate as to the facts in relation to the mailing or telecommunicating or delivery or posting up of any notice to any person or publication of any notice, shall be prima facie evidence thereof and shall be binding on the Company and every person affected by that notice.

120. RECORD DATE

The Directors may fix a time in the future not exceeding thirty (30) days preceding the date of any meeting of the shareholders as a record date for the determination of the shareholders entitled to notice of, and to vote at, any such meeting, and only the Members of record in the Register of Members at the close of business on that date so fixed shall be entitled to such notice of such meeting, notwithstanding any change of Members on the Register of Members after any such record date fixed as aforesaid.

121. LIMITATION OF LIABILITY

No Director or officer shall be liable for:

- (a) the acts, omissions or defaults of any other Director, officer, manager or employee of the Company or of the Company itself;
- (b) any loss or damage suffered by the Company or any expense incurred through the insufficiency or deficiency of title to any property acquired for or on behalf of the Company;
- (c) the insufficiency or deficiency of any security in or upon which any of the monies of the Company were invested;
- (d) any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the monies, securities or valuables of the Company shall be deposited;
- (e) any loss occasioned by any error of judgment or oversight on the part of that Director or officer; or
- (f) any other loss, damage or misfortune which shall happen in the execution of the duties of any office or in relation to it.

122. INDEMNITY OF DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES

The Company shall indemnify every Director, officer, manager, employee, former Director, officer, manager, employee and person who acts or has acted at the request of the Company as a director or officer of a body corporate of which the Company is or was a shareholder or creditor, and the heirs and legal representatives of every such person, against all costs, charges and expenses, including amounts paid to settle an action or satisfy a judgment and all expenses, reasonably incurred by that person (including legal costs and expenses on a solicitor-and-his-own-client basis) in respect of any contract entered into or act or thing done by that person or any civil, criminal or administrative action or proceeding to which that person is made a party by reason of being or having been a Director, officer, manager or employee of the Company or a director, officer, manager or employee of that body corporate, if:

- (a) that person acted honestly and in good faith in discharging the duties of that person with a view to the best interests of the Company or that body corporate as the case may be; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, that person had reasonable grounds for believing that his or her conduct was lawful.

123. INDEMNITY OF OTHERS

The Company shall also indemnify those persons in all other circumstances as the Act permits or requires. Nothing in the Articles shall limit the right of any person entitled to be indemnified to claim indemnity apart from the provisions of the Articles. None of the provisions hereof shall be construed as a limitation upon the right of the Company to exercise its general power to enter into a contract or undertaking of indemnity with or for the benefit of any Director, director, officer, manager or employee.

124. DIRECTORS INSURANCE

The Company shall purchase and maintain insurance for the benefit of any person referred to in section 121 against the liabilities and in the amounts as the Board may specify.

125. EX OFFICIO ADVISOR REPRESENTING THE CITY OF EDMONTON

A representative of the City of Edmonton shall be entitled to act as an Ex Officio Advisor at all times.

The foregoing Articles hereto annexed and numbered consecutively from Section 1 to Section 125 inclusive, shall be the Articles of Association of Edmonton Community Development Company and are dated for reference the ___ day of October 2016. The signature for each member subscribing to these Articles of Association is set out on separate signature pages following and attached hereto. These Articles may be executed in counterparts and by electronic reproduction or facsimile of their original signatures.

SUBSCRIPTION TO ARTICLES OF ASSOCIATION

The undersigned hereby subscribes to those certain Articles of Association dated for reference the ___ day of October, 2016, for the formation of a Part 9 Company to be named EDMONTON COMMUNITY DEVELOPMENT COMPANY. The undersigned, whose name and address is set out below, has subscribed to and delivered concurrently herewith the Edmonton Community Development Company Memorandum of Association bearing the same date as above.

EDMONTON COMMUNITY FOUNDATION

By:

Name:

WITNESS

UNITED WAY OF THE ALBERTA CAPITAL REGION

By:

Name:

WITNESS

HOMEWARD TRUST

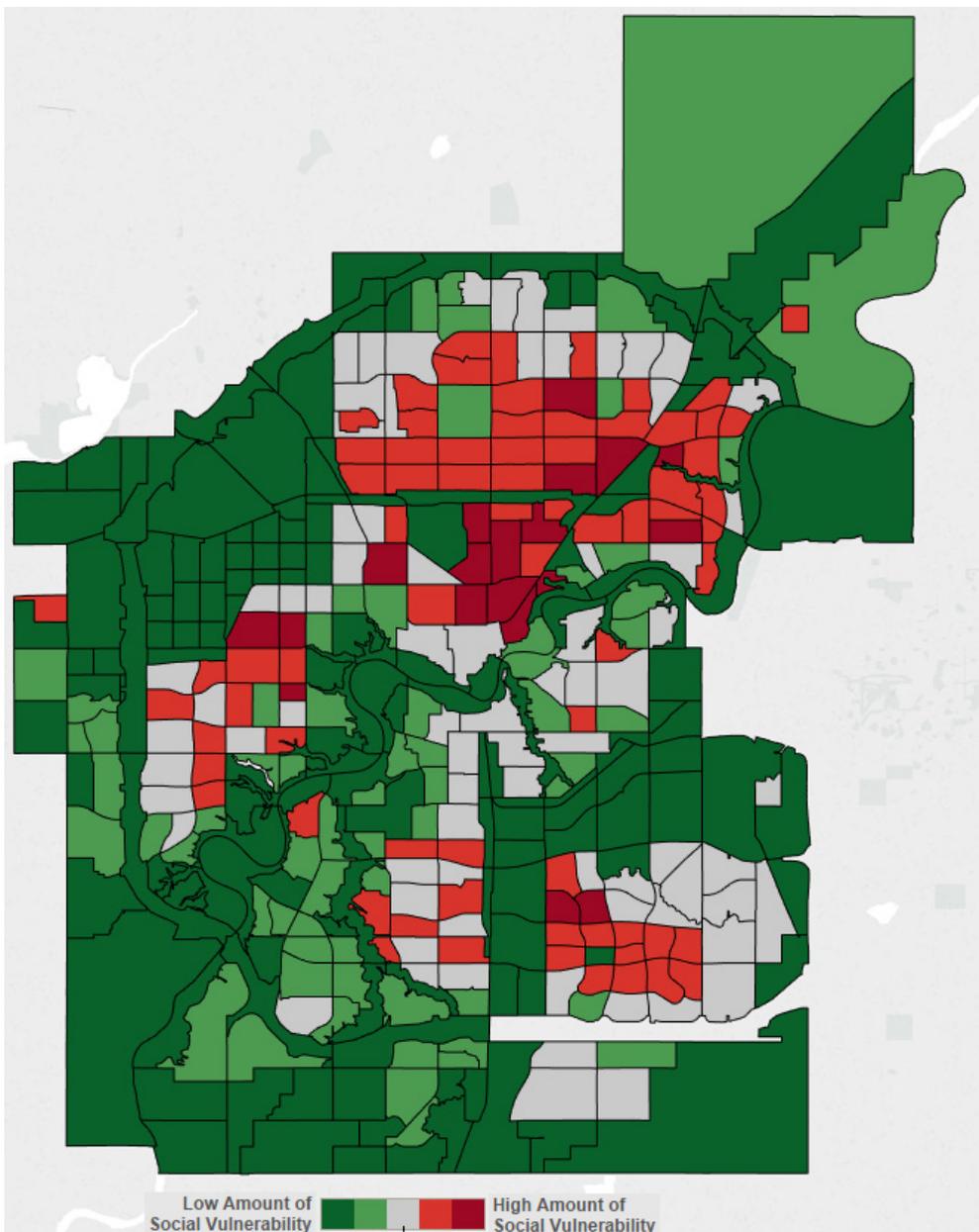
By:

Name:

WITNESS

APPENDIX 6 CDC POTENTIAL FOCUS NEIGHBOURHOODS

The Edmonton Community Development Corporation will seek to work in neighbourhoods that both score highly on the City of Edmonton's Social Vulnerability Index and meet additional CDC criteria. The color of each neighbourhood pictured on the map represents their scores on the City of Edmonton's Social Vulnerability Index. Neighbourhoods that registered in the upper portion on the Social Vulnerability Index appear in red. To learn more about the City of Edmonton's Social Vulnerability Index and the other criteria that will be used to select neighbourhoods of focus for the CDC, please refer to Chapter 6.



APPENDIX 7

HYPOTHETICAL PROJECT PRO FORMAS ASSUMPTIONS

DEMONSTRATION PROJECT #1: DETAILED PRO FORMAS ASSUMPTIONS

TABLE 9: Demonstration Project #1 - Detailed Pro Forma & Assumptions

ASSUMPTIONS: INFLATION/ESCALATION			
			2%
PROJECT DEFINITION			
Institutional Space			
Square feet (net)			4,100
Grossing factor			1.15
Square feet (gross)			4,715
Offices			
Square feet (net)			17,832
Grossing factor			1.15
Square feet (gross)			20,507
TOTAL			
Square feet (net)			21,932
Square feet (gross)			25,222
PROJECT COSTS			
LAND VALUE (DONATED)			\$ 800,500
CONSTRUCTION COST			
	Stalls	\$/Stall	Total
Construction Underground Parking Stalls	82	\$ 30,000	\$ 2,460,000
Contingencies - Underground Parking (10%)			\$ 246,000
Total Construction Underground Parking			\$ 2,706,000
	\$/sqft	sqft	Total
Construction - Institutional	\$ 140	4,715	\$ 660,100
Contingencies - Institutional			\$ 66,010
Total Construction - Institutional			\$ 726,110
Construction Office	\$ 155	20,507	\$ 3,178,554
Contingencies - Construction Commercial (10%)			\$ 317,855
Total Construction Commercial			\$ 3,496,409
Total Construction Costs			\$ 6,928,519
SOFT COSTS			
Project administration - 1% of construction costs (mostly in-house)			\$69,285
Permits - 0.25% of construction costs			\$17,321
Consultants (incl. architects & design) - 10% of construction costs + admin costs + permits			\$701,513
GST - 5% of construction & soft costs (assumed full ITC available to CDC)			\$-
Total project costs (excludes: donated land, escalation and interest during construction)			\$7,716,638

APPENDIX 7

HYPOTHETICAL PROJECT PRO FORMAS ASSUMPTIONS

DEMONSTRATION PROJECT #1: DETAILED PRO FORMAS ASSUMPTIONS

TABLE 9: Demonstration Project #1 - Detailed Pro Forma & Assumptions

FINANCING (PROJECT)		
Loans		
Construction Loan - interest only at Prime + 2% - Maximum 80% of total project costs		4.70%
Mortgage - 25 year at current bank 5-year fixed rate - Maximum 75% loan to value and 1.2 DSCR)		4.64%
EQUITY		
Initial Equity Investment	\$	1,500,000
REVENUE (PROJECT)		
Square Footage Leased		21,600
Triple Net Rents per net sqft (net of utilities, applicable property taxes and insurance) - improvements by tenant	\$	19.00
Other Users Square Footage Leased		332
Other Triple Net Rents per net sqft (net of utilities, applicable property taxes and insurance)- improvement by tenant	\$	12.00
Underground Parking Stalls		82
Monthly Parking	\$	225
Interest on excess cash (1 year GIC rate)		1.2%
COSTS (PROJECT)		
Property Management fees (assumes 2-3 established tenants on long term leases)		4%
TIMELINES (PROJECT)		
Consultation & Design		6 months
Construction		18 months
Leaseup		100% on completion

APPENDIX 7

HYPOTHETICAL PROJECT PRO FORMAS ASSUMPTIONS

DEMONSTRATION PROJECT #2: DETAILED PRO FORMAS ASSUMPTIONS

TABLE 10: Demonstration Project #2 - Detailed Pro Forma & Assumptions

ASSUMPTIONS			
INFLATION/ESCALATION			2%
PROJECT DEFINITION			
RESIDENTIAL	Units	Net sqft/unit	
Square feet (net)	84	850	71,400
Grossing factor			1.25
Square feet (gross)			89,250
COMMERCIAL (POSSIBLE DAYCARE, SMALL GROCERY &/OR PHARMACY)			
Square feet (net)	3	2,000	6,000
Grossing factor			1.25
Square feet (gross)			7,500
TOTAL			
Square feet (net)			77,400
Square feet (gross)			96,750
PROJECT COSTS			
LAND VALUE (DONATED)	\$ 1,470,500		
CONSTRUCTION COST			
	\$/sqft	sqft	Total
Construction Residential (includes parking)	\$ 150	89,250	\$ 13,387,500
Contingencies - Construction Residential (10%)			\$ 1,338,750
Total Construction Residential			\$ 14,726,250
	\$/sqft	sqft	Total
Construction Commercial	\$ 120	7,500	\$ 900,000
Contingencies - Construction Commercial (%10)			\$ 90,000
Total Construction Commercial			\$ 990,000
Total Construction Costs			\$ 15,716,250
SOFT COSTS			
Project administration - 1% of construction costs (mostly in-house)			\$ 157,163
Permits - 0.25% of construction costs			\$ 39,291
Consultants (incl. architects & design) - 10% of construction costs + admin costs + permits			\$ 1,591,270
GST - 5% of construction & soft costs (assumed full ITC available to CDC)			\$ -
Total project costs (excludes: donated land, escalation and interest during construction)			\$ 17,503,973
FINANCING (PROJECT)			
Construction Loan - interest only at Prime + 2% - Maximum 80% of total project costs			4.70%
Mortgage - 25 year at current bank 5-year fixed rate - Maximum 75% loan to value and 1.2 DSCR			4.64%
EQUITY			
Initial Equity Investment			\$ 400,000

APPENDIX 7

HYPOTHETICAL PROJECT PRO FORMAS ASSUMPTIONS

DEMONSTRATION PROJECT #2: DETAILED PRO FORMAS ASSUMPTIONS

TABLE 10: Demonstration Project #2 - Detailed Pro Forma & Assumptions

REVENUE (PROJECT)		
Percentage of residential sold at market		100%
Residential Units Average Market Sales Price per net sqft		270
Presale percentage		65%
Deposits		20%
Commercial Units Triple Net Rents per net sqft (net of utilities, applicable property taxes, insurance and condo fees) - improvements by tenant	\$	18.00
Interest on excess cash (1 year GIC rate)		1.2%
COSTS (PROJECT)		
Vacancy Allowance		5%
Real Estate Commissions/Marketing (assume none required as social agency providing buyer mortgages will direct buyers to the project)		0.0%
Property Management fees		10%
Legal fees paid on sale of each unit	\$	750
TIMELINES (PROJECT)		
Consultation & Design		6 months
Construction		18 months
Sales, Deposits & Leaseup		2 years

APPENDIX 7

HYPOTHETICAL PROJECT PRO FORMAS ASSUMPTIONS

DEMONSTRATION PROJECT #3: DETAILED PRO FORMAS ASSUMPTIONS

TABLE 11: Demonstration Project #3 - Detailed Pro Forma & Assumptions

ASSUMPTIONS			
INFLATION/ESCALATION			2%
PROJECT DEFINITION			
OFFICE/DESTINATION RETAIL			
	Floors	Net sqft/unit	
Square feet (net)	1	6,487	6,487
Grossing factor			1.15
Square feet (gross)			7,460
TOTAL			
Square feet (net)			6,487
Square feet (gross)			7,460
PROJECT COSTS			
PURCHASE PRICE (ASSESSED VALUE)			\$ 865,000
CONSTRUCTION COST			
	\$/sqft	sqft	Total
Renovation Budget (low quality finishes, largely warehouse style space)	\$ 50	7,460	\$ 372,982
Contingencies - (10%)			\$ 37,298
Total Construction			\$ 410,280
SOFT COSTS			
Project administration - 1% of construction costs (mostly in-house)			\$ 4,103
Permits - 0.25% of construction costs			\$ 1,026
Consultants (incl. architects & design) - 10% of construction costs + admin costs + permits			\$ 41,541
GST - 5% of construction & soft costs / (assumed full ITC available to CDC)			\$ -
Total project costs (excludes: donated land, escalation, interest during construction, and property taxes during construction)			\$ 1,321,949
FINANCING (PROJECT)			
Construction Loan - interest only at Prime + 2% - Maximum 75% of total project costs			4.70%
First Mortgage - 25 year at current bank 5-year fixed rate - Maximum 75% loan to value and 1.2 DSCR			4.64%
Second Mortgage - 25 year at current bank 5-year fixed rate - Maximum 75% loan to value and 1.2 DSCR			4.64%
EQUITY			
Initial Equity Investment			\$ 630,000

APPENDIX 7

HYPOTHETICAL PROJECT PRO FORMAS ASSUMPTIONS

DEMONSTRATION PROJECT #1: DETAILED PRO FORMAS ASSUMPTIONS

TABLE 11: Demonstration Project #3 - Detailed Pro Forma & Assumptions

REVENUE (PROJECT)		
Square Footage Leased		6,487
Triple Net Rents per net sqft (net of utilities, applicable property taxes and insurance) - improvements by tenant	\$	12.00
Interest on excess cash (1 year GIC rate)		1.2%
COSTS (PROJECT)		
Vacancy Allowance		5%
Property Management fees		10%
TIMELINES (PROJECT)		
Consultation & Design		6 months
Construction		6 months
Leaseup		100% on completion