

**REPORT TO CAPITAL REGION HOUSING CORPORATION BOARD
MEETING OF WEDNESDAY, FEBRUARY 08, 2023**

SUBJECT 2782 Spencer - Adoption of Final Form of Mortgage Resolution

ISSUE SUMMARY

Since adopted by the Capital Region Housing Corporation's (CRHC) Board in April 2022, BC Housing Management Corporation (BCH) changed the form of resolution it requires to permit borrowing for the 2782 Spencer project. As a best practice, CRHC must adopt an updated resolution.

BACKGROUND

On April 14, 2022, the CRHC Board resolved to authorize the execution of a s. 219 *Land Title Act* restrictive covenant and loan and mortgage in the amount of \$13,983,209, as well as to take a forgivable mortgage of \$5,900,000 for what was then the 2780 Spencer Road development. As is usual, CRHC's Board approved the general form of resolution, expecting BCH to make minor amendments to its form prior to closing.

Before closing, BCH amended its desired resolution more than is typical. Changes included reflecting the updated municipal address of 2782 Spencer Road and a related road dedication; removing the specific borrowing amount from the resolution (though it remains the same in the lending documents); stating that funds may be used for leasing and construction, rather than just construction; and detailing additional legal instruments that can be used for securing BCH's interest in the funds.

As CRHC is in the process of agreeing to the assignment of the mortgage to a new lender, common practice after initial lending, it should adopt an updated resolution. At this time, it should also update its signing officers, as the Capital Regional District's (CRD) Chief Administrative Officer has also changed since April.

ALTERNATIVES

Alternative 1

That the resolution attached to this report as Appendix "A" be adopted.

Alternative 2

That the 2782 Spencer - Adoption of final form of mortgage resolution report be referred back to staff for additional information.

IMPLICATIONS

Financial Implications

Mortgage funds have been advanced by BCH based on the amended April 14, 2022 BCH resolution. BCH's process is to assign the non-forgivable mortgage to a new lender and include a copy of the original borrowing resolution signed-off by CRHC. In the opinion of CRHC's outside counsel, a failure to adopt an updated resolution will not affect CRHC or BCH's ability to assign that mortgage; however, the BCH practice of amending a resolution after a corporate board

meeting is not a best practice and CRHC should ensure that the resolution wording is adopted by the CRHC Board, acting as a whole.

Future Process Changes

While smaller corporate boards can pass a unanimous resolution in writing or hold a short-notice special meeting electronically to approve such modifications, this would be difficult for CRHC under its current corporate articles and operating philosophy. Since 2018, CRHC has operated as if it is a local government, following more detailed notice, participation, and meeting requirements than a typical closely-held corporation. Absent a change to CRHC's corporate articles, the requirement for unanimity and conflicting schedules make obtaining a resolution in writing difficult, and short-notice special meetings are onerous on resources.

A future report may be brought forward to resolve situations where changes are contemplated to the form of resolution prior to closing of a transaction. For now, CRHC staff will bring modified resolutions, if any, to the CRHC Board.

CONCLUSION

The CRHC Board should adopt an updated resolution required for the initial mortgage for the 2782 Spencer property.

RECOMMENDATION

That the resolution attached to this report as Appendix "A" be adopted.

Submitted by:	Steven Carey, B.Sc, J.D., Senior Manager, Legal Services & Risk Management
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Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
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ATTACHMENTS:

Appendix A: BCH final form of resolution

Appendix B: April 14, 2022 staff report and templated BCH resolutions