

Schedule "A"

Upwood Park/Salvador Del Mundo Co-operative Homes Inc. Recommended Pathway to Self-Governance

RECOMMENDED ELECTION PROCESS

The recommended election process is in keeping with the process contemplated by the Co-operative Corporations Act, and the Co-op's recently updated organizational by-law. It is designed to inform the membership about the election process, and to share with them how candidates that are elected to the Board will receive education and practical exposure to the workings of the Co-op before having to take on responsibility for the Co-op's day-to-day operations.

CHFT will support the election process by chairing key meetings with the membership leading up to the election date. Members will have the benefit of accessing the experience and expertise of this sector organization should they have any questions about the process.

An Election Committee will be struck, comprised of representatives of the Court Appointed Receiver, the Service Manager, and CHFT. The Election Committee will, among other things:

- Give information about the election to the members, including educating them on the duties and responsibilities of the Board
- Find candidates
- Discuss qualification issues with candidates
- Making sure the election is carried out in accordance with the proposed process, consistent with the rules provided for in the governing legislation
- Arranging for the ballots to be distributed
- Controlling the ballot boxes

The Election Committee will also arrange for an outside agency to count the votes cast by the membership. These votes will also be counted in open, at the election meeting itself.

The key steps in the election process are set out below. Two timeframes for the election are proposed in the event the Court determines that the recommended process is appropriate. The first proposed election timeframe would begin in short order following the scheduled June 5th hearing of this matter. The second proposed election timeframe would begin in the fall, following members' summer vacation period.

| Election Event | Date |
|---|-----------------|
| Information session led by CHFT explaining the pathway to self-governance, including: <ul style="list-style-type: none">• nomination process• election process• role of an elected board• training they will have access to through the transition process• continuing role of BDO, the Receiver and Manager, during the transition process | July 8 |
| Deadline to submit nominations | July 14 |
| List of eligible candidates distributed to members | July 18 |
| Meet the candidates meeting | July 22 |
| Distribution of Election Meeting package to members | July 23 |
| Advance voting days | July 29, 1-5 pm |

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| Election Event | Date |
|--|-----------------|
| | July 30, 4-8 pm |
| Election meeting – votes counted by 3 rd party retained by Election Committee observed by all members attending meeting | August 6 |
| First meeting of the Board and the Receiver | August 13 |

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The Board Curriculum

The proposed pathway to self-governance contemplates the newly elected members of the Board completing a series of training courses presented by CHFT. These training courses relate to core competencies that the members of any elected Board should have, including: (i) Ethical Conduct; (ii) What Makes a Good Board; (iii) What Makes a Good Director; and (iv) Understanding Audited Financial Statements.

Every month following the election, arrangements will be made to present a training session on these core competencies for the benefit of the newly elected Board members, which they will be expected to complete.

The schedules for these training sessions are set out below. As with the recommended election process, two timetables for these training sessions are proposed. The sequence of when courses 1 through 6 will be made available during the *Transition Period* may be subject to change.

| | 90-min Workshop Name | Core Competencies Addressed | Proposed Dates [Summer] |
|-----|--|--|------------------------------------|
| 1. | Ethical Conduct Agreement | <ul style="list-style-type: none"> • Ethics and Integrity • Confidentiality | August 2025 |
| 2. | What Makes a Good Board | <ul style="list-style-type: none"> • Establish Co-op Policy • Hire and Supervise Management | September 2025 |
| 3. | What Makes a Good Board cont. | <ul style="list-style-type: none"> • Accountability and Fairness • Risk Management • Communicate & Inform Co-op Members | October 2025 |
| 4. | What Makes a Good Director | <ul style="list-style-type: none"> • Ethics and Integrity • Confidentiality | November 2025 |
| 5. | What Makes a Good Director cont. | <ul style="list-style-type: none"> • Director Liability • Leadership & Conflict of Interest | December 2025 |
| 6. | Understanding Audited Financial Statements | <ul style="list-style-type: none"> • Understanding Audited Financial Statements • Engaging with Auditors | January 2026 |
| 7. | Succession Planning | <ul style="list-style-type: none"> • Succession Planning | February 2026 |
| 8. | Strategic Planning and Oversight | <ul style="list-style-type: none"> • Strategic Planning and Oversight | March 2026 |
| 9. | Asset Management | <ul style="list-style-type: none"> • Investment Oversight • Asset Protection and Preservation • Capital Reserve Fund Allocation and Forecasting Allocation and Return on Investment • Monitoring Asset Performance | April 2026 |
| 10. | Financial Training | <ul style="list-style-type: none"> • Financial Oversight and Accountability • Budgeting and Forecasting, Approving | May 2026 |

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| | | | |
|--|---|--|----------------|
| | | and Monitoring Expenditures | |
| 11. | Understanding Board's Legal Obligations | <ul style="list-style-type: none"> • Regulatory Compliance • Legal Risk Management | June 2026 |
| 12. | AODA Refresher | | July 2026 |
| 13. | Organizational Bylaw Review | | August 2026 |
| 14. | End-of-Mortgage | | September 2026 |
| * Coaching for chairing monthly board meetings from the discharge of the receivership for a period of 6 months | | | |

The members of the newly elected Board must complete the prescribed courses (Courses 1 through 6 – highlighted in Green) before a recommendation can be presented to the Court that the Receiver be formally discharged. The Receiver, the Service Manager, and CHFT strongly recommend that the members of the newly elected Board complete **all** of the training that CHFT will offer.

Ensuring that the newly elected Board completes the prescribed courses will provide them with tools that will put them in the best possible position to manage the Housing Project once the *Transition Period* comes to a close. It will also help address the concerns about governance at the Co-op that had been identified as a key issue, warranting the Service Manager appointing a Receiver and Manager to manage the affairs of the Co-op in the first instance.

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RECOMMEND TRANSITION PERIOD TRAINING AND COMPETENCY DEVELOPMENT

In addition to completing the prescribed training courses, the Receiver will hold meetings once month during the transition period which the newly elected Board and CHFT will be invited to. During these meetings, the Receiver will review key Housing Project issues that it reviews and addresses in managing the Housing Project's operations.

The issues that may be discussed during these monthly meetings will include:

1. Housing Administration
2. Tenancy Management, including:
 - a. Arrears
 - b. Notices to Appear
 - c. Vacancy Management
 - d. Rent-Geared-to-Income Administration (RGI)
3. Property management and maintenance matters, including:
 - a. Maintenance and Cleaning
 - b. Outstanding Work Orders
 - c. Building Condition Audit/Preventative Maintenance
 - d. Capital expenditures
 - e. Review of capital Reserve Fund Forecast
4. Finance and Administration, including:
 - a. Year-to-date Expenditure and Variance Reports
 - b. Comparing Expenditures and Variances against the Co-op's Operating and Capital Budgets

Attending these meetings will provide opportunities for the newly elected Board to familiarize themselves with Housing Project operations through a job shadowing exercise. Though the Receiver will continue to retain authority to manage the day-to-day operations of the Housing Project pursuant to the Order of the Court during this *Transition Period* and until its discharge, the newly elected Board members will be invited to participate in these meetings and share their views and comments about the issues discussed. The Receiver will consider the views and comments that the elected Board shares with it, in light of and in keeping with its obligations to act in the best interest of the Housing Project and the membership as an Officer of the Court. These meetings will be minuted in the same way any Board of Directors meeting would be minuted.

During these meetings, the Receiver, with input from the newly elected Board, will review and/or develop:

- A plan to implement a competitive practice to hire a property management firm that the newly Elected Board will be expected to follow if and when they choose to engage a new property management company in the future. This would entail the preparation of a tender package. Any Contract included in any tender package must meet the requirements set out in Ontario Regulation 339/01, section 8, in accordance with City of Toronto Guideline 2012-1.
- Plans for the maintenance of key building components, moving forward.

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- Written policies that detail the internal controls that will be in place, and the Housing Provider and its Elected Board will adhere to, once control of the Housing Project is returned to them. These internal controls may include:
 - A policy/practice providing for the collection of arrears from members in respect of any outstanding housing charges;
 - A policy/practice indicating how the Co-op will minimize vacancy loss; and
 - A policy/practice indicating how the Housing Provider will control both its spending and its purchasing activities.

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THE *TRANSITION PERIOD* AND THE DISCHARGE OF THE RECEIVER

In order to properly complete the Election Process, and to ensure that the newly elected Board is able to complete the key training and job shadowing exercises described above, the Receiver, the Service Manager, and CHFT recommend that the *Transition Period* last at least six (6) months.

At the conclusion of the *Transition Period*, the Receiver will prepare a report to the Court for its consideration detailing the steps taken by all the interested parties to shepherd the newly elected Board along a pathway to self-governance, along with its recommendation as to whether the Receiver should be discharged, or whether the *Transition Period* should be extended for any reason.