

**RESOLUTIONS OF THE BOARD OF DIRECTORS OF
THE ESTONIAN HOUSE IN TORONTO LIMITED**

RECITALS

WHEREAS:

- A. The Board of Directors ("Board") of the Estonian House in Toronto Limited ("EHL") in good faith attempted to negotiate agreements to give effect to letters of intent between EHL and Tribute Communities (approved by the shareholders on January 27, 2015) and Alterra Developments (approved by the shareholders on September 30, 2015). These negotiations have not been successful, did not result in a proposed transaction that would be consistent with our community's objectives, and have been terminated;
- B. The Board has received a proposal dated February 24, 2017 and, together with subsequent discussions, have resulted in details of a project, further details of which are found in the attached Schedule "A" ("Project Proposal") to participate with Tartu College, the Estonian (Toronto) Credit Union and the Estonian Foundation of Canada (collectively "3Orgs") to purchase and redevelop 11 Madison Avenue and 9 Madison Avenue, both in the City of Toronto ("Madison Project"), all of which continues to be subject to proper due diligence;
- C. For the Madison Project to be successful, it requires the sale of the real property owned by EHL of the property located at 958 Broadview Ave. ("Broadview Property") and the proceeds of that sale to be used to purchase land and construct a new Estonian community centre as part of the Madison Project;
- D. The Board is of the view that the Project Proposal best ensures the continuation of the EHL assets to support the Estonian Community for generations, all on a basis that will be economically viable;
- E. The joint initiative with the 3Orgs presents an excellent opportunity to satisfy the majority of the identified needs of the Estonian Community in Toronto, the Greater Toronto Area and Ontario with strong participants that have the same community minded objectives as EHL, all the while consolidating the assets of our Estonian Community in one location and at a location with which most Estonians are already familiar;
- F. The Board is of the view that the Project Proposal and the use of the proceeds of the Broadview Property to cover the majority of the anticipated construction costs at the Madison Project will provide a reasonable structure for the continuation of the EHL mandate in its Letters Patent and EHL's activities;
- G. The Board is of the view that it is in the best interests of the objects of EHL to work cooperatively with the 3 Orgs to establish a legal structure that will best ensure that the maximum return on the collective assets of the Estonian Community now, and for generations to come;
- H. The Board has determined, based on its research and expert analysis by numerous reputable companies experienced in development, as well as the Board's experience with expenses, that the operation of the Broadview Property is not economically viable, and that the agreement with the 3 Orgs is the best long term solution to the problems that overwhelm EHL. The status quo is in no way a viable option. EHL must act now while this window of opportunity is available.

NOW THEREFORE BE IT RESOLVED that:

- 1. EHL accept the Project Proposal and participate therein on such terms and conditions as the Board may deem necessary or advisable;

2. EHL negotiate and execute such binding agreements on behalf of EHL that are consistent with the terms of the Project Proposal on such terms and conditions as the Board may deem necessary or advisable; the Broadview Property, being substantially all of the undertaking of EHL, be sold on such terms and conditions as the Board may deem necessary or advisable;
3. EHL make any necessary acquisitions of real or other property, and negotiate and execute any necessary and ancillary agreements to give effect to the Project Proposal, on such terms and conditions as the Board may deem necessary or advisable;
4. EHL negotiate and make any modifications to the terms of the Project Proposal through the final and binding agreement so long as the spirit and intent of the Project Proposal remains intact on such terms and conditions as the Board may deem necessary or advisable; and
5. the President of EHL shall place this resolution before the shareholders at a Special General Meeting of the Shareholders scheduled to take place on the 25th day of April 2017 for confirmation by the shareholders as a special resolution.

The resolutions set out above were duly passed at a meeting of the Board held on April 9, 2017.



Secretary

SCHEDULE A.

TO THE BOARD AND SHAREHOLDERS OF THE ESTONIAN HOUSE

To: Estonian House in Toronto Ltd. (“EHL”)
From: Estonian (Toronto) Credit Union Limited (“ECU”),
Estonian Foundation of Canada (“EFC”) and
Tartu College (“TC”), (ECU, EFC and TC, together “3Orgs”)
Re: **Estonian Centre on Madison Avenue**

This summarizes a proposal made to the EHL Board by the 3Orgs.

1. Project goals

- a. Establish a central location for Estonian activities that meets the needs of the community for the next 50 years, a centre that would be a source of pride and attract all generations as well as others from outside of our community;
- b. Construct a building that would meet the objectives established and approved by the EHL AGM in 2010 including:
 - i. reflecting Estonian culture and history;
 - ii. employing flexible design features to allow widely diverse utilization;
 - iii. designed to high architectural and environmental standards that are modern and attractive and reflect the uniqueness of Estonian culture and history;
 - iv. be owned and governed by the community; and
 - v. be financially self-sustaining and operate without subsidy.
- c. A single move for tenants and users of EHL who would relocate to this new location.
- d. The 3Orgs agree to provide financial support to enable EHL to continue operations until construction of the proposed centre is complete.

2. Project plan

- a. The Project incorporates two sites at 9 and 11 Madison Avenue (located north of Tartu College) Toronto, with the renovation and expansion of the building currently on 11 Madison Avenue and construction on 9 Madison Avenue.
- b. A preliminary cost estimate for the entire project is \$18 million.
- c. The 3Orgs agree to provide initial capital to secure 9 Madison by way of payment of the deposit for its purchase. Agreements will be struck to enable ECU to sell its property at 11 Madison Avenue to the Project and recover its costs. As well agreements will be struck by the parties to cover costs of due diligence for the project and in support of EHL while the new centre is under construction.
- d. Current project team of David Kalm and architect Alar Kongats anticipated to remain to the end of this project.
- e. The total square footage of the final project will be 23,000 sq ft and will comprise flex space; approximately 5,000 sq. ft. is available for retail or commercial leasing.
- f. All of this is possible with current zoning with some minor variances anticipated through the Committee of Adjustment process, facilitating an expedited construction process. This is established in the Letter of Intent with Build Toronto.
- g. Construction of the centre may be phased such that Estonian activities can be housed in the first phase, primarily located on the 11 Madison site and partially on 9 Madison. The large hall envisioned would be located on the 9 Madison site and, if the construction is phased, would be included in the second phase.
- h. The most optimistic date for completing this project is February 24, 2020.
- i. Schedule slippage potential does exist during the foundation construction build. The TTC may have requirements during this construction period that restrict construction to certain time periods which could impact the critical path of the schedule. The TTC requirements will be

better understood after the due diligence period. In the worst case, TTC requirements could add several months to the schedule.

3. Key Milestones & Associated Risks to confirmation of Project

- a. Letter of Intent by 3Orgs with Build Toronto to purchase 9 Madison – Completed February 13, 2017
- b. EHL shareholder approval of special resolution at its 2016 fiscal year AGM target date end of April 2017
 - i. Project advances only if EH shareholders agree to sale of 958 Broadview Avenue and to direct proceeds from the sale to Project
- c. Purchase & Sale Agreement for 9 Madison target date May 31, 2017
 - i. Dependent upon Build Toronto's cooperation to meet this date
 - ii. Conditional upon permission by Estonian House to sell Estonian house
- d. Due Diligence Period (to November 2017)
 - i. Dependent upon City of Toronto's cooperation and any findings during this process
 - ii. Cost of due diligence to be borne by 3Orgs and applied to the Project if the Project is successful. If not, the 3Orgs absorb this cost.
 - iii. After completion of the architectural and engineering schematic drawings, we will seek the construction budget for the Project. This activity and the due diligence activity will inform the cost estimate of this project.
- e. Sale of Estonian House conditions
 - i. If due diligence for the Project is not satisfactory to all four organizations then the sale of Estonian House does not close.
 - ii. If proceeds from the sale of Estonian House are insufficient to proceed (financial terms and conditions confidential to preserve competitive bid structure for the EH property) with Project, purchase of 9 Madison does not close.
 - iii. Condition of sale to include leaseback to community so as to allow for the 1-move requirement.
- f. 9 Madison Avenue Sale Closing (December 2017).

4. Project Structure

This ownership of the Project is complicated by the legal structure of each of the organizations: a credit union (ECU), a not-for-profit member corporation that is a registered charity (EFC) and a not-for-profit member corporation (TC) and a not-for-profit share capital corporation (EHL). A legal ownership structure is required that:

- a. meets all of the compliance requirements for each entity to the extent of their financial participation in the Project,
- b. allows the proceeds of an Estonian House sale to be directed to the project with minimal tax consequences,
- c. allows for amalgamation of 9 and 11 Madison real estate parcels,
- d. maximizes the ability of the ECU to provide construction financing to the Project,

Each of the 3Orgs has pledged funds to pay for one-third each of the cost of legal advice on the understanding that EH is a signatory for the legal advice and able to rely on legal opinions generated.

5. Decision Constraints

Negotiations with Build Toronto have reached a point where commitment from the four parties as well as the community is required. The window of opportunity to proceed with the Project is narrow. Without EHL shareholder approval to proceed with the sale of Estonian House and direct the proceeds to the Madison project at its April 2017 AGM, the Project, as conceived, cannot proceed.