THC Executive Board Report
November 9, 2026

Note: Minutes of recent Board meetings are attached to the draft Board agenda packages.

Activities Underway

1. Project capital grants

a) CCCP Capital Grant: $11.5 million. The funding agreement has now been signed. We received 100% final design clearance from the Alberta CCCP for the final drawings and a formal letter of commitment from AHS for the 40 units. We received 90% of the grant advance after completing 50% of construction for the 40 units. The grantors are withholding the final 10% of the grant as a holdback until the final audited financial report is issued after project completion. We submitted our quarterly financial report for the project, covering the period through September 30, 2026, by October 15, 2026. We have fulfilled all information requests, and the grantors held a site visit this past week. Our next Q3 2026 report is due by January 15, 2027. Nothing is outstanding at this time.

b) AAHP Capital Grant: $9.5 million. The Affordable Housing funding agreement has now been signed. We have received 80% of the grant advance, reflecting 60% construction progress on the 16 units. The grantors are withholding the final 20% as a holdback until the final audited financial report is issued after project completion. We submitted our quarterly financial reports for project costs as of September 30, 2026, by October 15, 2026. We have fulfilled all information requests, and the grantors have held virtual update meetings, most recently in the past few weeks. Our next Q3 2026 report is due by January 15, 2027. Nothing is outstanding at this time.

c) CMHC Capital Grant – We applied for capital funding in our second CMHC application before the end of December 2025, but CMHC rejected it for insufficient funding. However, CMHC has forwarded our application to Build Canada for consideration, and we recently heard from our MP's office, which confirmed it's under review and that we should hear shortly. The CMHC grant we applied for was not included in the $45 million THC capital project budget approved by the THC Board. The current CMHC application was for a $3.361 million borrowing, with a $2.818 million forgivable portion. Under the Build Canada format and guidelines, THC is eligible for only $1.4 million for the 16 affordable housing units, not for the common spaces in the facility's affordable housing section. We have resubmitted our information to Build Canada and are awaiting another conversation with them to move this request forward.

2. Government relations – Alberta Ministers, MP, and MLA
We have received full support from the Alberta Minister of Health, the Alberta Minister of Seniors, Community and Social Services, the Alberta Minister of Municipal Affairs, and our past and current MLAs and MPs. Our former MP advocated for us in Ottawa before the Federal Minister of Housing. We are in ongoing discussions with the Mayor of Trochu, our MP, our MLA, and the Minister of Seniors, Community and Social Services. We have begun discussions with the Department regarding potential funding for AHS IT equipment and building cost inflation. We have requested a meeting with the new Minister, including our MLA, to update them on our project activities and follow up on our funding requests. We have sent our meeting request, along with the results of our building cost inflation study and our request for an additional $2.8 million in grant funding. We have sent a letter to our Minister identifying our preferred partner for care and services and are beginning due diligence with Assisted Living Alberta (ALA) to move this partnership forward. Our MP has sent a letter to the Federal Minister of Housing to lobby on our project's behalf.

3. The new AHS structure was first announced in a press release on November 8, 2023. The new division, Assisted Living, was announced recently and began operations on April 1, 2025. Alberta's new health care delivery structure has been in effect since September 2, 2025. However, no new developments have been identified, and we continue to work with Assisted Living, AHS, and Covenant Health on the care program. Our requested care program is for 40 units of 24/7 care, integrated with Home Care for any resident in the project who is eligible for Home Care. We received a formal commitment letter from AHS for the 40 units, and both THC and Covenant Health also signed it. Assisted Living is meeting with Covenant Health on January 6, 2026, to discuss the integrated care model and bed types for the 40 units. At this time, we are planning for 20

units of Dementia/Alzheimer's care on the first floor, with no further details provided to date. THC has reviewed all partnership proposals for care providers to ensure they meet ALA requirements. THC is seeking ALA and AHS approval to implement an integrated care model with our preferred partner at the THC project when we open.

4. Alberta Precision Labs (APL) met with us virtually, for a second meeting, on October 27, 2026, to confirm their intention to transition from St. Mary's Health Centre to the new project when it opens. A draft agreement and contract will be developed to establish this relationship between APL and THC for APL's operation at the new facility. We will set our next meeting to discuss contractual obligations in the next few weeks, after APL forwards a set of roles and expectations for operation at the THC project.

5. Project management structure
   The THC project's organization is divided into four essential roles.
   a) Owner's Representative (OR) – President of THC, Sam Smalldon
   b) Project Manager (PM) – A professional who oversees the project and the work of both the Architect and the Construction Manager on behalf of the Owner's Representative and the Board. This role would be under contract, and we currently share PM duties between Wayne Milaney and Brian Antonsen.
   c) Architectural Design – Arcadis, as the Architect, will plan, design, and monitor the building's construction under contract, in accordance with the RFP bid competition.
   d) Construction Management – Shunda Consulting and Construction Management Ltd is the Construction Manager and will support planning and construction of the building. We now have a Stipulated Fixed Price for CCDC 5B with Supplementary Conditions, following completion of the detailed design and issuance of the final building permit. Shunda, our prime contractor, has arranged construction project insurance (course-of-construction and wrap-up coverage) and bonding. The approved project budget is $45 million, of which $37 million is the Stipulated Fixed Price contract. It includes a $0.7 million contingency, managed by the Owner's Representative on behalf of the Board. Currently, approximately 16% of this contingency remains unspent.

6. Detailed design process (completed)
   The detailed design process, involving 25-30 people, began on February 15, 2024, and has now concluded with IFC drawings (final). We conducted a "value engineering" process before finalizing the building design, and we have received the final building permits. We tendered preliminary IFC drawings on November 29, 2024, and signed a Stipulated Fixed Price contract with Shunda for $37 million, within the total approved project budget of $45 million, as mentioned above. The team removed $ 7,080 in value engineering from the original design to reach the $37 million stipulated fixed-price CCDC 5B contract. The team provided the Board with a value engineering summary, and it showed we removed nothing related to safety, housing, or health care requirements.

7. Approved Project Planning, Borrowing, and Construction Budget
   The Board approved a final proposed project budget of $45 million on March 31, 2025, subject to Kneehill County bylaw approval on April 8, 2025, and the signing of the ATB Offer for Borrowing, both of which occurred. THC signed a Stipulated Fixed Price CCDC-5B contract with Shunda for $37 million; the full approved project budget is attached to this report as an appendix. The Town of Trochu and THC entered into a $20 million borrowing agreement, based on the ATB-approved interim financing the Town received for the project. ATB has approved an additional $2.5 million in credit for the Town, and staff has drafted a new Town bylaw and an amended loan agreement for an additional $2.5 million for signature, subject to the Board's approval. A copy of the revised cash flow is included in today's Board agenda package for discussion.

8. Project Construction
   Site work was completed before the end of 2025. Framing began in Q2 2026. We hold bi-weekly site meetings and issue inspection and oversight reports, including construction design reports from Arcadis and construction progress reports from Shunda. A cost consultant monitors progress and provides assurance to the bank financing (ATB), the THC Board, and the Town on progress and payments. The Board can request copies of the cost consultant's reports. Progress payments continue

smoothly and on a regular monthly basis. The assurance measures require Arcadis to certify each progress payment for completed work, including a check to ensure THC has a clean title before releasing construction payments. We are now approximately 80% complete overall. Our Project Managers provide oversight to ensure adherence to the design; we receive updated construction schedules from Shunda to stay on schedule; and our cost consultant's reports ensure our bank draws are regular and compliant. These assurance measures keep the Board on schedule and within budget. A community tour was held on September 21, 2026, immediately after the Board meeting.

9. Business case, accounting and pricing updates
   The business case is continually updated to reflect the approved capital budget and operating cost estimates. The capital cost is $45 million, and we will update the operating cost component during partnership negotiations to ensure viability given expected operating expenses. We will review borrowing commitments and pricing adjustments as negotiations and project construction continue. We will set resident pricing once we sign an operating agreement with our operating partner. Our goal is to keep resident prices as low as possible while maintaining the business case's viability. THC received notice that the CRA denied our application for a GST exemption under our designation as a municipality because of our mixed-housing project. The CRA did not approve a GST exemption for the project but will consider a new application once we are operating. As a result, all construction costs paid through THC are not GST-exempt. Occupancy is expected to reach full capacity shortly after opening, as waitlists are now open for Affordable Housing and Life Lease spaces. A draft 2027 Operating budget with pricing is included in the agenda for today's meeting.

10. Project fundraising
    A capital campaign for at least $2M was launched, with an official announcement at the Trochu Seniors Housing Society (TSHS) GALA on November 15, 2025. The initial silent phase yielded $1.3 million in pledges and donations, announced at the Gala. A campaign advisory committee oversees the campaign and meets every two weeks. The campaign currently has $0.8 million in pledges and receipts after a major $0.5 million donation was withdrawn. The campaign has actively sought fundraising support from surrounding municipalities, corporations, and community organizations. Our 2nd Annual THC Golf Classic, held on June 11, 2026, at the Trochu Golf and Country Club, raised approximately $27,000. We have a professional major F&E campaign program scheduled for Fall 2026, which will culminate in announcements at the 2026 GALA sponsored by the TSHS.

11. Partnership Model and Operating Partnership Proposal Requests
    The Board Retreat on April 13, 2026, concluded that THC will continue to own the THC project and prepare for operations under a contracting-out model. This means THC will manage contracts for housing, care, services, facilities management, and IT services. THC met with Covenant Health on April 21, 2026, to communicate these messages and to state that THC will not continue discussions under the 2020 MOU but will continue negotiations with Covenant Health for care or services. THC sent a letter confirming these details, as requested by Covenant Health. On behalf of the Board, THC contacted several selected care and service providers to submit proposals by June 30, 2026, for the Board to consider, review, and compare. THC requested proposals from selected care and service providers and will provide a summary of all proposals, including those from Covenant Health, at the July 13, 2026, THC Board meeting. After interviews with four potential partners, the Board has continued to ask each proponent questions and, as part of due diligence, will conduct site visits in August. The Board met on August 27, 2026, to review a summary analysis, report, and recommendation on proponent proposals. On August 28, 2026, the Board communicated its decision to the Minister by letter. The letter to the Minister requested a meeting, confirmation of our partner selection, and a site visit no later than the September 21, 2026, Board meeting. At this point, we understand that ALA will conduct due diligence on the THC-selected partner over the next 8-12 weeks. We are still in the due diligence process, and a subsequent letter was sent to the Minister.

12. F&E Planning Committee
    A Committee to assist with F&E Planning has been formed, and Paula Kowalchuk has agreed to chair it. The Committee is reviewing design, furniture, and equipment plans and has begun

researching materials and procurement options. The Committee will provide an update at future Board meetings.

13. Life Lease marketing
    Advertising continues for any vacant Life Lease units and for building a waitlist to maximize occupancy upon opening. We currently have 16 Life Lease agreements pre-sold and are pursuing an additional 2 from approximately 7 on the waitlist. We continue to receive inquiries from interested parties. We understand there may be a few refund requests before the facility opens due to health or other factors, but we expect to continue marketing to maintain full occupancy. The objective is to open at full capacity with a waitlist. THC met with Life Lease residents on October 21, 2026, to tour their suites. We have residents interested in advancing full deposit funding with proposed incentives, and we continue to update residents on the unit choices made during construction. So far, the response has been positive, and we will report progress through the end of November 2026.

14. Financial Reporting
    The Board approved the 2025 annual financial statements, which we have now filed with our annual return. The last meeting's agenda package included the draft Q3 2026 financial statements. The CCCP and AAHP quarterly grant reports are up to date as of September 30, 2026. Life Lease deposits and Fundraising accounts are reconciled and up to date, with funds segregated to ensure they are protected and used only for restricted purposes.

15. Accommodation Standards Operator License (ASAL) Application
    THC will need to apply for an Accommodation Standards license in Alberta as the project's owner and operator when the project opens. This process and application will be initiated immediately to ensure the license is in place before the project opens and operations begin. Pursuant to the Continuing Care Regulation under the Continuing Care Act, operators of supportive living accommodations in Alberta must adhere to the Accommodation Standards – Supportive Living Accommodation. The Accommodation Standards - Supportive Living Accommodation set standards for voluntary, public, and private organizations operating supportive living accommodations in Alberta. The standards establish minimum requirements for accommodation services, including meals, building maintenance, security, and housekeeping; social or leisure activities; and resident and family involvement, to promote safety, security, and quality of life for clients and residents. The Board was provided with a package of the ASAL application and requirements at a previous Board meeting.

16. Housing Administration and Policies Committee
    The Policy Committee will meet again soon. The Policy Manual, including policies BP-001 to BP-011 was approved at the September 2026 THC Board meeting.

17. Public consultation processes
    - The Town of Trochu's ratepayers and community met for a Town Hall on June 18, 2026.
    - Community advisory engagement and feedback – the most recent consultation with the Community Advisory Group was held on June 10, 2025, to update the Community on our progress.
    - We have provided four community site tours of the project site; the fifth is on September 21, 2026.
    - Life Lease residents – The Life Lease residents toured the site on October 21, 2026.
    - Trochu Seniors Housing Society (TSHS) – As THC president, I attend monthly meetings to review project updates and to raise funds for furniture and equipment. TSHS is applying for Charitable Registration with the Canada Revenue Agency. A second GALA is planned for November 14, 2026, at the Trochu Community Centre.

18. Borrowing and agreements
    - Town of Trochu borrowing bylaws –THC borrowing from Town – bylaw completed; revised agreement for $22.5 million to be signed soon.
    - Borrowing bylaw and agreement with Kneehill County – received second and third readings for interest rate and other date changes, which were held on April 8, 2025. The agreement between Kneehill County and the Town of Trochu is now updated and signed.

- ATB has approved and signed the $20 million borrowing offer and extended a line of credit to the Town for up to an additional $2.5 million to cover the GST.
- Town of Trochu debt ratios – the Alberta Minister of Municipal Affairs has granted the Town of Trochu borrowing permission under a Ministerial Order.

19. Pending matters:
    - THC Municipal Controlled Corporation (MCC)
    - THC GST Registration as a Municipality

20. Key messages:
    - The project is on schedule and on budget, with construction progressing smoothly.
    - Negotiations with the preferred care and service provider are ongoing, and ALA due diligence is underway.

21. Next meeting
    - Regular Board meeting Monday, January 11, 2027, 4-5 PM (Barry)

Trochu Housing Corporation Project Cash Flow and Budgets
Monday, July 14, 2025

	2024 Draft Budget Planning	2024 Forecast Construction	2025 Estimate Construction	2026 Estimate Construction	2027 Estimate Construction	Total Estimated Project Budget
Purpose/Use of Funds						
Architectural Design Consultant	$1,701,250	$41,015	$134,060	$133,508	$80,215	$2,090,048
Construction Management	$110,000	$131,700	$526,800	$526,800	$131,700	$1,427,000
Project Management	$83,333	$41,667	$166,667	$166,667	$41,666	$500,000
Owner's Representative	$83,333	$41,667	$166,667	$166,667	$41,667	$500,000
Project Planning*	$350,000	$0	$0	$0	$257,953	$607,953
Legal	$15,000	$10,000	$10,000	$10,000	$5,000	$50,000
Accounting	$5,000	$5,000	$5,000	$5,000	$5,000	$25,000
Quantity Surveyor	$0	$15,000	$30,000	$30,000	$25,000	$100,000
Project Site	$0	$1,500,000	$0	$0	$0	$1,500,000
Construction *****	$0	$3,700,000	$14,800,000	$14,800,000	$3,700,000	$37,000,000
Commissioning ******	$0	$0	$0	$0	$0	$0
Interest	$25,000	$0	$225,000	$650,000	$300,000	$1,200,000
~~GST Paid ***~~	~~$150,000~~	~~$200,000~~	~~$850,000~~	~~$850,000~~	~~$200,000~~	~~$2,250,000~~
~~GST Received***~~	~~($150,000)~~	~~($200,000)~~	~~($850,000)~~	~~($850,000)~~	~~($200,000)~~	~~($2,250,000)~~
Total Use of Funds	$2,372,917	$5,486,048	$16,064,193	$16,488,641	$4,588,201	$45,000,000
Cumulative Use of Funding	$2,372,917	$7,858,965	$23,923,158	$40,411,799	$45,000,000	
Source of Funding						
AH - CCCP Capital Grant	$0	$5,750,000	$4,600,000	$0	$1,150,000	$11,500,000
AB Seniors - AAHP Capital Grant	$0	$950,000	$2,850,000	$3,800,000	$1,900,000	$9,500,000
CMHC - Seed and Capital Grant****	$0	$0	$0	$0	$0	$0
Life Lease Deposits	$0	$0	$400,000	$0	$3,600,000	$4,000,000
Donations ******	$0	$0	$0	$0	$0	$0
Borrowing**	$2,372,917	($2,463,952)	$5,319,193	$16,833,641	($2,061,799)	$20,000,000
Total Sources of Funds	$2,372,917	$4,236,048	$13,169,193	$20,633,641	$4,588,201	$45,000,000
Cumulative Source of Funding	$2,372,917	$6,608,965	$19,778,158	$40,411,799	$45,000,000	
Net Funding excess/(shortfall)	$0	$1,250,000	$4,145,000	$0	$0	

* Most of these costs have already been spent up front
** Borrowing guaranteed by Kneehill County up to $20M for up to 5 years and up to $20M Take out guarantee by Covenant.
** Borrowing in 2024 for Planning within Town Debt Ratio; Borrowing in 2025-2027 with permission by Ministerial Order
~~*** GST is considered budget neutral.~~
**** CMHC Funding no longer assumed to be part of project funding.
***** Options include contingency at 5% of construction and Guaranteed Maximum Price (GMP) contract.
****** Commissioning and Fund Raising not included.