

**BANFF HOUSING CORPORATION SHAREHOLDERS  
MEETING AGENDA**

**Banff Town Hall – Council Chamber  
Monday, August 15, 2011 at 4:00 p.m.**

**1.0 CALL TO ORDER**

**2.0 APPROVAL OF AGENDA**

**3.0 ADOPTION OF PREVIOUS MINUTES**

- 3.1 Minutes of the June 13, 2011 Public Hearing for the Banff Housing Corporation Shareholder
- 3.2 Minutes of the June 13, 2011 Special Meeting of the Banff Housing Corporation Shareholder

**4.0 BUSINESS**

- 4.1 Mandate Review – Administration Fee Public Hearing: Response to Shareholder

**5.0 NEW BUSINESS**

**6.0 ADJOURNMENT**

**MINUTES OF THE BANFF HOUSING CORPORATION SHAREHOLDERS  
PUBLIC HEARING – ADMINISTRATIVE FEES  
Town Hall Council Chamber  
Monday, June 13, 2011 at 5:00 p.m.**

**SHAREHOLDERS PRESENT**

Karen Sorensen	Mayor
Leslie Taylor	Councillor
Stavros Karlos	Councillor and Deputy Mayor
Chip Olver	Councillor and Acting Mayor
Paul Baxter	Councillor
Brian Standish	Councillor
Grant Canning	Councillor

**SHAREHOLDERS ABSENT**

N/A

**ADMINISTRATION PRESENT**

Dougal Forteath      Banff Housing Corporation CAO

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**1.0 CALL TO ORDER**

The Mayor called the June 13, 2011 Public Hearing of the Banff Housing Corporation Shareholders to order at 5:00 p.m.

**2.0 APPROVAL OF AGENDA**

2.1. Meeting Agenda

BHCS11-15 Moved by Councillor Canning to approve the agenda of the June 13, 2011 Public Hearing of the Banff Housing Corporation Shareholders as presented.

**CARRIED**

**Note:** Councillor Baxter declared a conflict of interest as he is a Banff Housing Corporation homeowner and the public hearing is specific to a report recommending an increase to the administration fees that Banff Housing Corporation homeowners are charged. Councillor Baxter left the meeting at 5:02 p.m.

**3.0 STAFF REPORT**

Council received an administration report regarding Banff Housing Corporation administrative fees as information.

Councillor Taylor (BHC Board member) provided the audience with some background specific to the administration fee report and noted that the homeowner members of the Board had a conflict and were absent from any discussion pertaining to the report. Councillor Taylor noted that the report that the shareholder is considering is specific to administration fees only (and not user pay functions or a grant from the Town) and that the Board had considered what services would be required if the BHC only needed to manage the existing BHC portfolio. The Board determined the level of position required to provide these services would be a clerical position with financial acumen and the ability to prepare reports, in addition to this the Board felt that there were additional operating costs

(insurance/legal/audit/office supplies/telephone) that would also have to be included. The Board is recommending a fee of \$250 unit per year, phased in over two years, and the Board believes this is a fair assessment of the costs required.

#### 4.0 PUBLIC SUBMISSIONS

##### 4.1. Verbal Submissions

**Debra Hornsby:** Thanked the shareholder for the opportunity to speak and the efforts made by the shareholder since the working group recommendations were presented. The speaker questioned the amount of time required to administer the existing BHC homes as contained in the report and wanted to know how the 60% of the full time salary was established, the speaker also wanted the shareholder to look at this percentage as proposed as she believed the threshold was high.

**Ladd Snowsell:** The speaker noted that he is a member of the BHC Board and had been advised by legal counsel that he had a conflict specific to this issue when the report was drafted by the BHC Board; however he was in attendance today representing himself as a homeowner. The speaker indicated they felt it was reasonable that administration fees be increased and it was likely an error on behalf of the BHC that this was not done earlier. The speaker felt that the logic behind an increase makes sense but also thinks that rather than increasing the fees dramatically they should be adjusted nominally or via a cost of living increase. The speaker requested that an effort be put forth to determine the revenues and expenses that apply to the current BHC properties and more work to this end is required in the context of the entire BHC budget, he also indicated that the BHC should develop a clear definition of how the fees relate to the current homes. The speaker noted that the conclusions of the report may be appropriate but a more in depth process should occur.

**Linda Chisholm:** the speaker noted they had also submitted a written submission. The main issue the speaker has is that they feel clarification is required on the calculation of what services are provided to BHC homeowners, they also wish to know what services are offset by user fees in relation to the BHC's operating costs. The speaker noted that homeowners pay one hundred percent (100%) of the property taxes as opposed to a proportion that relates to their equity percentage in their property, and that an increase to administration fees will cause undue hardship to the homeowners.

**April Wood:** the speaker asked two questions to the shareholder: 1) the administration fees are for administering the existing portfolio however her sublease states that the administration fee is to be applicable to her development so how does the fee that is proposed relate to her development specifically? and; 2) would the shareholder be willing to get a legal opinion that states that administration fees can be spread over the balance of the entire portfolio? The speaker also indicated that they felt 60% of an employee's time would be about 100hrs a month and inquired as to whether a breakdown of the functions provided could be provided and what amount of time the Board spends at Board meetings on BHC homeowner matters.

**Nancy Dadalt:** the speaker indicated that they echoed the comments and questions of Ladd Snowsell and Debra Hornsby and they would like to encourage the shareholder to continue to communicate with the homeowners in this manner.

**Shannon O'Donoghue:** speaker indicated that they echoed the comments and questions of Ladd Snowsell, Debra Hornsby and Nancy Dadalt. The speaker appreciates the attempts to estimate costs however they would like to caution the shareholder that until a full analysis of user fees and whether a grant from the Town is required, it is difficult to assess what the actual costs to the BHC homeowners are. The speaker also thought that any analysis should include a review of whether what services that are currently being provided are still required.

**Kathy McNeil:** speaker indicated that they echoed the comments and questions of Ladd Snowsell and Shannon O'Donoghue and that they are pleased that a public hearing is occurring. The speaker feels that the proposed increase is too rapid although they agree that administration fees have to be increased. The speaker feels the proposed increase represents a twenty percent (20%) jump per annum however an inflationary increase would likely be two to three percent (2-3%) per year so any increase should be gradual.

4.2. Written Submissions

Written submissions were received from the following and are included in the agenda package for this meeting:

1. Linda Chisholm
2. David Shakotko
3. Stephanie Kuxdorf
4. Laverne Anderson
5. Heather Imrie

5.0 Mayor Sorensen thanked those in attendance for their comments and feedback, and also thanked those who had provided written submissions. The Mayor indicated that all information received would be taken into account and brought to the shareholder for consideration at a future meeting whose date has yet to be determined.

6.0 **ADJOURNMENT**

BHCS11-16 Moved by Councillor Standish to adjourn the meeting at 5:30 p.m.

**CARRIED**

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Karen Sorensen  
Mayor

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Dougal Forteach  
Recorder

Minutes approved by: \_\_\_\_\_

**MINUTES OF THE BANFF HOUSING CORPORATION SHAREHOLDERS  
SPECIAL MEETING  
Town Hall Council Chamber  
Monday, June 13, 2011 at 4:30 p.m.**

**SHAREHOLDERS PRESENT**

Karen Sorensen	Mayor
Leslie Taylor	Councillor
Stavros Karlos	Councillor and Deputy Mayor
Chip Olver	Councillor and Acting Mayor
Paul Baxter	Councillor
Brian Standish	Councillor
Grant Canning	Councillor

**SHAREHOLDERS ABSENT**

**ADMINISTRATION PRESENT**

Dougal Forteach	Banff Housing Corporation CAO
Cheryl Hyde	Municipal Clerk (Recording Secretary)

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**1.0 CALL TO ORDER**

The Mayor called the June 13, 2011 Special Meeting of the Banff Housing Corporation Shareholders to order at 4:30 p.m.

**2.0 APPROVAL OF AGENDA**

2.1. Meeting Agenda

BHCS11-11 Moved by Councillor Standish to approve the agenda of the June 13, 2011 Special Meeting of the Banff Housing Corporation Shareholders as presented.

**CARRIED**

**3.0 ADOPTION OF PREVIOUS MINUTES**

BHCS11-12 Moved by Councillor Taylor to adopt the minutes of the May 9, 2011 Annual General Meeting of the Banff Housing Corporation Shareholders as presented.

**CARRIED**

**4.0 REPORTS**

4.1. Banff Housing Corporation Restrictive Covenant

The Shareholder reviewed a draft Restrictive Covenant between the Banff Housing Corporation and the Town of Banff respecting price restriction for Banff Housing Corporation homes. The proposed Restrictive Covenant is included in the agenda package for this meeting.

BHCS11-13 Moved by Councillor Baxter to direct administration to register the Restrictive Covenant submitted at today's meeting against the Banff Housing Corporation head lease titles for properties with remaining equity share.

**CARRIED  
Karlos opposed**

**5.0 ADJOURNMENT**

BHCS11-14 Moved by Councillor Karlos to adjourn the meeting at 4:36 p.m.

**CARRIED**

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Karen Sorensen  
Mayor

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Cheryl Hyde  
Municipal Clerk

Minutes approved by: \_\_\_\_\_

# REQUEST FOR DECISION

**Subject: BHC Mandate Review – Administration Fee public hearing: response to BHC shareholder questions**



Presented to: BHC Shareholder

Date: August 15th 2011

Submitted by: BHC Board

Agenda #: 4.1

**RECOMMENDATION:** The BHC Board recommends that an increase to the annual administration fee be phased in over two years, and that per the administration fee report (May 24<sup>th</sup> 2011) the 2011 administration fee should be \$165 +GST (\$173.25) and the 2012 administration fee should be \$250+GST (\$262.50). The Board further recommends that administration fee invoices be: personalized; due December 31<sup>st</sup> of the year invoiced; and that all late payments (i.e. after December 31<sup>st</sup> of the year invoiced) will be subject to a \$30 administrative penalty plus interest on all outstanding amounts per Article 3c of the sublease agreement.

**ISSUE:** The BHC shareholder (shareholder) held a public hearing June 13<sup>th</sup> 2011 specific to an administration fee report provided to the shareholder from the BHC Board (Board) (May 24<sup>th</sup> 2011 shareholder agenda). The Board's administration fee report recommended that the BHC increase the 2011 administration fee to \$165 +GST (\$173.25) and the 2012 administration fee to \$250+GST (\$262.50).

As a result of the public hearing the BHC shareholder has requested that the Board: 1) provide the shareholder with more specifics on the 60 per cent of the BHC administrator's time to administer the BHC portfolio and: 2) provide a clearer understanding about the resale fees and consent fees and how they relate to the budget for that stated 60 per cent.

## **1) Provide the shareholder with more specifics on the 60 per cent of the BHC administrator's time to administer the BHC portfolio.**

The Board notes that the administration fee report provided to the shareholder estimated that it would take sixty percent (60%) of a hypothetical clerical-level position's time to administer the BHC portfolio. The Board identifies the functions as follows:

### Administration point of contact

- Receive and respond to general messages/inquiries from homeowners;
- Consult with lawyers and respond when/as required;
- Receive and respond to inquiries about BHC and its portfolio;
- Know and interpret sublease/research background information;
- Respond to media inquiries;

The Board estimates that on average it takes 40 hours a month to address the above functions, assuming 2 hour/working day coverage.

Board meetings

- Attend Board meetings;
- Advance and follow up emails with individual Board members;
- Writing Board reports and obtaining background information;
- Preparing Board agendas & posting front page of Agenda to the website;
- Distributing Board packages;
- Preparing Board minutes and posting to the website (and reports if so directed);

The Board estimates that on average it takes 25 hours a month to address the above functions, assuming two board meetings per month.

Finance

- Prepare annual financial plan/budget;
- Financial reconciliation and monitoring;
- Invoicing and deposit of administration fees;
- GST returns(monthly);
- Annual audit - prepare information and administration support;

The Board estimates that on average it takes 120 hours/year (averaging 10 hours a month, although this time is not evenly distributed month-to-month) to address the above functions.

Public notice/Public meeting

- Attend meeting(s) (number will vary but approximately two a year);
- Prepare notification;
- Door to door distribution of notification;
- Prepare newspaper advertisement for meeting(s);
- Prepare agenda for meeting(s);
- Prepare minutes of meeting(s);

The Board estimates that on average it takes 24 hours per year (averaging 2 hours a month, although this time is not evenly distributed month-to-month) to address the above functions.

BHC shareholders meetings

- Attend meeting(s) (number will vary but approximately two a year);
- Prepare agenda(s);
- Prepare minutes;

The Board estimates that on average it takes 12 hours per year (averaging 1 hour a month) to address the above functions.

The above totals are estimates, based on the current staff member's experience in the job, and the Board's familiarity with his activities. The items shown total 78 hours per month, or 53% of the current incumbent's non-vacation working time. The Board felt that it was reasonable to assume that a clerical-level employee with less experience would take somewhat longer to complete the tasks.

**2) Provide a clearer understanding about the re sale fees and consent fees and how they relate to the budget for that stated 60 per cent.**

The Board notes that user fees are for services provided that are outside the scope of administering the BHC portfolio, therefore none of the activities/services related to user fees have been applied to the costs of administering the BHC portfolio. The BHC currently charges the following user fees:

User Fee	Amount
Consent Fees	\$250+GST
RRL Resale Fee	\$2500+GST (\$500+GST non refundable amount due upfront)
RRL Application Fee	\$50 (as of January 1 <sup>st</sup> 2011)

As a function of **BHCS10-21** (see background) the Board will be returning to the shareholder with a report specific to user fees in the fall of 2011.

**CONCLUSION:** The Board estimates that on average it takes seventy eight (78) hours a month or 936 hours a year of the current administrator's time to administer the BHC portfolio. The Board also notes that user fees and the services associated with such have not been applied to determine the number of hours required to administer the BHC portfolio.

The Board concludes that the present level of administration fees (\$80+GST) does not cover the costs to administer the BHC portfolio on an on-going basis and that an increase to administration fees over a two-year period is appropriate. Should the shareholder decide that an increase to administration fees is not appropriate, or that any increase should be spread over a longer window of time, the Board notes that the gap in revenues as a result will need to be covered in a manner that respects the shareholder's motion **BHCS10-21**.

**BACKGROUND:** Per the action plan to the BHC shareholder (January 24<sup>th</sup> 2011) and the BHC's 2011 Business Plan, the Board has committed to returning to the shareholder with a report specific to administration fees by April 30<sup>th</sup> 2011. This report is required as a function of the shareholder motion BHCS10-21 which was a result of the working group's recommendations through the BHC mandate review.

BHC Shareholder motion BHCS10-21

**BHCS10-21** Moved by Mayor Stutz to adopt the following consensus recommendation: Prior to any further consideration of increasing homeowner administration fees, the working group recommends that the Shareholder direct that, based on the forecasted operating costs of the Banff Housing Corporation, effort be made to estimate the relative costs (taking into account the level of various tasks) of providing:

- 1) Administration of existing homes
- 2) User-pay functions, and
- 3) Community housing plans, policies and initiatives

And that

- 1) Homeowner administration fees (with the maximum noted in 3(b) of the sublease)
- 2) User pay fees, and
- 3) A grant from the Town

Be calibrated accordingly. The working group further recommends that any changes to existing fees arising from the calculations go through the public process that we've established, as outlined in the resale process recommendation.

### Resale Process – Public input

Public policy as it affects the re-sale of Banff Housing Corporation properties will be established by the Shareholder through a public process requiring public notification via media, door-drops to all Banff Housing Corporation homeowners and a minimum of at least one public hearing

### Administration Fees

The BHC has a homeownership portfolio of one hundred and eighty three (183) units and each homeowner (sub-lessee) has a leasehold interest in the property through a sublease agreement. The term of the sublease agreement is slightly less than the forty-two (42) year head lease the BHC has with Parks Canada for the same parcel of land.

Article 3b of the Sublease agreement (Attachment 1) indicates that, if required, the BHC can charge an annual administration fee in “an amount determined by the Corporation from time to time”. This fee is not to exceed twenty five cents per square foot of gross floor area, a definition of gross floor area is provided in the same Article. (**Note:** The subleases for the ten (10) Peyto Place units’ state “TWENTY- FIVE (25) cents per square foot of floor area, or \$250, whichever is greater” and a definition of floor area is provided in the same Article).

### Article 3:

### **ARTICLE 3 – CONSIDERATION**

3

- a. The Sub-Lessee shall, in consideration of and for the grant of this Sublease, upon execution of this agreement, pay to the Corporation the Corporation’s total cost of the Lands as specified in **Schedule “B”** hereto, which the Sub-Lessee accepts and agrees to be correct.
- b. If required by the Corporation, the Sub-Lessee shall also pay during the Term of this Sublease to the Corporation, at the office of the Corporation, on or before SEPTEMBER 15<sup>TH</sup> in each and every year of the Term, an Annual Administration Fee being an amount determined by the Corporation from time to time, having reference to the actual costs of administration to this development, not to exceed TWENTY-FIVE (25) CENTS per square foot of gross floor area. Gross floor area mean the total floor area of the building or structure with a clear ceiling height of 1.8 metres or more, contained within the outside of the exterior and basement walls or glazing line of windows, but excluding parking areas located below grade and floor areas devoted exclusively to mechanical or electrical equipment servicing the development.
- c. In the event that the Sub-Lessee fails to make the payment referred to in **Article 3(B)** herein when due, without limiting any remedies the Corporation may have for such default, the Sub-Lessee shall pay interest on such arrears at the rate per annum equal to the Bank of Canada prime rate of interest as announced from time to time, plus ONE (1%) PERCENT from the date any such amount is due until paid.

ATTACHMENT: BHC Board – administration fee report (May 24<sup>th</sup> 2011)

Submitted By:

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Dougal Forteach, CAO-BHC (on behalf of  
BHC Board)

**BANFF  
HOUSING  
CORPORATION**

**Presented to: BHCS  
Date: May 24th 2011  
File: 3.1**

**To: BHC Shareholder (BHCS)  
From: BHC Board  
Date: May 24th 2011  
Re: BHC Administration Fees**

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**NOTE: Given the potential conflict of interest for Homeowner Board Members in discussing admin fees, the Board engaged the Town's legal counsel for an opinion and were advised that as a BHC homeowner they would be considered in conflict with respect to the Board's consideration of BHC administration fees. Based on this, Board members Baxter/Hopkins/Snowsell chose not to attend the March 25<sup>th</sup> meeting with an understanding that the attending Board members would not transact any business other than 'Admin Fees'.**

**ISSUE:** Per the action plan to the BHC shareholder (January 24<sup>th</sup> 2011) and the BHC's 2011 Business Plan, the Board has committed to returning to the shareholder with a report specific to administration fees by April 30<sup>th</sup> 2011. This report is required as a function of the shareholder motion BHCS10-21 which was a result of the working group's recommendations through the BHC mandate review.

**BHC Shareholder motion BHCS10-21**

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Be calibrated accordingly. The working group further recommends that any changes to existing fees arising from the calculations go through the public process that we've established, as outlined in the resale process recommendation.

**Resale Process – Public input**

Public policy as it affects the re-sale of Banff Housing Corporation properties will be established by the Shareholder through a public process requiring public notification via media, door-drops to all Banff Housing Corporation homeowners and a minimum of at least one public hearing

### Administration Fees

The BHC has a homeownership portfolio of one hundred and eighty three (183) units and each homeowner (sub-lessee) has a leasehold interest in the property through a sublease agreement. The term of the sublease agreement is slightly less than the forty- two (42) year head lease the BHC has with Parks Canada for the same parcel of land.

Article 3b of the Sublease agreement (Attachment 1) indicates that, if required, the BHC can charge an annual administration fee in “an amount determined by the Corporation from time to time”. This fee is not to exceed twenty five cents per square foot of gross floor area, a definition of gross floor area is provided in the same Article. (**Note:** The subleases for the ten (10) Peyto Place units’ state “TWENTY- FIVE (25) cents per square foot of floor area, or \$250, whichever is greater” and a definition of floor area is provided in the same Article).

### Article 3:

### **ARTICLE 3 – CONSIDERATION**

3

- a. The Sub-Lessee shall, in consideration of and for the grant of this Sublease, upon execution of this agreement, pay to the Corporation the Corporation’s total cost of the Lands as specified in **Schedule “B”** hereto, which the Sub-Lessee accepts and agrees to be correct.
- b. If required by the Corporation, the Sub-Lessee shall also pay during the Term of this Sublease to the Corporation, at the office of the Corporation, on or before SEPTEMBER 15<sup>TH</sup> in each and every year of the Term, an Annual Administration Fee being an amount determined by the Corporation from time to time, having reference to the actual costs of administration to this development, not to exceed TWENTY-FIVE (25) CENTS per square foot of gross floor area. Gross floor area mean the total floor area of the building or structure with a clear ceiling height of 1.8 metres or more, contained within the outside of the exterior and basement walls or glazing line of windows, but excluding parking areas located below grade and floor areas devoted exclusively to mechanical or electrical equipment servicing the development.
- c. In the event that the Sub-Lessee fails to make the payment referred to in **Article 3(B)** herein when due, without limiting any remedies the Corporation may have for such default, the Sub-Lessee shall pay interest on such arrears at the rate per annum equal to the Bank of Canada prime rate of interest as announced from time to time, plus ONE (1%) PERCENT from the date any such amount is due until paid.

### **These are the functions related to the administration of the existing portfolio**

The functions related to administering the existing BHC portfolio include: point of contact specific to housing related issues for the existing BHC portfolio; address questions/concerns of BHC homeowners vis a vis the sublease agreement ; attend, write reports and provide information for BHC Board meetings (most items related to existing BHC homeownership portfolio); prepare agendas and minutes for Board meetings; advise BHC Board on policies and activities of BHC; develop financial plan for BHC Board approval; financial monitoring and reconciliation of BHC operations; invoicing and deposit of payment for annual administration fees; know and interpret BHC sublease agreements; organize and facilitate public meetings related to the existing portfolio and notifications of such.

**This is the level of position at which those functions could be carried out**

The Board of the BHC believes that an individual who could fill a clerical position with financial acumen and report preparation abilities would be able to complete the functions outlined above. The Board estimates that the full time staffing costs of this position would be \$52,200 (rounded) as follows:

Staffing	Salary	Benefits	Total cost
Full Time Employee (FTE)	\$45,000	\$7,200	\$52,200

**This is the percentage of the full time employee’s (FTE) time at that level required to carry out those functions**

The Board believes that it would take sixty percent (60%) of the FTE’s time to complete the functions associated with the management of the existing BHC portfolio.

**This the total cost**

In addition to the staffing costs other annual on-going costs that the BHC would incur associated with the management of the existing BHC portfolio include: legal; insurance; audit; office supplies/printage/postage; telephone. The Board estimates that, not including an annual increase for inflation, the total cost to administer the existing BHC portfolio is currently \$45,020 (rounded):

Employee costs	Salary	Benefits	Total cost
Full time employee (FTE)	\$45,000	\$7,200	\$52,200
60% of FTE	\$27,000	\$4,320	\$31,320
<b>Operating Costs</b>			
Legal			\$ 5,000
Insurance			\$ 4,000
Audit			\$ 3,000
Office supplies/printing/postage			\$ 1,200
Telephone			\$ 500
<b>Total Costs</b>			<b>\$45,020</b>

**This is the cost per unit**

Given that the BHC currently has 183 units within its homeownership portfolio, the current estimated cost per unit is \$246 (rounded) (\$45,020/183).

**The phase-in recommendation**

The current estimated cost to administer the existing BHC portfolio (2011:\$246/unit) does not account for an annual inflationary increase. For the sake of discussion if the Board were to use the Bank of Canada’s historic target for inflation of two percent (2%) per annum , that would mean that in 2012 the costs of administering the existing BHC portfolio would increase from \$246/unit to \$251/unit (rounded (\$246\*1.02)).

**The phase-in recommendation (continued)**

The BHC Board recommends that an increase to the annual administration fee be phased in over two years, therefore the 2011 administration fee would be \$165 +GST (\$173.25) and the 2012 administration fee would be \$250+GST (\$262.50). The Board further recommends that administration fee invoices be: personalized; due December 31st of the year invoiced; and that all late payments (i.e. after December 31<sup>st</sup> of the year invoiced) will be subject to a \$30 administrative penalty plus interest on all outstanding amounts per Article 3c of the sublease agreement.