

Infrastructure Ontario

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September 29, 2009

VIA COURIER

Stewart Cunningham
LAKEFRONT UTILITIES INC.
207 Division Street,
Cobourg., ON K9A 4L3

Dear Stewart Cunningham,

Please find enclosed a fully executed copy of Financing Agreement #09Lak904709011FA for your files. To enquire about short-term advances or debentures, please feel free to contact Judy Lam at (416) 326-7812 at your convenience.

We thank you for considering the Infrastructure Ontario's Loan Program for your infrastructure project. If you have any questions or concerns, please do not hesitate to call us.

Best Regards,

A handwritten signature in black ink, appearing to read "Steve Rohacek". The signature is fluid and cursive.

Steve Rohacek
Vice President, Business Development
& Customer Relations

Encl.

FINANCING AGREEMENT

THIS AGREEMENT ("the Agreement"), made in duplicate, dated and effective as of the 26th day of August, 2009 ("the Effective Date")

BETWEEN:

**ONTARIO INFRASTRUCTURE PROJECTS
CORPORATION**

(herein after referred to as "OIPC");

and

LAKEFRONT UTILITIES INC.

(an Ontario corporation created under the *Business Corporations Act* (Ontario) herein after referred to as the "Borrower")

WHEREAS:

OIPC has advised the Borrower that its loan application number 9011, (the "Application") has been approved;

OIPC agrees to make financing available to the Borrower up to a maximum aggregate principal amount of \$3,800,000.00 (THREE MILLION EIGHT HUNDRED THOUSAND DOLLARS) (the "Committed Amount") for the projects listed in the Application and more particularly described in Schedule "A" hereto (the "Project"), subject to the terms and conditions set out in this Agreement.

NOW THEREFORE in consideration of the covenants of each of the parties contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the Borrower and OIPC hereby agree as follows:

1. Definitions

In this Agreement:

- (a) "Acquired Assets" means any assets, rights or properties, of any nature or kind, acquired, constructed or improved by the Borrower or any Related Entity after the date of this Agreement and, for greater certainty, shall include any buildings or other fixtures, acquired, constructed or improved by the Borrower after the date of this Agreement.
- (b) "Advance" means a short-term loan made by OIPC to the Borrower in Canadian dollars pursuant to the terms and conditions of this Agreement.
- (c) "Advance Date" has the meaning given to it in paragraph 6(a) hereof.
- (d) "Advance Interest Rate" has the meaning given to it in paragraph 9(a) hereof.

- (e) **"Agreement"** means the agreement constituted by this agreement including all attached schedules and referenced documents including the debenture(s) and the general security agreement and the respective terms and conditions thereunder, as the same may be amended, restated, modified or replaced from time to time. Terms such as "hereof", "herein" and "hereto" refer to this Agreement.
- (f) **"Applicable Law"** means, in respect of any Person, property, transaction or event, all present or future applicable laws, statutes, regulations, treaties, judgments and decrees and all present or future applicable published directives, rules, policy statements, instruments and orders of any Public Authority and all applicable orders and decrees of courts and arbitrators of like application.
- (g) **"Application"** has the meaning given to it in the first recital hereof.
- (h) **"Authorized Officer"** means with respect to the Borrower, the President, or Treasurer or any other officer or Person designated from time to time by a resolution of the Board of Directors of the Borrower.
- (i) **"Business Day"** means a day on which banking institutions in Toronto, Ontario, Canada are not authorized or obligated by law or executive order to be closed, other than Saturday or Sunday.
- (j) **"Capital Lease Obligation"** means, in respect of any Person, the obligation of such Person, as lessee, to pay rent or other payment amounts under a lease of real or personal property which is required to be classified and accounted for as a capital lease or liability of such Person, in accordance with GAAP.
- (k) **"Committed Amount"** has the meaning given to it in the second recital hereof;
- (l) **"Current Ratio"** means current assets divided by current liabilities where current assets shall exclude any loans and/or receivables due from related companies, subsidiaries, officers and employees.
- (m) **"Debt Service Coverage Ratio"** means, in respect of the Borrower, on a consolidated basis, at any time, the amount determined in accordance with the formula: the sum of net profit after taxes (excluding extraordinary items) plus depreciation/amortization, plus the change in deferred taxes and plus the interest divided by the sum of scheduled payments of principal and interest as required on any Indebtedness of the Borrower plus the dividend paid during the fiscal year in question.
- (n) **"Debt to Capital Ratio"** means all interest-bearing liabilities divided by total capital where total capital includes all interest-bearing liabilities and shareholder's equity including common stock, preferred stock and minority interest.
- (o) **"Debentures"** means secured debentures of the Borrower issued from time to time pursuant to the terms and conditions of this Agreement.
- (p) **"Debenture Interest Rate"** has the meaning given to it in paragraph 11(e) hereof.

- (q) **“Debenture Purchase Certificate”** means a certificate substantially in the form as provided by OIPC to the Borrower.
- (r) **“Debenture Purchase Date”** has the meaning given to it in paragraph 10(a) hereof.
- (s) **“Drawdown Certificate”** means a certificate substantially in the form as provided by OIPC to the Borrower.
- (t) **“Eligible Borrower”** means a public body that is eligible to borrow from OIPC pursuant to the *Ontario Infrastructure Projects Corporation Act, 2006* (Ontario).
- (u) **“Equity”** means, on a consolidated basis, the book value, preferred and common shares, contributed surpluses and retained earnings of the Borrower.
- (v) **“Event of Default”** means any of the events described in paragraph 13(c).
- (w) **“Facility Termination Date”** means the earlier of 26th day of August, 2014 and the date on which the obligations of OIPC hereunder have been terminated pursuant to paragraphs 13(b) or 13(c) hereof.
- (x) **“Financial Instrument Obligations”** means all obligations and liabilities of the Borrower or a Related Entity under or in respect of any interest or currency rate swap, forward agreement or other instrument which is a financial derivative.
- (y) **“Fiscal Year”** means the fiscal year of the Borrower ending on December 31st in each calendar year.
- (z) **“GAAP”** means the generally accepted accounting principles stated from time to time in the Handbook of the Canadian Institute of Chartered Accountants.
- (aa) **“Indebtedness”** means, at any time and in respect of any Person, without duplication:
 - (i) all obligations of such Person for money borrowed including:
 - (A) obligations with respect to bankers' acceptances;
 - (B) contingent reimbursement obligations with respect to letters of credit and other financial instruments; and
 - (C) all Purchase Money Obligations which would be indebtedness under GAAP but excluding, for greater certainty, trade indebtedness accounted for as accounts payable, accrued expenses and other similar current liabilities incurred in the ordinary course of operations determined in accordance with GAAP;
 - (ii) any Capital Lease Obligation of such Person; and

- (iii) all undertakings of such Person in respect of obligations of any Person of the type described in (i) which such Person has guaranteed, directly or indirectly, or the holder of which such Person has otherwise assured against loss thereon.
- (bb) “**Interest Period**” for an Advance means: (i) initially, the period from and including the date of the Advance to but excluding the next following Reset Date; and (ii) subsequently, each period from and including a Reset Date to but excluding the next following Reset Date.
- (cc) “**Issue Date**” for a Debenture means the date on which the Debenture is issued.
- (dd) “**Lien**” means any mortgage, hypothec, lien, pledge, assignment, charge, security interest, title retention agreement intended as security, or other similar encumbrance and any other arrangement which has the effect of granting security.
- (ee) “**Limited Recourse Debt**” means Indebtedness, under which recourse in respect of a default in the repayment of such Indebtedness is limited to the asset or assets acquired with such Indebtedness by the Borrower or any Related Entity.
- (ff) “**Material Related Entity**” means, at any relevant time, any Related Entity, the book value of whose assets, rights and properties constitutes in excess of 10% of the book value of the assets, rights and properties of the Borrower and all its Related Entities, considered as a whole.
- (gg) “**Maturity Date**” has the meaning given to it in paragraph 11(a) hereof.
- (hh) “**Obligations**” means the amount of all Advances provided to the Borrower pursuant to this Agreement and any unpaid interest thereon.
- (ii) “**Officer's Certificate**” means a certificate of the Borrower that has been signed by an Authorized Officer.
- (jj) “**Operating Line of Credit**” means a credit facility funding the day-to-day operating requirements of the Borrower and does not include use for long-term capital investments.
- (kk) “**Permitted Liens**” means and refers to:
 - (i) Liens to which any Acquired Assets are subject at the time such Acquired Assets are acquired by the Borrower or any Related Entity provided that such Lien is limited to the Acquired Assets and such Lien has not been created or incurred in anticipation of such acquisition;
 - (ii) any Lien on or against cash or marketable debt securities to secure Financial Instrument Obligations incurred by the Borrower or any Related Entity in the course of its operations and not for speculative purposes;
 - (iii) any Lien in respect of a Purchase Money Obligation, Capital Lease Obligation or Limited Recourse Debt incurred in connection with or

within 180 days of the acquisition, construction or improvement of any Acquired Assets and which secures the purchase price of such asset or the cost of acquiring, constructing or improving such asset provided that the amount secured by such Lien does not exceed the purchase price or cost of acquiring, constructing or improving such asset (including any applicable interest and/or lease payments to be paid);

- (iv) any Liens to which assets acquired or which are deemed to have been acquired by the Borrower or any Related Entity pursuant to a merger or other combination with any other entity are subject at the time of such merger or other combination;
- (v) Liens for Taxes, utility charges, levies, assessments or governmental charges:
 - (A) not at such time past due; or
 - (B) the validity of which are being contested in good faith and by appropriate proceedings;
- (vi) the Lien of any judgment rendered, or claim filed, which is being contested in good faith and by appropriate proceedings;
- (vii) undetermined or inchoate Liens and charges incidental to, purchases of goods, construction, maintenance or current operations which have not at such time been filed or registered pursuant to law, which relate to obligations which are at such time not past due or which, if filed or registered, are being contested in good faith and by appropriate proceedings;
- (viii) easements, rights-of-way, servitudes or other similar rights in property (including rights-of-way and servitudes for railways, sewers, drains, gas and oil pipe lines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other Persons;
- (ix) security given to a public utility or any municipality or governmental or other public authority when and to the extent required by such utility or municipality or other authority in the ordinary course of operations of the Borrower or any Related Entity and not in connection with the borrowing of money or obtaining of credit by the Borrower or any Related Entity;
- (x) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, license, franchise, grant or permit, or by any statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or other periodic payments as a condition of the continuance thereof;
- (xi) the reservation in any original grant from the Crown of any land or interests therein and statutory exceptions to title;

- (xii) Liens created or assumed by the Borrower or any Related Entity if an Authorized Officer has certified to OIPC that such Liens secure amounts which are not material having regard to the then current market value of the assets, rights and properties of the Borrower and its Related Entities, considered as a whole;
 - (xiii) any renewal, replacement or temporal extension (or successive renewals, replacements or extensions) in whole or in part of any Permitted Lien so long as the principal amount secured by such Permitted Lien does not exceed the principal amount secured by the Permitted Lien immediately prior to such extension;
 - (xiv) any and all Liens, whether direct or indirect, contingent or otherwise, to which any of the assets, rights and properties of the Borrower and its Related Entities are subject on the date of this Agreement;
 - (xv) Liens or any rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;
 - (xvi) an Operating Line of Credit with the Toronto Dominion Bank in the amount of \$500,000.00 which is secured by a general security agreement registered under the *Personal Property Security Act (Ontario)*; and
 - (xvii) a promissory note with the Town of Cobourg in the amount of \$7,000,000.00.
- (ll) “**Person**” includes an individual, firm, partnership, trust, trustee, executor, administrator, legal personal representative, government, governmental body or authority, corporation or other incorporated or unincorporated entity.
- (mm) “**Prime Rate**” means, on any day, the annual rate of interest which is the arithmetic mean of the prime rates announced from time to time by the Reference Banks as their reference rates in effect on such day for Canadian dollar commercial loans made in Canada. If fewer than five of the Reference Banks quote a prime rate on such days, the “**Prime Rate**” shall be the arithmetic mean of the rates quoted by the remaining Reference Banks.
- (nn) “**Principal Amount**” of an interest-bearing Debenture means the amount stated to be payable at maturity, exclusive of any interest.
- (oo) “**Project**” has the meaning given to it in the second recital hereof.
- (pp) “**Public Authority**” means any governmental, regional, municipal or local body having authority over either of the parties.
- (qq) “**Purchase Money Obligation**” means any unpaid part of, or indebtedness incurred or assumed for the purpose of acquiring, a particular asset, right or property, the repayment of which is secured by recourse against such asset, right or property.

- (rr) **"Reference Banks"** means, collectively, The Toronto-Dominion Bank, Bank of Nova Scotia, Bank of Montreal, Royal Bank of Canada and Canadian Imperial Bank of Commerce.
- (ss) **"Related Entity"** means any company, corporation, partnership or other entity which is controlled by the Borrower either through the ownership of voting securities, by contract or otherwise.
- (tt) **"Reset Date"** has the meaning given to it in paragraph 9(a) hereof.
- (uu) **"Successor Entity"** has the meaning given to it in paragraph 14 hereof.
- (vv) **"Taxes"** means any present or future income, excise, stamp, capital, goods and services, property or other taxes, levies or withholding imposed by any taxing authority.

2. Representations and Warranties

The Borrower represents and warrants to OIPC that:

- (a) the information contained in the Application, to the extent that it relates to the Borrower or the Project, is true and correct in all material respects as of the date of this Agreement;
- (b) the Borrower has been duly incorporated pursuant to Section 142 of the *Electricity Act, 1998* (Ontario) as amended, all of the shares of the Borrower are held by one or more municipal corporations and the Borrower is in the business of generating, transmitting, distributing, or retailing electricity and has the corporate power and capacity to:
 - (i) own, lease and operate its properties and assets and to carry on its activities as a generator, transmitter, distributor or retailer of electricity;
 - (ii) to borrow money;
 - (iii) to enter into and complete the Project; and
 - (iv) to execute and deliver this Agreement and to perform its obligations hereunder;
- (c) the Borrower has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement;
- (d) the Agreement has been duly authorized, executed and delivered by the Borrower and constitutes a valid and legally binding obligation, enforceable against the Borrower in accordance with its respective terms, subject to applicable bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally;

- (e) the execution and delivery by the Borrower of this Agreement and the performance by the Borrower of its obligations hereunder do not violate, result in a breach of, or constitute a default under:
 - (i) any of the terms, conditions or provisions of its constating documents or by-laws of the Borrower;
 - (ii) any resolution of the board of directors or any financial plan, budget, borrowing strategy or investment strategy of the Borrower; or
 - (iii) any statute, regulation or other law applicable to the Borrower;
- (f) the Borrower is not currently in default under any Indebtedness and undertakes to immediately inform OIPC if it is in default under any Indebtedness at any time; and
- (g) subject only to minor title defects not individually or in the aggregate material nor materially and adversely affecting the use thereof and subject to any security granted to OIPC pursuant to the provisions hereof, the Borrower has good and marketable title to its real and personal properties.

The representations and warranties set out in this paragraph 2 shall survive the execution and delivery of this Agreement and the making of any Advances to the Borrower, notwithstanding any investigations or examinations which may be made by OIPC or any counsel to it.

3. Covenants

The Borrower covenants and agrees with OIPC that, unless OIPC otherwise consents in writing, so long as any Advance is outstanding:

- (a) the proceeds of all Advances provided by OIPC to the Borrower shall be applied only to capital expenditures in respect of hard and soft capital costs actually incurred or to be incurred by the Borrower, if such costs and expenditures are directly related to the Project and not for any other purpose;
- (b) the proceeds of each Debenture shall be applied only to either:
 - (i) repayment of Advances, as more particularly set out in paragraph 11 below; or
 - (ii) capital expenditures in respect of hard and soft capital costs actually incurred or to be incurred if OIPC in its sole discretion has agreed to purchase a Debenture prior to making any Advance or prior to the expenditure of all or any portion of the Committed Amount on the Project, by the Borrower, if such costs and expenditures are directly related to the Project in respect of which the Debenture is being issued; or
 - (iii) legal costs and expenses directly related to the issue of such Debenture;

and not for any other purpose;

- (c) the Borrower shall duly and punctually pay or cause to be paid when due and payable the principal of and interest on all Advances and all other amounts owing in respect of all Advances, in conformity with the terms of this Agreement, and it shall faithfully observe and perform all the conditions, covenants and requirements of this Agreement;
- (d) the Borrower will not, nor will it permit any Material Related Entity to, create, assume or suffer to exist any Lien upon the whole or any part of its assets, rights or properties (both real and personal, including licences, franchises, permits and leasehold interests) whether now owned or hereafter acquired if such Lien secures Indebtedness and is a Lien for the benefit of any Person other than OIPC unless such Lien is a Permitted Lien;
- (e) the Borrower will not, nor will it permit any Material Related Entity to, sell, assign or otherwise dispose of any of its assets, rights and properties whether in a single transaction or a series of transactions, other than to the Borrower, unless:
 - (i) such sale, assignment or other disposition is not material having regard to the assets, rights and properties of the Borrower and the Material Related Entities, taken as a whole or effected in the ordinary course of operations of the Borrower or the Material Related Entities, as applicable;
 - (ii) the Borrower, concurrent with the completion of such sale, assignment or other disposition, provides OIPC with a certificate of an Authorized Officer to the effect that such Authorized Officer has no reason to believe that, after giving effect to such sale, assignment or other disposition, the Borrower will not be able to meet all of its financial obligations in accordance with their terms; including its obligation to pay principal and interest on the Advances; or
 - (iii) in the case of a disposition of all or substantially all of its assets, the Borrower complies with paragraph 14 of this Agreement;
- (f) the Borrower shall as soon as practicable following the approval thereof by the Borrower and, in any event, within 120 days after the end of each Fiscal Year of the Borrower, furnish OIPC with such number of copies as OIPC may reasonably request of an annual balance sheet, statement of revenue and expense, statement of changes in net assets, statement of cash flows, prepared in accordance with GAAP as applied to the presentation of financial information of the Borrower and reported on by an independent accountant and independent auditor; the Borrower shall furnish OIPC at the same time with a separate note with a detailed calculation of financial ratios as required under this Agreement;
- (g) the Borrower shall furnish OIPC as soon as practicable with any other financial reporting information that OIPC may require at its discretion and at any time prepared in accordance with GAAP.

- (h) the Borrower will at all times maintain its existence as a body corporate with all necessary approvals to carry on its operations as a municipal corporation that generates, transmits, distributes, or retails electricity under Applicable Law and conduct its operations in a proper and efficient manner, and will keep or cause to be kept proper books of account and will take all necessary steps to ensure that its Material Related Entities conduct their operations in a proper and efficient manner and keep or cause to be kept proper books of account;
- (i) the Borrower shall maintain in force with reputable insurers insurance with respect to losses of or damage to its assets from such risks, casualties and contingencies and of such types and in such amounts and subject to such deductible amounts as are customary in the case of prudent persons of established reputation engaged in the same or similar businesses with similar assets, and any other form(s) of appropriate insurance that a prudent person in the business of operating a municipal corporation for the purposes of generating, transmitting, distributing or retailing electricity under Applicable Law would maintain. The Borrower's insurance carriers and policy provisions must be acceptable to OIPC and must remain in effect for the duration of this Agreement. OIPC shall be named as an additional insured on all such insurance policies. The Borrower shall submit certificates of insurance as evidence of the above required insurance to OIPC prior to any Advances pursuant to this Agreement. Subsequent to Project completion, the Borrower shall maintain adequate liability, machinery replacement insurance naming OIPC as an additional insured on said insurance policies;
- (j) the Borrower shall execute and deliver the general security agreement in the form provided and attached as Schedule "E" to this Agreement in order to give OIPC a second-ranking security interest behind the Toronto Dominion Bank in the present assets of the Borrower as well as those assets acquired subsequent to the effective date of this Agreement;
- (k) since the date of incorporation of the Borrower, there has been no development materially adversely affecting the business or financial condition or position of the Borrower or its ability to carry on business as presently conducted or as contemplated hereunder to be conducted;
- (l) the Borrower shall submit project management reports to OIPC for the Project (the "Reports") pursuant to the attached Schedule "D" to this Agreement; such Reports to be completed to the satisfaction of OIPC;
- (m) the Borrower shall not issue any preferred shares without first seeking the written approval of OIPC;
- (n) the Borrower shall notify OIPC in writing prior to any new debt issuance and shall seek the written approval of OIPC where: (1) the Debt Service Coverage Ratio subsequent to any new debt issue would fall below 1.30 to 1 at any time, (2) the Current Ratio would fall below 1.1 to 1 at any time, and (3) the Debt to Capital Ratio exceeds 75% at any time, otherwise these ratios will be tested and calculated as of the end of each Fiscal Year as applicable; and

- (o) the Borrower shall notify OIPC as soon as practicable after becoming aware of the occurrence of any Event of Default or of the occurrence of any event or circumstance which, after notice or lapse of time, would become an Event of Default.

For greater certainty, OIPC is not responsible for ensuring that the proceeds of Advances and Debentures provided to the Borrower are in fact used in the manner specified in paragraphs 3(a) and 3(b) above.

4. Project Expenditure Requirements

The Borrower shall not request an Advance in respect of the Project hereunder unless expenditures in an amount no less than the amount of the Advance to be allocated to the Project have actually been incurred by the Borrower prior to the date of such request subject to the right of OIPC to waive this requirement at its sole discretion.

5. Evidence of Advances

OIPC shall open and maintain in accordance with its usual practice books of account evidencing all Advances and all other amounts owing by the Borrower to OIPC. OIPC shall enter in the foregoing accounts details of each Advance and of all amounts from time to time owing or paid by the Borrower to OIPC hereunder, the amounts of principal, interest and fees payable from time to time hereunder. The information entered in the foregoing accounts shall constitute, in the absence of manifest error, *prima facie* evidence of the obligations of the Borrower to OIPC hereunder, the date OIPC made each Advance available to the Borrower and the amounts the Borrower has paid from time to time on account of the principal of, interest on and fees related to the Advances.

6. Procedure for Obtaining Advances

(a) The Borrower may request an Advance to be made on either the 1st or the 15th day of any calendar month or the first Business Day following such date if such date is not a Business Day (either of which is defined as the "Advance Date") by delivering to OIPC at the address shown on Schedule "B" hereto no later than five (5) Business Days prior to the Advance Date on which the Advance is required, by courier or fax, an irrevocable Drawdown Certificate.

(b) The principal amount of all Advances will be tendered to the Borrower by electronic transfer of funds to an account of the Borrower maintained with a deposit-taking institution, such account to be designated by notice in writing to OIPC by the execution and delivery of the attached Schedule "C" to this Agreement and the Borrower undertakes to notify OIPC immediately in writing of any changes in its designated account for the purposes of such deposit.

7. Conditions Precedent to Advances

OIPC shall not make any Advance until each of the following conditions precedent has been satisfied:

- (a) OIPC shall have received a Drawdown Certificate in respect of the Advance requested;

- (b) at OIPC's discretion, if any issues that were raised in any audit conducted under paragraph 18(a) have been resolved to OIPC's satisfaction and/or OIPC has neither required an audit under paragraph 18(a) nor is such an audit ongoing;
- (c) the amount of the requested Advance when added to the aggregate amount of Advances then outstanding in respect of the Project does not exceed the Committed Amount for the Project;
- (d) the representations and warranties of the Borrower set out in paragraph 2 hereof shall be true and correct as at the date of the Advance, as evidenced by a Drawdown Certificate;
- (e) the Borrower shall not be in material default of any of its obligations under this Agreement as at the date of the Advance, as evidenced by a Drawdown Certificate;
- (f) no Event of Default shall have occurred and be continuing;
- (g) expenditures on the Project shall have been incurred subject to paragraph 4, as evidenced by a Drawdown Certificate;
- (h) a legal opinion from the Borrower's external legal counsel addressed to OIPC and in the form and substance satisfactory to OIPC shall have been delivered to OIPC on or prior to the first Advance made by OIPC;
- (i) at OIPC's discretion, the requested Advance when added to the aggregate amount of all Advances then outstanding does not exceed the Advance requests as noted in Schedule "A" hereto;
- (j) OIPC shall have received evidence in the form of valid certificates of insurance from the Borrower that OIPC has been named as an additional insured on all insurance policies in association with the construction of the Project by the entity that is responsible for the development of the Project and that has been retained by the Borrower;
- (k) OIPC shall have either been named as a dual obligee on any surety bonds (e.g., performance and labour and materials bond) issued to the Borrower by the surety or the Borrower shall have ensured that a dual obligee rider (naming OIPC as a obligee) has been inserted into any surety bond issued to the Borrower by the surety; and
- (l) the Borrower shall have provided OIPC with copies of any powers of attorney which accompany any surety bonds issued to it as evidence of authorization from the surety company.

8. Conditions Precedent to Debenture Purchases

OIPC shall not purchase any Debenture until each of the following conditions precedent, has been satisfied, subject also to paragraphs 10 and 11:

- (a) OIPC shall have received a Debenture Purchase Certificate;
- (b) the amount from the proceeds of the Debenture purchase when added to the aggregate amount of Debentures then outstanding in respect of the Project does not exceed the Committed Amount;
- (c) the representations and warranties of the Borrower set out in paragraph 2 hereof shall be true and correct as at the date of the Debenture purchase, as evidenced by a Debenture Purchase Certificate;
- (d) the Borrower shall not be in material default of any of its obligations under this Agreement as at the date of the Debenture purchase, as evidenced by a Debenture Purchase Certificate;
- (e) at OIPC's discretion, if any issues that were raised in any audit conducted under paragraph 18(a) have been resolved to OIPC's satisfaction and/or OIPC has neither required an audit under paragraph 18(a) nor is such an audit ongoing;
- (f) no Event of Default shall have occurred and be continuing;
- (g) a legal opinion from the Borrower's external legal counsel addressed to OIPC and in the form and substance satisfactory to OIPC shall have been delivered to OIPC;
- (h) expenditures on the Project shall have been incurred or will be incurred if OIPC in its sole discretion has agreed to purchase a Debenture prior to making any Advance or prior to the expenditure of all or any portion of the Committed Amount on the Project, as evidenced by a Debenture Purchase Certificate;
- (i) OIPC shall have received evidence in the form of valid certificates of insurance from the Borrower that OIPC has been added as a named insured on all insurance policies in association with the construction of the Project by the entity that is responsible for the development of the Project and that has been retained by the Borrower;
- (j) OIPC shall have either been named as a dual obligee on any surety bonds (e.g., performance and labour and materials bond) issued to the Borrower by the surety or the Borrower shall have ensured that a dual obligee rider (naming OIPC as a obligee) has been inserted into any surety bond issued to the Borrower by the surety; and
- (k) the Borrower shall have provided OIPC with copies of any powers of attorney which accompany any surety bonds issued to it as evidence of authorization from the surety company.

9. Interest on Advances

(a) Each Advance shall bear interest at a floating rate per annum as determined by OIPC based on OIPC's cost of funds plus OIPC's prevailing spread assigned to the borrower sector for program delivery costs and risks (the "Advance Interest Rate"). The Advance Interest Rate for an Advance for the initial Interest Period shall be set by OIPC based on OIPC's cost of

funds plus OIPC's prevailing spread assigned to the borrower sector for program delivery costs and risks and will be effective on the date of the Advance. The Advance Interest Rate for each subsequent Interest Period shall be reset on the first Business Day of each calendar month (each such Business Day, a "Reset Date") for the following Interest Period as set by OIPC at its discretion and will be effective on the Reset Date, which Advance Interest Rate as so reset shall apply to the Advance for such Interest Period until reset again.

(b) Interest accrued during an Interest Period on the principal balance of an Advance outstanding during such Interest Period shall be payable in arrears on the first Business Day of the calendar month following the Interest Period in an amount equal to the product of the Advance Interest Rate in effect during such Interest Period and the principal balance of the Advance outstanding as at the Reset Date for such Interest Period, or in the case of an initial Interest Period the principal balance outstanding on the date of the Advance, multiplied by a fraction, the numerator of which is the number of days in the Interest Period and the denominator of which is 365.

(c) Payments of interest due by the Borrower for any Advance, and any other payments due under this Agreement, shall be made by pre-authorized debit from an account of the Borrower maintained with a deposit-taking institution, such account to be designated by notice in writing to OIPC by the execution and delivery of the attached Schedule "C" to this Agreement which Schedule forms part of this Agreement, together with such other authorizations, voided cheques and other documentation as the deposit-taking institution and the rules of the Canadian Payments Association may require for such pre-authorized debit, and the Borrower undertakes to notify OIPC immediately in writing of any changes in its designated account for the purposes of pre-authorized debits.

(d) The Borrower shall pay interest to OIPC on any overdue amount of principal or interest in respect of any Advance, both before and after demand, default, maturity and judgment, at a rate per annum equal to the Prime Rate plus 200 basis points, calculated on a daily basis from the date such amount becomes overdue for so long as such amount remains overdue, and the Borrower shall pay to OIPC any and all costs and losses incurred by OIPC as a result of the payment having been overdue.

(e) For purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable in respect of the principal amount of any Advance for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

10. Purchase of Debentures

(a) Provided that the Borrower is not in default under this Agreement, that all of the conditions precedent listed in paragraph 8 have been satisfied and that none of the events specified in paragraph 13(c) shall have occurred and be continuing, and upon satisfaction of such other usual and customary conditions precedent as OIPC and its legal counsel may reasonably require, and subject to paragraph 11 hereof, OIPC agrees to purchase Debentures from the Borrower on the 1st or 15th of the calendar month next following the debenture purchase date(s)

as noted on the attached Schedule "A" and as determined in the sole discretion of OIPC ("Debenture Purchase Date") and/or at a time or times to be determined at the sole discretion of OIPC, on or prior to the Facility Termination Date in an aggregate Principal Amount not to exceed the Committed Amount and subject to the detailed Debenture purchase process to be provided to the Borrower.

(b) The purchase price for any Debenture issued in accordance with paragraph 10(a) shall be satisfied by virtue of and to the extent of the satisfaction of the Obligations effected by such issuance pursuant to paragraph 11(d). Satisfaction of such purchase price by such means shall be deemed to be equivalent for all purposes, to the receipt by the Borrower from OIPC of a sum of money equal to the amount of the Obligations so satisfied. If such purchase price exceeds the amount of the Obligations so satisfied, OIPC shall pay such excess to the Borrower in immediately available funds upon the issue of the Debentures.

(c) If OIPC agrees to purchase a Debenture(s) from the Borrower prior to making any Advance or prior to the expenditure of all or any portion of the Committed Amount on the Project, the Borrower agrees that it will submit an annual report to OIPC, in the form to be provided by OIPC, verifying that all proceeds of such Debenture(s) have been used exclusively for the financing of the Project during the relevant period. The first such report shall be due on the first anniversary of the purchase of the Debenture(s) by OIPC and subsequent reports shall be due annually thereafter on subsequent anniversaries until such time as all the proceeds of such Debenture(s) have been expended.

(d) The purchase price for Debentures, in excess of the principal amount of any outstanding Obligations, will be tendered to the Borrower by electronic transfer of funds to an account of the Borrower maintained with a deposit-taking institution, such account to be designated by notice in writing to OIPC by the execution and delivery of the attached Schedule "C" to this Agreement and the Borrower undertakes to notify OIPC immediately in writing of any changes in its designated account for the purposes of such deposit.

11. Issue of Debentures and Repayment of Advances

(a) Each Advance shall be due and payable in full on the earlier of the Facility Termination Date or the Debenture Purchase Date for the Project for which the Advance was made (the "Maturity Date"), subject to OIPC's right to extend the Maturity Date in its sole discretion. The Borrower shall repay the Advance on the Maturity Date by:

- (i) paying an amount equal to the Advance to OIPC in immediately available funds;
- (ii) converting the Advance into long term financing by issuing to OIPC one or more Debentures in a principal amount at least equal to the Advance to be repaid; or
- (iii) any combination of (i) and (ii).

(b) The Borrower shall notify OIPC at least sixty (60) days in advance of the Debenture Purchase Date as noted on Schedule "A" hereto if the Debenture(s) will not be offered for purchase on such date and the Borrower shall propose another Debenture Purchase Date

subject to OIPC's rights under paragraph 10(a) and subject to OIPC's right to reject the new Debenture Purchase Date.

(c) An Advance may be repaid at any time prior to its Maturity Date at the discretion of OIPC and subject to such terms and conditions as may be imposed at OIPC's discretion. The principal amount of any such repaid Advance cannot be subsequently borrowed by the Borrower.

(d) The issuance of Debentures shall satisfy the Obligations then outstanding to the extent of the aggregate Principal Amount of such issuance with the exception that any amount owing for interest on the Obligations on the Issue Date will be payable on the next following Reset Date and will not be added to the aggregate Principal Amount of such issuance. If such aggregate Principal Amount is less than the total amount of the Obligations, then the principal owing on the balance of the Obligations shall be repaid on the Issue Date to the extent of such aggregate Principal Amount and the interest owing on such balance on the Issue Date will be payable on the next following Reset Date, subject to the right of OIPC to permit the Borrower to satisfy the said balance of the Obligations at a later date.

(e) The interest rate for each Debenture (the "Debenture Interest Rate") shall be fixed by OIPC based on OIPC's cost of funds plus OIPC's prevailing spread assigned to the borrower sector for program delivery costs and risks. A rate confirmation letter will be sent to the Borrower by OIPC confirming the interest rate to be offered for the Debenture and the Borrower's acceptance of such rate shall be conclusive proof of acceptance of the rate offered.

(f) Payments of principal and interest due on each Debenture, and any other payments due under this Agreement, shall be made by pre-authorized debit from an account of the Borrower maintained with a deposit-taking institution, such account to be designated by notice in writing to OIPC by the execution and delivery of the attached Schedule "C" to this Agreement, together with such other authorizations, voided cheques and other documentation as the deposit-taking institution and the rules of the Canadian Payments Association may require for such pre-authorized debit, and the Borrower undertakes to notify OIPC immediately in writing of any changes in its designated account for the purposes of pre-authorized debits.

12. Security and Standby Fees

(a) As continuing collateral security for the payment by the Borrower to OIPC under the terms of this Agreement and for performance by the Borrower of its obligations hereunder, the Borrower acknowledges and agrees that OIPC is to have the benefit of the general security agreement as more particularly described in Schedule "E" hereto.

(b) The Borrower shall pay OIPC a standby fee (the "Standby Fee") calculated at the rate of 25 basis points (0.25% per annum) on the unadvanced balance of the Committed Amount should the Borrower fail to draw any funds pursuant to this Agreement from OIPC during any period of twelve (12) consecutive months commencing initially from the Effective Date of this Agreement and subsequently from the date of the draw of any such funds until the earlier of the Facility Termination Date or the full advance of the Committed Amount. The Standby Fee shall be calculated daily on the basis of a calendar year of 365 or 366 days, as the case may be, and shall be due and payable by the Borrower monthly in arrears on the last Business Day of each month in accordance with the pre-authorized debit procedure outlined in paragraphs 9(c) and 11(f) above.

13. Term, Termination and Default

(a) This Agreement shall terminate ten (10) Business Days following the date on which the last Obligations outstanding hereunder are paid in full or following the last payment made by the Borrower to OIPC as specified on the Debenture(s) and or general security agreement pursuant to this Agreement unless earlier terminated in accordance with paragraphs (b) or (c) below.

(b) OIPC may terminate its obligations under this Agreement on thirty (30) days prior notice in writing to the Borrower if in the reasonable opinion of OIPC the Borrower is in material default under this Agreement, other than for any cause enumerated in (c) below or if OIPC rejects a new Debenture Purchase Date pursuant to section 11(b).

(c) OIPC may terminate any or all of its obligations under this Agreement immediately, subject to paragraph (d) below,

(i) if the Borrower:

- (A) fails to make one or more payments of principal or interest in respect of any Advance or Debenture within five (5) Business Days after the same becomes due and payable;
- (B) reaches or exceeds any updated debt and financial obligation limit imposed by its by-laws or any resolution of the Board of Directors of the Borrower;
- (C) has failed to pay principal of or interest on any Indebtedness other than the Advances or Debentures issued under this Agreement when due and such default continues for five (5) Business Days;
- (D) has failed to meet and pay any of its liabilities and obligations other than Indebtedness when due and default in payment is occasioned from financial difficulties affecting the Borrower;
- (E) has or may become involved in financial difficulties such that default or unusual difficulty in meeting debts or obligations or in providing adequate funds to meet current expenditures may ensue;
- (F) uses any Advance or the proceeds of any Debenture financing provided by OIPC for any purpose other than financing the Project;
- (G) takes any action to authorize the termination of the existence of the Borrower or a resolution is passed authorizing the termination of the existence of the Borrower, unless such action or resolution is being pursued by the Borrower on the basis that it has made provision for payment of all of its Indebtedness including all of the Advances and Debentures issued under this Agreement, that no court proceedings are pending against it and that it has obtained the approval of its creditors to a plan for the rateable distribution of all of its property; or

- (H) is subject to any proceeding whereby such proceeding shall be instituted against the Borrower or applying to a substantial part of its property or assets seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, dissolution, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of it or any substantial part of its property or debt under any law relating to bankruptcy, insolvency or reorganization or relief of debts, or seeking an order for relief or the appointment of a receiver, trustee or other similar official for it or for any substantial part of its property and such proceeding shall have continued undismissed or unstayed for sixty (60) days, or a creditor or creditors of the Borrower shall privately appoint a receiver, trustee or similar official for any substantial part of the property of the Borrower and, if the Borrower shall be contesting such appointment in good faith, such appointment shall continue for ninety (90) days; or any such action or proceeding shall have been consented to or not expeditiously opposed by the Borrower;
- (ii) if the Borrower shall fail to observe or perform any covenant or condition contained herein and the Borrower shall not make good such default within a period of thirty (30) days after written notice has been given to the Borrower by OIPC;
 - (iii) if the representations and warranties made by the Borrower in this Agreement and/or the Application, or in any certificate or other document delivered hereunder shall be incorrect in any material respect when made and, if such incorrect representation or warranty is curable, the Borrower shall fail to make good such default within a period of thirty (30) days after notice in writing has been given to the Borrower by OIPC;
 - (iv) if issues raised in an audit required under paragraph 18(a) have not been resolved to OIPC's satisfaction within a reasonable time after the Borrower has been notified of such issues;
 - (v) if the report of the auditors on any annual financial statements delivered pursuant to paragraph 3(f) or any other financial information requested by OIPC delivered pursuant to paragraph 3(g) hereof shall be qualified in any way which OIPC acting reasonably deems to be materially adverse or if the Borrower should fail to supply any documents requested pursuant to paragraphs 3(f) and (g);
 - (vi) if any final judgment is obtained against the Borrower for an amount in excess of \$100,000 and, within 10 days of the obtaining thereof, such judgment has not been discharged or execution thereunder stayed; or
 - (vii) if at any time any licence or approvals required by the Borrower by any Applicable Law or Public Authority to carry on the business of a municipal corporation for the purposes of generating, transmitting,

distributing or retailing electricity has been assigned, cancelled or suspended;

- (viii) if the Borrower shall fail to have obtained the consent required under paragraph 14(i);
- (ix) if the Borrower shall enter into any Indebtedness which is senior to any Indebtedness to OIPC, other than pursuant to this Agreement, subsequent to the date of this Agreement without the prior written consent of OIPC;
- (x) if the shares of the Borrower are no longer held exclusively by one or more municipal corporations as further described in paragraph 2(b) above; or
- (xi) if the Borrower fails to comply with any financial or project management requirement described herein.

(d) If OIPC elects to terminate its obligations under this Agreement pursuant to paragraph 13(c) hereof, it shall give notice in writing of such termination to the Borrower, specifying the reason for such termination. Upon delivery of such notice OIPC shall have no further obligation to make any Advances or to purchase any Debentures hereunder. In such notice OIPC may also declare all Obligations and Debentures outstanding hereunder to be immediately due and payable, whereupon such Obligations and Debentures shall become immediately due and payable pursuant to paragraph 11(f) in addition to any other rights or remedies that OIPC may have at law or in equity to enforce such Obligations and Debentures.

(e) No delay on the part of OIPC in exercising any remedy and no waiver by OIPC of any of its rights against the Borrower shall operate as a waiver of any other rights nor shall any single or partial exercise of any remedy against the Borrower restrict other or further exercises of such remedy, all remedies being cumulative and not exclusive.

(f) If OIPC elects to terminate its obligations under this Agreement in accordance with paragraphs 13(b) or (c) above, OIPC, at its discretion, shall assess any losses that it may incur as a result of the early termination as follows: if on the date of termination the outstanding principal balance on the Debenture is less than the net present value of the Debenture, the Borrower shall pay the difference between these two amounts to OIPC. Net present value will be calculated based on the following formulae: For Bullet Debenture – $[(\text{principal}) / (1+(r/2))^n] + [\text{interest payment} / (r/2) * (1 - (1/(1+(r/2))^n))]$ or for Serial Debenture – $[(\text{principal}) / (1+(r/2))^n] + [\text{interest payment} / (r/2) * (1 - (1/(1+(r/2))^n))]$ for each remaining serial principal repayment or for Amortizing Debenture – $[\text{loan payment} / (r/2) * (1 - 1/(1+(r/2))^n)]$, where “r” is the prevailing lending rate less an appropriate basis point deduction for costs incurred and “n” is the number of semi-annual periods to maturity.

14. Successor Corporations

The Borrower may:

- (a) amalgamate, merge, consolidate or otherwise combine pursuant to statute or by private agreement with any other Person, or

- (b) sell, lease or otherwise dispose of all or substantially all of its assets, rights and properties, whether in a single transaction or a series of related transactions, to any other Person;

provided, in either case that:

- (i) the prior written consent of OIPC is obtained;
- (ii) the resulting or acquiring entity (the "Successor Entity") is a body corporate existing and organized under the laws of Canada or any province or territory thereof;
- (iii) the Successor Entity is an Eligible Borrower;
- (iv) the Successor Entity expressly assumes the due and punctual payment of the principal of, and all interest on all Advances and all other amounts owing hereunder and the performance and observance of all of the covenants and conditions of this Agreement on the part of the Borrower to be performed;
- (v) the Successor Entity delivers an opinion acceptable to counsel for OIPC, acting reasonably, to the effect that the Successor Entity has validly assumed such obligations; and
- (vi) no Event of Default shall have occurred or be continuing as of the effective date of each such transaction or shall arise as of the effective date of each such transaction and as a result thereof and the Borrower shall have provided OIPC with an Officer's Certificate to such effect.

15. Communications Requirements

(a) OIPC and the Borrower will work together to ensure that OIPC financing of the Project receives recognition and prominence through agreed upon communications activities. An example of such activity could include signage at the project site signifying Government of Ontario project financing.

(b) OIPC reserves the right to undertake its own communications activities in relation to OIPC financing of the Project at anytime in its sole discretion and at its expense.

(c) All joint communications activities between the Borrower and OIPC must comply with the Government of Ontario's Visual Identity Directive and guidelines.

16. Project Management Requirements

(a) As a condition of OIPC making financing available to the Borrower as further described in the second recital hereof, the Borrower shall: (1) be required to have a qualified project manager in place for the Project subject to OIPC approval; (2) comply with OIPC's project management reporting requirements for the Project; and (3) shall submit the Reports to OIPC pursuant to and as further described in the attached Schedule "D" to this Agreement.

(b) Reports submitted by the Borrower to OIPC are for OIPC's reference only and in no way shall OIPC, its officers, directors, agents, subcontractors, or employees be held responsible or liable at law for: (a) any claim, demand or action brought forward by any party, including third parties, against OIPC; and (b) direct or indirect consequential damages, including bodily injury, death or property damages, arising out of or in any way related to the Reports, this Agreement or the Project.

17. Indemnity

To the fullest extent permitted by law, the Borrower shall indemnify and hold harmless OIPC, its officers, directors, employees and agents (the "Indemnified Parties") from and against all (a) claims and causes of action, pending or threatened, of any kind (whether based in contract, tort or otherwise) by third parties or by whomever made related to or arising out of or in any way related to the Reports, this Agreement or the Project and (b) liabilities, losses, damages, costs and expenses (including, without limitation, legal fees and disbursements) suffered or incurred by any of the Indemnified Parties in connection with any claims or causes of action described in (a) above. The obligations contained in this paragraph shall survive the termination or expiry of this Agreement.

18. General Provisions

(a) OIPC reserves the right to audit compliance with this Agreement at any time. Such right will survive any termination of this Agreement. The cost of any such audit will be at OIPC's or the Borrower's expense at OIPC's discretion. The Borrower is required to keep any supporting documents required for any such audit for a minimum of seven (7) years.

(b) No amendment, supplement, restatement or termination of any provision of this Agreement is binding unless it is in writing and signed by each party.

(c) The Borrower may not assign its rights or transfer its obligations under this Agreement without the prior written consent of OIPC. OIPC may assign its rights or transfer its obligations under this Agreement without the prior written consent of the Borrower by giving thirty (30) days notice of such assignment or transfer to the Borrower. This Agreement enures to the benefit of and binds the parties and their respective successors and permitted assigns.

(d) This Agreement, together with the Schedules, the Application, the Drawdown Certificate, the Debenture Purchase Certificate, the Officer's Certificates delivered hereunder, the annual report provided for in paragraph 10(c) hereof, the Debenture(s) and the general security agreement and their respective terms and conditions delivered hereunder constitute the entire agreement between the parties with respect to the subject matter referenced in those documents and supersedes all prior agreements, negotiations, discussions, undertakings, representations, warranties and understandings, whether written or oral.

(e) Each party shall from time to time promptly execute and deliver all further documents and take all further action reasonably necessary or appropriate to give effect to the provisions and intent of this Agreement.

(f) This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.

(g) This Agreement and any amendment, supplement, restatement or termination of any provision of this Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument.

(h) Either party may deliver an executed copy of this Agreement by fax but that party shall immediately deliver to the other party an original executed copy of this Agreement.

(i) Unless otherwise specified, each notice to a party must be given in writing and delivered personally or by courier, sent by prepaid registered mail or transmitted by fax to the address or fax number set out in Schedule "B".

(j) If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect:

- (i) the legality, validity or enforceability of the remaining provisions of this Agreement; or
- (ii) the legality, validity or enforceability of that provision in any other jurisdiction.

(k) All covenants, agreements, representations and warranties made herein or in any document delivered pursuant to the provisions hereof are material, shall be deemed to have been relied upon by each party hereto and, notwithstanding any investigation heretofore or hereafter made by such party shall survive the execution and delivery of this Agreement until all amounts owing pursuant to the provisions hereof have been paid in full.

(l) Words importing the singular include the plural and vice versa.

IN WITNESS WHEREOF the parties hereto have executed this Agreement effective as of the date first above written.

**ONTARIO INFRASTRUCTURE PROJECTS
CORPORATION**

By: 

Name: Bill Ralph

Title: Senior Vice President, Infrastructure Lending and
Chief Financial Officer

I have authority to bind the Corporation.

LAKEFRONT UTILITIES, INC.

By: 

Name: Bruce Craig

Title: President

I have authority to bind the Corporation.

By: 

Name: Stewart Cunningham

Title: Treasurer

I have authority to bind the Corporation.

SCHEDULE "A"
FINANCING SCHEDULE

ONTARIO INFRASTRUCTURE PROJECTS CORPORATION

Financing Schedule

Program Year: 2009/2010

Organization Name: Lakefront Utilities Inc.

Date: Aug 27, 2009

Approved Loan Amount: \$3,800,000.00

Please review, complete areas where indicated, sign, date and return the form to OIPC. The following information will be incorporated into the OIPC Financing Agreement.

The following lists the project information outlined in your application. Please verify that the project details are correct. You may amend the project completion dates or the total project cost if this information has changed since the application was submitted. Transfers between projects or categories are at OIPC's discretion and require pre-approval.

A Project Details

Project Information				Financing Information								
App ID	Project Name	Category	Start Date (mm/dd/yyyy)	Completion Date (mm/dd/yyyy)	Total Project Cost	OIPC Loan Amount	Project ID	Term	Type	Amount	Application Request Date * (mm/dd/yyyy)	Revised Request Date (mm/dd/yyyy)
9011	Smart meter installation project	MCOther	7/2/2009	6/30/2010	\$2,100,000.00	\$2,100,000.00	6332	15 y	Amortizing	\$2,100,000.00	9/30/2010	
9011	conversion of existing 4kv electric lines to 27.6k	MCOther	1/2/2009	12/31/2009	\$230,000.00	\$230,000.00	6333	15 y	Amortizing	\$230,000.00	9/1/2009	
9011	2008 capital projects including conversion of 4kv	MCOther	1/2/2008	12/31/2008	\$1,470,000.00	\$1,470,000.00	6334	15 y	Amortizing	\$1,470,000.00	12/1/2009	
					\$3,800,000.00	\$3,800,000.00						

* Please note, debentures are to be purchased after expenditures have been incurred. Please review and adjust the Application Debenture Purchase Date if required ensuring adequate time for the debenture purchase. For further clarifications or questions, please contact Debbie Chen-yin, Loan Operations, Community Loans Management at 416-326-1149.

ONTARIO INFRASTRUCTURE PROJECTS CORPORATION
Financing Schedule

Program Year: 2009/2010

Organization Name: Lakefront Utilities Inc.

Date: Aug 27, 2009

Approved Loan Amount: \$3,800,000.00

B Construction Financing Quarterly Forecast

If you wish to participate in the construction loan program, please indicate the amount of construction financing you require per fiscal quarter and per debenture. A reminder that OIPC provides construction advances based on incurred project expenditures, unless prior approval has been sought.

<u>Project ID</u>	<u>JUL-SEP</u> <u>2009</u>	<u>OCT-DEC</u> <u>2009</u>	<u>JAN-MAR</u> <u>2010</u>	<u>APR-JUN</u> <u>2010</u>	<u>JUL-SEP</u> <u>2010</u>	<u>OCT-DEC</u> <u>2010</u>	<u>JAN-MAR</u> <u>2011</u>	<u>APR-JUN</u> <u>2011</u>	<u>JUL-SEP</u> <u>2011</u>	<u>OCT-DEC</u> <u>2011</u>
6332										
6333										
6334										

<u>Project ID</u>	<u>JAN-MAR</u> <u>2012</u>	<u>APR-JUN</u> <u>2012</u>	<u>JUL-SEP</u> <u>2012</u>	<u>OCT-DEC</u> <u>2012</u>	<u>JAN-MAR</u> <u>2013</u>	<u>APR-JUN</u> <u>2013</u>	<u>JUL-SEP</u> <u>2013</u>	<u>OCT-DEC</u> <u>2013</u>	<u>JAN-MAR</u> <u>2014</u>	<u>APR-JUN</u> <u>2014</u>
6332										
6333										
6334										

ONTARIO INFRASTRUCTURE PROJECTS CORPORATION

Financing Schedule

Program Year: 2009/2010

Date: Aug 27, 2009

Organization Name: Lakefront Utilities Inc.

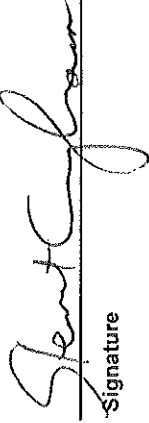
Approved Loan Amount: \$3,800,000.00

C Authorization

I agree that these are the terms for the OIPC loan. I understand that OIPC will use this information to draft the Financing Agreement.

Stewart Cunningham

Treasurer
PRINT NAME



Signature

Sept 18 / 09.

Date

DIRECTIONS: Please mail or courier the original signed Financing Schedule to OIPC, 777 Bay Street, 9th Floor, Toronto, ON M5G 2C8

SCHEDULE "B"

ADDRESSES FOR NOTICE

Ontario Infrastructure Projects Corporation
777 Bay Street, 9th Floor
Toronto, Ontario M5G 2C8

Attn: Director, Loans Operations
Tel.: 416-326-1149
Fax: 416-263-5900

Lakefront Utilities Inc.
207 Division Street
Cobourg, Ontario K9A 4L3

Attn: Stewart Cunningham, Treasurer
Tel.: 905 372-2193
Fax: 905-372-2581

SCHEDULE "C"

PRE-AUTHORIZED DEBIT ("PAD") AND ACCOUNT FOR DEPOSIT

LAKEFRONT UTILITIES INC.

(1) Account Holder Information

Full Legal Name: Lakefront Utility Services Inc.

Exact account name: Lakefront Utility Services Inc.

Address: 207 Division St ^{P.O. Box} 577 City: Cobourg

Province: ON Postal Code: K9A 4L3 Phone #: 905-372-2193

(2) Financial Institution Information (Note: Please attach VOID cheque)

(i) Inflow of Deposits

Name of Financial Institution: TD Canada Trust

Address: 1 King St. W. + Division St City: Cobourg

Province: ON Postal Code: K9A 4K2 Phone #: 905-372-5471

Transit #: 22722 Institution #: 004 Account #: 324-0847203

(ii) Outflow of Pre-Authorized Debit

Same as above

If different from above fill out banking information below

Name of Financial Institution: _____

Address: _____ City: _____

Province: _____ Postal Code: _____ Phone #: _____

Transit #: _____ Institution #: _____ Account #: _____

Sample of the numbering at the bottom of a cheque

001234	01234 - 001	111-222-3
↓	↙	↓
Cheque #	Transit #	Institution #

SCHEDULE "C"

PRE-AUTHORIZED DEBIT ("PAD") AND ACCOUNT FOR DEPOSIT

LAKEFRONT UTILITIES INC.

Attach VOID Cheque Here:



LAKEFRONT UTILITY SERVICES

207 Division St., P.O. Box 577,
Cobourg, Ontario K9A 4L3
Tel: (905) 372-2193

TD CANADA TRUST
1 KING ST. W. & DIVISION ST.
COBOURG, ONTARIO K9A 4K2

CHEQUE NO.

DATE

M M D D Y Y Y Y

PAY

VOID

/ DOLLARS

\$

TO THE
ORDER
OF

LAKEFRONT UTILITY SERVICES INC.

PER _____

PER _____

⑈0011263⑈ ⑆22722⑈004⑆ 0324⑈0847203⑈

Sample:

⑈0011⑈ ⑆2345⑈678⑆ ⑆23⑈456⑈7⑈

Transit/Branch # Financial Institution # Bank Account #

1. Purpose of Debits

Business PAD

2. Pre Notification of Amounts

Fixed Amounts: The Company will provide written notice of the amount to be debited and the date of the debit at least ten (10) calendar days before the date of the first debit and every time there is a change in the amount or payment date.

Variable Amounts: The Company will provide written notice of each amount to be debited and the date of the debit at least ten (10) calendar days before the date of each debit.

The Customer and Company agree to waive the above pre notification requirements.

Authorized Signature of Customer: Stewart C. [Signature]
LAKEFRONT UTILITIES INC.

Authorized Signature of Customer: [Signature]
LAKEFRONT UTILITIES INC.

Authorized Signature of Company: [Signature]
OIPC

3. Rights of Dispute

The Customer may dispute a debit under the following conditions: (i) the debit was not drawn in accordance with this Authorization; (ii) this Authorization was revoked or cancelled; or (iii) prenotification (as set out in paragraph 2 above) was not received.

In order to be reimbursed, the Customer must complete a Declaration Form at the above indicated branch of the Bank up to and including ten (10) calendar days, after the date on which the debit in dispute was posted to the Customer's account.

The Customer acknowledges that disputes after the above noted time limitations are matters to be resolved solely between the Company and Customer.

4. Terms of Authorization to Debit the Above Account

The Customer authorizes the Company to debit the above account(s) in the amount of \$ (intentionally left blank) for payments payable to the Company in respect of its indebtedness to OIPC as further identified in the Financing Agreement between the Company and the Customer.

The Bank is not required to verify that any debits drawn by the Company are in accordance with this Authorization or the agreement made between the Customer and the Company.

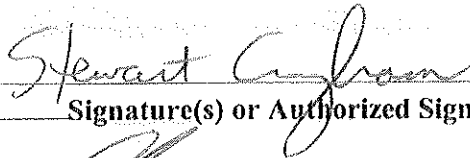
This authorization is to remain in effect until the Company has received written notification from the Customer of its change or termination. This notification must be received at least thirty (30) days before the next scheduled debit by the Company from the account(s) noted above. The Customer may obtain a sample cancellation form, or more information on the right to cancel a PAD Agreement by visiting www.cdnpay.ca. This Authorization applies only to a method of payment and cancellation of this Authorization does not mean that the Customer's contractual obligations to the Company are ended.

The Customer will notify the Company promptly in writing if there is any change in the above account information.

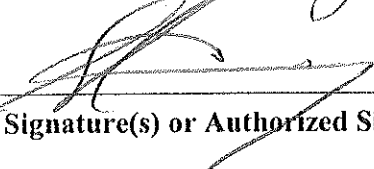
Ontario Infrastructure Projects Corporation
777 Bay Street, 9th Floor
Toronto, ON M5G 2C8
Attention: Loan Operations Manager

The Customer has certain recourse rights if any debit does not comply with this agreement. For example, the Customer has the right to receive reimbursement for any PAD that is not authorized or is not consistent with this PAD. To obtain more information on the Customer's recourse rights, the Customer can visit www.cdnpay.ca.

Any delivery of this Authorization to the Company constitutes delivery by the Customer to the Bank. It is warranted by the Customer that all persons whose signatures are required to sign on the above account have signed this Authorization. The Customer acknowledges receipt of a signed copy of this Authorization.



Signature(s) or Authorized Signature(s) of Account Holder(s) (Date) Sept. 18/09



Signature(s) or Authorized Signature(s) of Account Holder(s) (Date) Sept 18/09

SCHEDULE "D"

ONTARIO INFRASTRUCTURE PROJECTS CORPORATION PROJECT MANAGEMENT AND BEST PRACTICES REPORTING REQUIREMENTS

Construction Reporting

To help ensure effective and efficient delivery of projects financed (in whole or in part) with funds from the Infrastructure Ontario Loan Program, Ontario Infrastructure Projects Corporation (Infrastructure Ontario) has introduced reporting requirements for all **capital construction projects**. Borrowers are responsible to submit project reports according to the Estimated Project Start Date as indicated in their online application.

Depending on the size of the project, borrowers will be subject to the following requirements.

For projects under \$10,000,000, borrowers will:

- Be required to have a qualified project manager in place for the Project subject to OIPC approval
- Submit standard **quarterly** project management report(s)
- For projects three months in duration or less, only a **final** report is required

For projects over \$10,000,000, borrowers will:

- Be required to have a qualified project manager in place for the Project subject to OIPC approval
- Submit **monthly** project management reports using the Infrastructure Ontario template prior to the end of the second week of each month (for the preceding month)
- The final project management report shall be submitted to Infrastructure Ontario one month after the Project is completed in accordance with subsection 2(3) of the *Construction Lien Act* (Ontario)

Please forward all reports to:

Mail: Customer Relations Coordinator
Infrastructure Ontario
777 Bay St., 9th Fl.
Toronto, Ontario M5G 2C8

Email: Customer.Relations@infrastructureontario.ca

Fax: (416) 263-5900

*For more details on Project Management and Best Practices Reporting, please visit
www.infrastructureontario.ca/private/pmr/index.asp.*

SCHEDULE "E"
GENERAL SECURITY AGREEMENT

For valuable consideration the undersigned (the "Borrower") agrees with Ontario Infrastructure Projects Corporation ("OIPC") as follows:

1. GRANT OF SECURITY INTEREST

As general and continuing security for the payment and performance when due of all Obligations, the Borrower hereby mortgages, charges and assigns to OIPC, and grants to OIPC, and OIPC takes, a Security Interest in the property described in the following paragraphs of this section, and in all property described in any schedules, documents or listings that the Borrower may from time to time sign and provide to OIPC in connection with this Agreement, and in all present and future Accessions to, and all Proceeds of, any such property (collectively, the "Collateral") as a general and continuing collateral security for the due payment of the obligations payable under the Financing Agreement (the "Financing Agreement") dated and effective as of the 26th day of August, 2009 and made between the Borrower and Ontario Infrastructure Projects Corporation:

- (a) **Accounts Receivable.** All debts, book debts, accounts, claims, demands, money and choses in action, including without limitation, all claims against Her Majesty the Queen in right of Canada or any Province (other than Ontario) or Territory and all claims and benefits under any insurance policies;
- (b) **Inventory.** All inventory, including, without limitation, all goods, merchandise, raw materials, goods in process, finished goods and other tangible personal property now or hereafter held for sale, lease or resale or that are to be furnished or have been furnished under a contract of service or that are used or consumed in the business of the Borrower;
- (c) **Equipment.** All goods which are not inventory or consumer goods, including, without limitation, all fixtures, equipment, machinery, vehicles and other tangible personal property;
- (d) **Chattel Paper, Instruments, Securities etc.** All chattel paper, instruments, warehouse receipts, bills of lading and other documents of title, whether negotiable or non-negotiable, shares, stock, warrants, bonds, debentures, debenture stock and other securities;

- (e) **Intangibles.** All intangibles, including, without limitation, all contractual rights, goodwill, patents, trade-marks, copyrights, industrial designs and other industrial or intellectual property or rights therein;
- (f) **Books and Accounts, etc.** All books, accounts, invoices, letters, papers, writings, certificates, receipts, documents and other records and data in any form or medium evidencing, representing, creating, giving rise to any rights in respect of or otherwise relating to the property described in paragraphs (a) to (e) inclusive;
- (g) **Real Property.** All real and immovable property, wherever situate, and all buildings, structures, fixtures, hereditaments and appurtenances thereon or relating thereto; and
- (h) **Proceeds.** All property in any form derived directly or indirectly from any dealing with any undertaking or property subject to the Security Interest or that indemnifies or compensates for such undertaking or property being destroyed, damaged, expropriated, stolen or lost and proceeds or proceeds whether of the same type or kind as the original proceeds.

2. **GOVERNING LAW**

This Agreement is governed by the laws of Ontario.

LAKEFRONT UTILITIES INC.

By: _____

Name: Bruce Craig
 Title: President

c/s

I have authority to bind the Corporation.

By: _____

Name: Stewart Cunningham
 Title: Treasurer

c/s

I have authority to bind the Corporation.

ADDITIONAL TERMS AND CONDITIONS. THE ADDITIONAL TERMS AND CONDITIONS (INCLUDING ANY SCHEDULES) ON THE FOLLOWING PAGES

FORM PART OF THIS AGREEMENT.

The Borrower has signed this Agreement on September 18, 2009.

**GENERAL SECURITY AGREEMENT
ADDITIONAL TERMS AND CONDITIONS**

3. FINANCING AGREEMENT

Reference is hereby expressly made to the Financing Agreement and all instruments supplemental thereto for a statement and description of, among other things, the liability of the Borrower for payment of the Obligations, the terms, conditions, covenants and warranties upon which the Obligations are issued and held, and the rights and remedies of OIPC, all to the same effect as if the provisions of the Financing Agreement were herein set out.

4. PLACES OF BUSINESS

The Borrower represents and warrants that the locations of all existing Places of Business are specified in Schedule AA. The Borrower will promptly notify OIPC in writing of any additional Places of Business as soon as they are established. Subject to Section 5, the Collateral will at all times be kept at the Places of Business and will not be removed without OIPC's prior written consent.

5. COLLATERAL FREE OF CHARGES

The Borrower represents and warrants that the Collateral is, and agrees that the Collateral will at all times be free, of any Charge or trust except in favour of OIPC or incurred with OIPC's prior written consent. OIPC may, but will not have to, pay any amount or take any action required to remove or redeem any unauthorized Charge. The Borrower will immediately reimburse OIPC for any amount so paid and will indemnify OIPC in respect of any action so taken.

6. USE OF COLLATERAL

The Borrower will not, without OIPC's prior written consent, sell, lease or otherwise dispose of any of the Collateral (other than Inventory, which may be sold, leased or otherwise disposed of in the ordinary course of the Borrower's business). All Proceeds of the Collateral (including among other things received in respect of Receivables), whether or not arising in the ordinary course of the Borrower's business, will be received by the Borrower as trustee for OIPC and will be immediately paid to OIPC.

7. INSURANCE

The Borrower will keep the Collateral insured to its full insurable value against loss or damage by fire and such other risks as are customarily insured for property similar to the Collateral (and against such other risks as OIPC may reasonably require). At OIPC's request, all policies in respect of such insurance will contain a loss payable clause in favour of OIPC and in any event the Borrower assigns all proceeds of insurance on the Collateral to OIPC. The Borrower will, from time to time at OIPC's request, deliver such policies (or satisfactory evidence of such policies) to OIPC. If the Borrower does not obtain or maintain such insurance, OIPC may, but will not have to, do so. The Borrower

will immediately reimburse OIPC for any amount so paid. The Borrower will promptly give OIPC written notice of any loss or damage to all or any part of the Collateral.

8. INFORMATION AND INSPECTION

The Borrower will from time to time immediately give OIPC in writing all information requested by OIPC relating to the Collateral, the Places of Business, and the Borrower's financial or business affairs. The Borrower will promptly advise OIPC of the Serial Number, model year, make and model of each Serial Number Good at any time included in the Collateral that is held as Equipment, including in circumstances where the Borrower ceases holding such Serial Number Good as Inventory and begins holding it as Equipment. OIPC may from time to time inspect any Books and Records and any Collateral, wherever located. For that purpose OIPC may, without charge, have access to each Place of Business and to all mechanical or electronic equipment, devices and processes where any of them may be stored or from which any of them may be retrieved. The Borrower authorizes any Person holding any Books and Records to make them available to OIPC, in a readable form upon request by OIPC.

9. RECEIVABLES

If the Collateral includes Receivables, OIPC may advise any Person who is liable to make any payment to the Borrower of the existence of this Agreement. OIPC may from time to time confirm with such Persons the existence and the amount of the Receivables. Upon an Event of Default, OIPC may collect and otherwise deal with the Receivables in such manner and upon such terms, as OIPC considers appropriate.

10. RECEIPTS PRIOR TO DEFAULT

Until an Event of Default, all amounts received by OIPC as Proceeds of the Collateral will be applied on account of the Obligations in such manner and at such times as OIPC may consider appropriate or, at OIPC's option, may be held unappropriated in a collateral account or released to the Borrower.

11. DEFAULT

(1) **Events of Default.** "Event of Default" means any of the events described in paragraph 13(c) of the Financing Agreement. In case an Event of Default shall occur and be continuing, the full unpaid principal amount together with interest accrued thereon of any obligations outstanding payable under the Financing Agreement at the time of the occurrence, may become or be declared due before stated maturity by OIPC.

(2) **Additional Rights upon Default.** Upon the occurrence of any Event of Default, OIPC and a Receiver, as applicable, will to the extent permitted by law have the following additional rights:

- (a) **Appointment of Receiver.** OIPC may by instrument in writing appoint any Person as a Receiver of all or any part of the Collateral. OIPC may from time to time remove or replace a Receiver, or make application to any court of competent jurisdiction for the appointment of a Receiver. Any Receiver appointed by OIPC

will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the Borrower's agent. OIPC may from time to time fix the Receiver's remuneration and the Borrower will pay OIPC the amount of such remuneration. OIPC will not be liable to the Borrower or any other Person in connection with appointing or not appointing a Receiver or in connection with the Receiver's actions or omissions.

- (b) Dealings with the Collateral. OIPC or a Receiver may take possession of all or any part of the Collateral and retain it for as long as OIPC or the Receiver considers appropriate, receive any rents and profits from the Collateral, carry on (or concur in carrying on) all or any part of the Borrower's business or refrain from doing so, borrow on the security of the Collateral, repair the Collateral, process the Collateral, prepare the Collateral for sale, lease or other disposition, and sell or lease (or concur in selling or leasing) or otherwise dispose of the Collateral on such terms and conditions (including among other things by arrangement providing for deferred payment) as OIPC or the Receiver considers appropriate. OIPC or the Receiver may (without charge and to the exclusion of all other Persons including the Borrower), enter upon any Place of Business.

- (c) Realization. OIPC or a Receiver may use, collect, sell, lease or otherwise dispose of, realize upon, release to the Borrower or other Persons and otherwise deal with, the Collateral in such manner, upon such terms (including among other things by arrangement providing for deferred payment) and at such times as OIPC or the Receiver considers appropriate. OIPC or the Receiver may make any sale, lease or other disposition of the Collateral in the name of and on behalf of the Borrower or otherwise.

- (d) Application of Proceeds After Default. All Proceeds of Collateral received by OIPC or a Receiver may be applied to discharge or satisfy any expenses (including among other things the Receiver's remuneration and other expenses of enforcing OIPC's rights under this Agreement), Charges, borrowings, taxes and other outgoings affecting the Collateral or which are considered advisable by OIPC or the Receiver to preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds will be applied to the Obligations in such manner and at such times as OIPC considers appropriate and thereafter will be accounted for as required by law.

- (e) Other Legal Rights. Before and After Default. OIPC will have in addition to the rights specifically provided in this Agreement, the rights of a secured party under the PPSA, as well as the rights recognized at law and in equity. No right will be exclusive of or dependent upon or merge in any other right, and one or more of such rights may be exercised independently or in combination from time to time.

- (f) Deficiency. The Borrower will remain liable to OIPC for payment of any obligations under the Financing Agreement that are outstanding following realization of all or any part of the Collateral.

12. OIPC NOT LIABLE

OIPC will not be liable to the Borrower or any other Person for any failure or delay in exercising any of its rights under this Agreement (including among other things any failure to take possession of, collect, or sell, lease or otherwise dispose of any Collateral). None of OIPC, a Receiver or any agent of OIPC is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons under any Chattel Paper, Securities or Instrument in possession of OIPC, a Receiver or OIPC's agent.

13. CHARGES AND EXPENSES

The Borrower agrees to pay on demand all costs and expenses incurred (including among other things legal fees on a solicitor and client basis) and fees charged by OIPC in connection with obtaining or discharging this Agreement or establishing or confirming the priority of the Charges created by this Agreement or by law, compliance with any demand by any Person under the PPSA to amend or discharge any registration relating to this Agreement, and by OIPC or any Receiver in exercising any remedy under this Agreement (including among other things, repairing, processing, preparing for disposition and disposing of the Collateral by sale, lease or otherwise) and in carrying on the Borrower's business. All such amounts will bear interest from time to time at the highest interest rate then applicable to any of the Obligations, and the Borrower will reimburse OIPC upon demand for any amount so paid.

14. FURTHER ASSURANCES

The Borrower will from time to time immediately upon request by OIPC take such action (including among other things the signing and delivery of financing statements and financing change statements, other schedules, documents or listings describing property included in the Collateral, further assignments and other documents, and the registration of this Agreement) as OIPC may require in connection with the Collateral or as OIPC may consider necessary to give effect to this Agreement. If permitted by law, the Borrower waives the right to sign or receive a copy of any financing statement or financing change statement, or any statement issued by any registry that confirms any registration of a financing statement or financing change statement, relating to this Agreement. The Borrower irrevocably appoints the Senior Vice President, Infrastructure Lending and Chief Financial Officer of OIPC as the Borrower's attorney (with full powers of substitution and delegation) to sign, upon an Event of Default, all documents required to give effect to this section. Nothing in this section affects the right of OIPC as secured party, or any other Person on OIPC's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification agreements and other documents relating to the Collateral and this Agreement as OIPC or such other Person considers appropriate.

15. DEALINGS BY OIPC

OIPC may from time to time increase, reduce, discontinue or otherwise vary the Borrower's credit facilities, grant extensions of time and other indulgences, take and give up any Charge, abstain from taking, perfecting or registering any Charge, accept compositions, grant releases and discharges and otherwise deal with the Borrower, Borrowers of the Borrower, guarantors and others, and with the Collateral and any Charges held by OIPC, as OIPC considers appropriate without affecting the Borrowers obligations to OIPC or OIPC's rights under this Agreement.

16. DEFINITIONS IN THIS AGREEMENT

“Accessions”, “Account”, “Chattel Paper”, “Collateral”, “Document of Title”, “Equipment”, “Goods”, “Instrument”, “Intangible”, “Inventory”, “Proceeds”, “Purchase-Money Security Interest” and “Security Interest” have the respective meanings given to them in the PPSA.

“Books and Records” means all books, records, files, papers, disks, documents and other repositories of data recording, evidencing or relating to the Collateral to which the Borrower (or any Person on the Borrower's behalf) has access.

“Charge” means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, financial lease, title retention-agreement or arrangement, security interest or other encumbrance of any nature however arising, or any other security agreement or arrangement creating in favour of any creditor a right in respect of a particular property that is or could be prior to the right of any other creditor in respect of such property.

“Consumer Goods” has the meaning given to it in the PPSA.

“Event of Default” has the meaning set out in subsection 11(1).

“Obligations” means all present and future indebtedness and liability of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Borrower to OIPC, wherever and however incurred and any unpaid balance thereof, including, without limitation, under or in respect of the Financing Agreement.

“Money” has the meaning given to it in the PPSA or, if there is no such definition, means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada, or by a foreign government as part of its currency

“Person” means any natural person or artificial body (including among others any firm, corporation or government).

“Personal Property” means personal property and includes among other things Inventory, Equipment, Receivables, Books and Records, Chattel Paper, Goods, Documents of Title, Instruments, Intangibles (including intellectual property), Money and Securities, and includes all Accessions to such property.

“Place of Business” means a location where the Borrower carries on business or where any of the Collateral is located (including any location described in Schedule AA).

“PPSA” means the *Personal Property Security Act, 1990* (Ontario), as such legislation may be amended, renamed or replaced from time to time (and includes all regulations from time to time made under such legislation).

“Receivables” means all debts, claims and choses in action (including among other things Accounts and Chattel Paper) - now or in the future due or owing to or owned by the Borrower.

“Receiver” means a receiver or a receiver and manager.

“Securities” has the meaning given to it in the PPSA or, if there is no such definition and the PPSA defines “security” instead, it means the plural of that term.

“Serial Number” means the number that the Person who manufactured or constructed a Serial Number Good permanently marked or attached to it for identification purposes or, if applicable such other number as the PPSA stipulates as the serial number or vehicle information number to be used for registration purposes of such Serial Number Good.

“Serial Number Good” means a motor vehicle, trailer, mobile home, aircraft airframe, aircraft engine or aircraft propeller, boat or an outboard motor for a boat.

17. GENERAL

- (a) Reservation of the Last Day of any Lease. The Charges created by this Agreement do not extend to the last day of the term of any lease or agreement for lease; however, the Borrower will hold such last day in trust for OIPC and, upon the exercise by OIPC of any of its rights under this Agreement following Default, will assign such last day as directed by OIPC.
- (b) Attachment of Security Interest. The Security Interests created by this Agreement are intended to attach (i) to existing Collateral when the Borrower signs this Agreement, and (ii) to Collateral subsequently acquired by the Borrower, immediately upon the Borrower acquiring any rights in such Collateral. The parties do not intend to postpone the attachment of any Security Interest created by this Agreement.
- (c) Purchase-Money Security Interest. If OIPC gives value for the purpose of enabling the Borrower to acquire rights in or to any of the Collateral, the Borrower will in fact apply such value to acquire those rights (and will provide OIPC with such evidence in this regard as OIPC may require), and the Borrower grants to OIPC, and OIPC takes, a Purchase-Money Security Interest in such Collateral to the extent that the value is applied to acquire such rights. A certificate or affidavit of any of OIPC’s authorized representatives is admissible in evidence to establish the amount of any such value.
- (d) Entire Agreement. OIPC has not made any representation or undertaken any obligation in connection with the subject matter of this Agreement other than as specifically set out in this Agreement, and in particular nothing contained in this Agreement will require OIPC to make, renew or extend the time for payment of any loan or other credit accommodation to the Borrower or any other Person.

- (e) Additional Security. The Charges created by this Agreement are in addition and without prejudice to any other Charge now or later held by OIPC. No Charge held by OIPC will be exclusive of or dependent upon or merge in any other Charge, and OIPC may exercise its rights under such Charges independently or in combination.
- (f) Severability; Headings. Any provision of this Agreement that is void or unenforceable in any jurisdiction is, as to that jurisdiction, ineffective to that extent without invalidating the remaining provisions of this Agreement. The headings in this Agreement are for convenience only and do not limit or extend the provisions of this Agreement.
- (g) Interpretation. When the context so requires, the singular will be read as the plural, and vice versa.
- (h) Copy of Agreement. The Borrower acknowledges receipt of a copy of this Agreement.
- (i) Notice. OIPC may send to the Borrower, by prepaid regular mail addressed to the Borrower at the Borrower's address last known to OIPC, copies of any document required by the PPSA to be delivered by OIPC to the Borrower. Any document mailed in this manner will be deemed to have been received by the Borrower upon the earlier of actual receipt by the Borrower and the expiry of 10 days after the mailing date. A certificate or affidavit of any of OIPC's authorized representatives is admissible in evidence to establish the mailing date.
- (j) Enurement; Assignment. This Agreement will enure to the benefit of and be binding upon (i) OIPC, its successors and assigns, and (ii) the Borrower and the Borrower's heirs, executors, administrators, successors and permitted assigns. The Borrower will not assign this Agreement without OIPC's prior written consent.

Schedule "AA"

The following are the Places of Business:

1. 207 Division Street, P.O. Box 577, Cobourg., Ontario, K9A 4L3