

Ottawa River Power Corporation**Application for electricity distribution rates beginning May 1, 2016****AFFIDAVIT OF LES SCOTT**

I, **LES SCOTT**, of the City of Pembroke, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a councillor on the City of Pembroke council, and chair of the board of Ottawa River Power Corporation (“**ORPC**”). I was the mayor of the City of Pembroke from 1994 to 2000 as well as the signatory to the Pembroke Transfer By-Law (as defined below). As such, I have personal knowledge of the matters to which I hereinafter depose, and where I do not have personal knowledge, I have stated the source of my information and belief and verily believe it to be true.

2. In addition to having served as Mayor, my municipal experience includes positions as City Alderman, Deputy-Mayor, a member, then Chair of the Pembroke Police Services Board, and service on a variety of Community Boards. I have worked as a licensed real estate agent, a school principal, and as a Manager of Social Housing for the County of Renfrew. I hold a Bachelor of Arts, and a Master’s in Education, and have completed numerous professional courses. A copy of my Curriculum Vitae is attached hereto and marked as Exhibit “A”.

3. In preparing this affidavit, I have reviewed the attached exhibits, including ORPC’s Articles of Incorporation, the Transfer By-Laws, letters between the parties, ORPC’s Shareholders’ Agreement and a resolution of the City of Pembroke, the Affidavits of Loss, and the Replacement Notes.

A. BACKGROUND**I. ORPC’s formation**

4. ORPC is an Ontario *Business Corporation Act* (“**OBCA**”) incorporated electricity

distributor located in Pembroke, Ontario. It is comprised of the former electricity distribution assets of the municipalities of Pembroke, Killaloe, Mississippi Mills, and Whitewater Region, Ontario (collectively, the “**Municipalities**”). Specifically, what was Pembroke Hydro (owned by the City of Pembroke) and Beachburg Hydro (owned by The Township of Whitewater Region) were amalgamated on January 1, 2000 and began to operate as ORPC. On October 1, 2000, ORPC amalgamated with Killaloe Hydro (owned by the Township of Killaloe, Hagarty and Richards) and Almonte Hydro (owned by the Town of Mississippi Mills). A copy of ORPC’s Articles of Incorporation, dated April 1999, is attached hereto and marked as Exhibit “**B**”.

5. ORPC was incorporated following the enactment of the *Electricity Act, 1998*, Schedule A of the *Energy Competition Act, 1998*. Section 144 of the *Electricity Act, 1998* required that no municipal corporation shall generate, transmit, distribute or retail electricity except through a corporation incorporated under the OBCA.

6. On June 6, 2000, pursuant to section 142(1) of the *Electricity Act*, the Corporation of the City of Pembroke passed By-Law Number 2000-31, which transferred the employees, assets, liabilities, rights and obligations associated with the distribution of electricity of the Corporation of the City of Pembroke (“**Pembroke**”) to ORPC (the “**Pembroke Transfer By-Law**”). As described in section 10 and Schedule G of the Pembroke Transfer By-Law, in consideration of this transfer ORPC issued 4,364 shares of ORPC to the City of Pembroke and ORPC issued a promissory note having a principal amount of \$4,364,000.00 to the City of Pembroke (the “**Pembroke Note**”). As the mayor at the time, I was the signatory to the Transfer By-Law. A copy of the Transfer By-Law is attached hereto and marked as Exhibit “**C**”.

7. On June 6, 2000, a By-Law was passed in Beachburg, Ontario, whereby the assets, liabilities, rights, and obligations associated with the distribution of power of the Corporation of the Village of Beachburg (“**Beachburg**” or “**Whitewater Region**”) was transferred to ORPC (the “**Beachburg Transfer By-Law**”). As described in section 8 and Schedule D of the Beachburg Transfer By-Law, in consideration of this transfer ORPC issued 147 shares of ORPC to the Village of Beachburg and ORPC issued a promissory note having a principal amount of \$147,000.00 to the Village of Beachburg (the “**Beachburg Note**”). The Village of Beachburg was subsequently amalgamated with and is now part of the Corporation of the Township of

Whitewater, as described in the By-Law dated January 22, 2003 which is attached hereto and marked as Exhibit “D”. While the correct reference is now Whitewater Region, I also refer to the municipality as Beachburg in my evidence. A copy of the Beachburg Transfer By-Law is attached hereto and marked as Exhibit “E”.

8. On October 19, 2000, a By-Law was passed in Mississippi Mills, Ontario, whereby the assets, liabilities, rights, and obligations associated with the distribution of power of the Corporation of the Town of Mississippi Mills (“**Mississippi Mills**”) was transferred to ORPC (the “**Mississippi Mills Transfer By-Law**”). As described in section 9 and Schedule F of the Mississippi Mills Transfer By-Law, in consideration of this transfer ORPC issued a promissory note having a principal amount of \$839,000.00 to the Town of Mississippi Mills (the “**Mississippi Mills Note**”). The Corporation of the Town of Mississippi Mills passed a bylaw on June 29, 2015 to change its name to the Corporation of the Municipality of Mississippi Mills. A copy of the Mississippi Mills Transfer By-Law is attached hereto and marked as Exhibit “F”. A copy of the June 2015 Bylaw is attached hereto and marked as Exhibit “G”.

9. On October 30, 2000, a By-Law was passed in Killaloe, Ontario, whereby the assets, liabilities, rights, and obligations associated with the distribution of power of the Corporation of the Township of Killaloe, Hagarty & Richards (“**Killaloe**”) was transferred to ORPC (the “**Killaloe Transfer By-Law**”). As described in Schedule C of the Killaloe Transfer By-Law, in consideration of this transfer the Corporation issued 179 shares of the Corporation to Killaloe, and the Corporation issued a promissory note having a principal amount of \$179,000.00 to the City of Pembroke (the “**Killaloe Note**”). A copy of the Killaloe Transfer By-Law is attached hereto and marked as Exhibit “H”. The Pembroke Transfer By-Law, Beachburg Transfer By-Law, Mississippi Mills Transfer By-Law, and the Killaloe Transfer By-Law are collectively referred to as the “**By-Laws**”, and the Pembroke Note, Beachburg Note, Mississippi Mills Note, and the Killaloe Note are collectively referred to as the “**Promissory Notes**”.

10. On October 1, 2000, the Municipalities and OPRC agreed to amend and supplement the terms of the Notes by way of a shareholders’ agreement made October 1, 2000 (the “**Shareholders’ Agreement**”). A copy of the Shareholders’ Agreement is attached as Exhibit 5 to the ORPC rate application in EB-2014-0105, and for ease of reference is attached hereto and

marked as Exhibit “T”.

11. By letter dated November 1, 2000, the Municipalities, ORPC and Ottawa River Energy Solutions Inc. agreed to amend the term of the Notes so they were not due January 1, 2002, but were instead due twenty (20) years after market opening (the “**Letter of Amendment**”). A copy of the Letter of Amendment is attached hereto and is marked as Exhibit “J”.

12. On January 21, 2003, a resolution was passed by the City of Pembroke, affirming that ORPC should continue to operate on a for-profit basis (the “**2003 Resolution**”). The 2003 Resolution further confirms the Pembroke Note’s term to be twenty years from market opening, and the annual interest rate payable to be 7.25%. A copy of the 2003 Resolution is attached hereto and marked as Exhibit “K”. A similar resolution was passed by Whitewater Region and is attached hereto and marked as Exhibit “D”.

II. The Promissory Notes Terms and Conditions

13. Pursuant to the By-Laws, in consideration for the transfer of the municipalities’ assets, ORPC issued, *inter alia*, the Promissory Notes to the Municipalities. The Promissory Notes are non-callable, fixed term notes maturing on May 1, 2022. The following is a summary of the terms of the Promissory Notes.

1. Principal Value

14. The principal value of each Promissory Note was set out in the By-Laws and in the Shareholders’ Agreement at Paragraph 13.

15. The Promissory Notes were issued to the Municipalities in consideration for the transfer of each Municipalities’ assets into an OBCA corporation, as required pursuant to the *Electricity Act, 1998*. They form a fundamental part of the deal to compensate the Municipalities for the loss of their assets and business interests.

16. The principal value of the Promissory Notes could be changed pursuant to the valuation methodology described in Paragraph 4 of the Shareholders’ Agreement. Specifically:

- (a) ORPC issued a promissory note to Pembroke, having a principal amount equal to \$4,364,000.00.
- (b) ORPC issued a promissory note to Beachburg, having a principal amount equal to \$147,000.00.
- (c) ORPC issued a promissory note to Killaloe, having an initial principal amount equal to \$179,000.00. The principal value of this promissory note was subsequently adjusted to \$172,348.00 based on the final valuation following amalgamation and in accordance with Paragraph 4(h) of the Shareholders' Agreement.
- (d) ORPC issued a promissory note to Mississippi Mills, having a principal amount equal to \$839,000.00. The principal value of this promissory note was subsequently adjusted to \$902,490.00 based on the final valuation following amalgamation and in accordance with Paragraph 4(h) of the Shareholders' Agreement.

2. Term

17. Initially, the By-Laws stipulated that the Promissory Notes were for a fixed term, due and payable on January 1, 2002. Subsequently, the parties agreed that all of the Promissory Notes were not due January 1, 2002, but rather are due twenty years after market opening. This change in term is also reflected in the Letter of Amendment and Article 13 of the ORPC Shareholders' Agreement.

18. Market opening was initially predicted to be November 7, 2000; it in fact took place on May 1, 2002. The Promissory Notes are therefore due on May 1, 2022.

3. Events of Default

19. The Promissory Notes are not callable on demand. However, the Promissory Notes provided for a single event of default. Specifically, if ORPC was sold to a non-related entity or otherwise disposed of, the Promissory Notes, including all principal and accrued interest would, at the option of the applicable Municipality, become due and payable to that Municipality at the time of such sale or disposition.

20. The Promissory Notes provide that it is not deemed to be a default if interest

payments are deferred for reason of the payments becoming due before the final completion of the Transfer By-Laws.

4. Interest Rate

21. The Promissory Notes did not bear any interest from January 1, 2000 to market opening (which occurred on May 1, 2002). After such time, the Promissory Notes had a fixed interest rate of the lesser of 7.25% per annum, or the maximum interest allowed by the OEB, calculated annually and payable quarterly. I am not a regulatory expert, however I understand that the 7.25% interest rate was identical to the OEB's deemed debt rate at the time the Promissory Notes were issued.

22. The interest rate was and is not variable. While the interest rate could be renegotiated annually, this could only occur if all of parties agreed. In reality, the interest rate has remained unchanged since inception.

23. I can speak on behalf of Pembroke, and I spoke with representatives of the other Municipalities, and can confirm that we do not agree to voluntarily reduce the fixed interest rate below 7.25%. There are two key reasons for this. First, we have budgeted for and rely on this interest income from ORPC. Second, the fixed interest rate reflects an agreed to allocation of risk which was accepted by both the Municipality and ORPC at the time the Promissory Notes were issued. When the long-term debt was issued with a fixed interest rate, the Municipalities and ORPC each accepted risk that interest rates inevitably would shift over time. Interest rates could rise above 7.25%, and the Municipalities would accept a lower than market interest rate until expiry of the note. And interest rates could fall below 7.25%, and the Municipalities would earn higher than current market interest rate until the expiry of the note.

24. Moreover, the interest rate on the Pembroke Note reflects a subsidy given to ORPC by Pembroke in the form of a below market rental rate on the commercial building described in Schedule L to the Pembroke Transfer By-law. If Pembroke can no longer receive the agreed-upon interest rate of the Note, the parties will be forced to renegotiate the rent payable on the property.

25. The Municipalities also understood that the terms of the Promissory Notes would be

subject to the regulatory oversight of the OEB. For that reason, the Shareholders' Agreement contains an article indicating that the parties are in agreement that the interest rates on the Promissory Notes will not exceed the maximum interest rate allowed by the OEB, based upon their Handbook, or any other regulation, schedule, or document enacted.

III. The Loss of the Promissory Notes

26. ORPC has been made aware that the Municipalities lost the original Promissory Notes.

27. I have read the affidavits of loss from Mississippi Mills, Killaloe, Whitewater Region and Pembroke, which affirm that the lost Promissory Notes have not been sold, assigned, transferred, hypothecated, pledged, delivered as a gift or otherwise, nor has such certificate ever been endorsed for transfer. The Municipalities have indemnified ORPC against any claims, actions, suits, and all liabilities, losses, damages, costs, charges, and expenses of every nature arising out of the consequence of the lost Promissory Notes. Copies of the Affidavits from Mississippi Mills, Killaloe, Whitewater Region and Pembroke are attached hereto and marked as Exhibits "L", "M", "N" and "O".

28. Accordingly, ORPC has issued replacement promissory notes (the "**Replacement Notes**"). Consistent with the terms of the Promissory Notes they are replacing, the Replacement Notes are non-callable fixed-term notes, due on May 1, 2022, with an interest rate of 7.25%. Copies of the Replacement Notes are attached hereto and marked as Exhibits "P", "Q", "R" and "S".

SWORN BEFORE ME at the City)
of Pembroke, in the Province of Ontario,)
This 23 day of March, 2016.)

Mary T. Hellingman)
A Commissioner, etc.)

LES SCOTT

LES SCOTT

TAB A

Resume of

Les (Leslie) H. Scott
112 Cockburn Crescent
Pembroke, Ontario,
K8A 8K6
613-735-1951
cell 613-639-4645
email: lesscott@sympatico.ca

General Information

Date of Birth:	August 27 1948
Marital Status & Family:	Widower – Genda Scott (Deceased) Son – Bradley Scott
Height:	5' 8" (173cm)
Weight:	155lbs. (70kg)
Health:	Excellent
Residency:	Pembroke, Ontario

Academic Qualifications

- Graduate of Pembroke Collegiate Institute (1968)
- Bachelor in Arts – University of Ottawa (1974)
- Master in Education – University of Ottawa (1981)
- Principal's Course – Part 1 (1981)
- Principal's Course – Part 2 (1982)
- Special Education – Part 1 (1983)
- Completed successfully, exams for Real Estate Salesperson License (2001)
- Introduction to Windows 98 – Algonquin College (2001)
- Microsoft Powerpoint Brief – Algonquin College (2002)
- Ontario Municipal Management Institute – Supervisory Skills – Level 1 (2003)
-- Report Writing for Results (2003)
- WindowsXP – Algonquin College (2004)
- Commercial Real Estate 2004
- Real Property Law 2004 ... Real Estate
- Principles of Property Management 2004... Real Estate

Background in Education

1969 – 1970	Teacher, Scarborough Board of Education
1970 – 1982	Teacher, Renfrew County Board of Education

1982 – Feb. 2001	Principal, Renfrew County Board of Education
Feb. 2001	Retired from Education
1969 – 2001	Served on committees at the local, district and provincial

Community Involvement

- Played and coached all levels of minor hockey and minor baseball
- Coached school teams in track and field, basketball and volleyball
- Refereed hockey for 26 years at all levels from minor to tier 1, tier 2, to Major Junior A to Professional (WHA)
- Active in service clubs, fund-raisers and charitable organizations such as The United Way, Canadian Diabetes Association and The Canadian Cancer Society
- Past member of the Pembroke Kinsmen Club

Municipal Experience

- Served on a variety of Community Boards
 - Pembroke Memorial Centre Board
 - Pem-Ice II Committee
 - Community Service Board
 - Pembroke and Area Airport Commission
 - Pembroke Public Library Board
 - Pembroke and Renfrew County Liaison Committee
 - Chair of the Valley Mayors Committee on Amalgamation

Municipal Experience as an Elected Official

- Elected as a City Alderman 1976
- Served as an Alderman/Councillor for 10 years
- Served an additional 6 years as Deputy-Mayor (1988 – 1994)
- Served as Mayor, City of Pembroke for 6 years (1994 – 2000)
- Member of the Pembroke Police Services Board for 6 years
- Chaired the Pembroke Police Services Board for 3 years
- Chaired the Pembroke Police Services Negotiations Committee for 6 years
- Served on the Pembroke Hydro Commission for 9 years
- Currently serving as Chair of the Ottawa River Power Corporation
- Currently serving on Pembroke City Council

Employment Experience

- Employed by the County of Renfrew as the Manager of Social Housing
- As Manager of Social Housing, responsible for the total downloading and devolution of housing along with implementing the new Social Housing Reform Act 2000 and appropriate Regulations
- Position with the County of Renfrew was a contract position October 2001 to September 2003
- Completed my real estate exams and qualifications for my real estate license in August 2001
- Employed with Edmonds Royal LePage Real Estate August 2001 – December 2001 and reinstated February 2004 to current agency, Re/Max Pembroke.

Some Highlights and Accomplishments in Education

- Introduced and coordinated school wide science fairs
- Initiated a student exchange program
- Active member of a Provincial Awards Committee
- Co-authored a report and initiated a safe schools program
- Chaired a review committee on supervision and evaluation
- Initiated a program of discipline without tears

Some Highlights and Accomplishments in Municipal Government

- As budget chair, introduced a program model for reserve funding
- Chaired program of restructuring and renovation for parks and facilities
- Fundraising chair in the building of a second ice surface
- As Mayor, initiated \$3 000 000 waterfront millennium redevelopment project
- Chaired city/county liaison committee to provide a servicing agreement with our surrounding townships

Professional Expertise

- The most important talent that I bring to an employer is a managerial one that demands superb planning, implementation of policies, establishing clear

Experience requirements:

- 18 years as a School Principal including six promotions over this time period with my last assignment as Principal of General Lake Public School and a staff of 43 full and part time.
- 31 years in total as a Municipal Politician, 6 years as Deputy-Mayor and 6 years as Mayor.
- Manager of Social Housing for The County of Renfrew. Two year contract position.
- Experience in economic development, planning, public works, recreation, human resources, financial management, staffing, strategic planning and resource management.
- Based on implementing a needs analysis program, policy has been developed using the appropriate Acts and Regulations and the interpretation of these legislative guidelines to achieve implementation goals in Education, in Housing and in Municipal Government.
- I have been responsible for program design in several aspects during my career in education.
- Having a successful career in politics can only be achieved with excellent communication skills.
- Chairing major committees in each of my careers was certainly an achievement of mine.
- Presentations to every level of Government and Cabinet Ministers, is something that I have participated in on numerous occasions.
- Computer literate with a continual emphasis in upgrading these skills.
- Currently serving on The Renfrew County Health Unit.

HOW DO I QUALIFY FOR THIS POSITION

Knowledge requirements:

- As Social Housing Manager for The County of Renfrew I had a housing portfolio of 1258 units including non-profit, rent-geared-to-income, market rent and directing seven non-profit housing providers.
- As Manager of Social Housing I was responsible for the development and presentation of the 2002 and the 2003 budgets. (approx. 6 m)
- My responsibilities required me to deal with all aspects of human resources and to be fully aware of the policies and collective agreements. Involved in collective bargaining with CUPE.
- 18 years as a School Principal meant continual programs of supervision and evaluation of staff as well as all hiring duties.
- Management by objectives and evaluation by objectives was the school model, in housing, the model was based on a Performance Management Program.
- As Manager of Social Housing I was totally involved with the tendering and contracting process.
- The Social Housing Act 2000 downloaded the housing responsibilities from the Province of Ontario to the Municipal level and I had a direct involvement in this devolution process.
- Success in taking new legislation and regulations from a learning and familiarizing stage to full implementation along with a staff of 26 employees. (Social Housing Act 2000)
- Responsible for developing local policy initiatives by including all stakeholders in a consultative role.
- 18 years as a School Principal has helped me to be successful because my management style is proactive, collaborative, consultative and empowering.
- 31 years in Municipal Government demonstrates my abilities in dealing with the public successfully as well as expertise with financial management, complex budgets and union contract negotiations.
- As Mayor, as Principal and as Manager I have used my skills to great success by being a team player, establishing and identifying priorities and communicating effectively with all involved.
- Currently working as a Sales Representative for Re/Max Pembroke Realty Ltd.

TAB B

1353485

Ministry of
Economic Development
Ministère du Développement
Économique

Ministère de
la Coopération
et du Commerce
Économique
Certificat que les présents
statuts ont été en vigueur le

CERTIFICATE
this is to certify that these
statutes are effective on

APRIL 29 AVRIL 1999

Director General
Directeur Général
Ontario Corporation Act / Loi sur les sociétés par actions

ARTICLES OF INCORPORATION
STATUTS CONSTITUTIFS

Form 1
Business
Corporations
Act

Formulaire
numéro 1
Loi sur les
compagnies

1. The name of the corporation is:

Dénomination sociale de la compagnie:

OTTAWA RIVER POWER CORPORATION

2. The address of the registered office is:

Adresse du siège social:

283 Pembroke Street West

(Street & Number, or R.R. Number & if Multi-Office Building give Room No.)
(Rue et numéro, ou numéro de la R.R. et, s'il s'agit d'un bâtiment à bureaux, numéro du bureau)

Pembroke, Ontario

(Name of Municipality or Post Office)
(Nom de la municipalité ou du bureau de poste)

(Postal Code/Code postal)

K 8 A 6 Y 6

3. Number (or minimum and maximum number) of
directors is:

Nombre (ou nombres minimal et maximal)
d'administrateurs:

Minimum of one (1) and maximum of eight (8)

4. The first director(s) is/are:

Premier(s) administrateur(s):

First name, initials and surname
Prénom, initiales et nom de famille

Address for service, giving Street & No. or R.R. No.,
Municipality and Postal Code
Domicile élu, y compris la rue et le numéro, le numéro
de la R.R., ou le nom de la municipalité et le code
postal

Resident
Canadian
State
Yes or No
Résident
Canadien
Où/Non

George Abdallah

R.R. #1 Pembroke, Ontario K8A 6W2

Yes

Jay Nelaren

1083 Mountainview Drive, Pembroke,
Ontario K8A 8E2

Yes

5. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.

Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la compagnie.

2.

Nil

6. The classes and any maximum number of shares that the corporation is authorized to issue:

Catégories et nombre maximal, s'il y a lieu, d'actions que la compagnie est autorisée à émettre:

An unlimited number of common shares without par value and an unlimited number of special shares without par value.

7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series:

Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série:

3.

1. The special shares shall carry the right to a fixed and non-cumulative preferential dividend at the rate to be determined by the directors and the right in the liquidation or winding up of the Corporation to payment of the amount paid up on such shares in priority to the common shares, but they shall not confer a right to any further participation in the profits or assets.

2. Subject to the provisions of the Business Corporations Act 1982 (Ontario) as the same may from time to time be in force or any successor corporations statute of the Province of Ontario (the "Act"), the said special shares or any part thereof shall be redeemable at a price equal to the amount paid up at any time at the option of the directors of the Corporation without the consent of the holders thereof and if less than the whole amount of the outstanding special shares shall be so redeemed, the shares to be redeemed shall be selected by lot in such manner as the Board of Directors may determine.

3. The holders of the special shares shall not be entitled to a vote at shareholder's meetings.

4. The holder of each common share has the right to one vote for such common share at all meetings of shareholders other than meetings of the holders of another class of shares and to receive the remaining property of the Corporation upon dissolution.

8. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:

L'émission, le transfert ou la propriété d'actions est/n'est pas restreinte. Les restrictions, s'il y a lieu, sont les suivantes:

4.

No shares shall be transferred without either:

- (a) The previous consent of the directors of the Corporation expressed by a resolution passed by the Board of Directors or by an instrument or instruments in writing signed by a majority of the directors; or
- (b) The previous consent of the holders of at least 51% of the common shares for the time being outstanding expressed by a resolution passed by the shareholders or by an instrument or instruments in writing signed by such shareholders.

1. That the board of directors may from time to time, in such amounts and on such terms as it deems expedient:

- (a) To borrow money on the credit of the Corporation;
- (b) To issue, reissue, sell or pledge debts obligations (including bonds, debentures, notes or other similar obligations, secured or unsecured) of the Corporation;
- (c) To the extent permitted by law, give a guarantee on behalf of the Corporation to secure performance of any present or future indebtedness, liability or obligation of any person; and
- (d) charge, mortgage, hypothecate, pledge or otherwise create a security interest in all or any of the currently owned or subsequently acquired real or personal, movable or immovable, property of the Corporation, including book debts, rights, powers, franchises and undertakings, to secure any debt obligations or any money borrowed or other debt or liability of the Corporation.

The Board of directors may from time to time delegate such one or more of the directors and officers of the Corporation as may be designated by the Board all or any of the powers conferred on the board above to such extent and in such manner as the Board shall determine at the time of each such delegation.

2. That the number of shareholders of the Corporation, exclusive of persons who are in the employment of the Corporation and exclusive of persons who, having been formerly in the employment of the Corporation, were, while in that employment, and have continued after the termination of that employment, to be shareholders of the Corporation, is limited to not more than fifty (50), two (2) or more persons who are the joint registered owners of one (1) or more shares being counted as one (1) shareholder; and

3. That any invitation to the public to subscribe for any shares or securities of the Corporation is hereby prohibited.

Full address for service or address of registered office in
of principal place of business giving street & No. or P.M.
Locality, village and post code
Establishment principal y compris le nom et le numéro, le
numéro de la P.M., le nom de la municipalité et le code
postal

1004194 [5] 5 10 15

XXXXXX XXXXXXXXXXXXXXXXXXXX
1083 Mountview Drive, Pembroke,
Ontario K8A 8E2

Les précautions suivantes sont prises en double exemplaire.

03.01.2018 14:00

Signature of Incorporator

УДП/ТДР/АДТ
[Signature]
[Signature]

TAB C

THE CORPORATION OF THE CITY OF PEMBROKE

BY-LAW NUMBER 2000 - 31

A BY-LAW TO TRANSFER THE EMPLOYEES, ASSETS, LIABILITIES, RIGHTS
AND OBLIGATIONS OF THE CORPORATION OF THE CITY OF PEMBROKE
ASSOCIATED WITH THE DISTRIBUTION OF ELECTRICITY TO THE
OTTAWA RIVER POWER CORPORATION AND TO TRANSFER THE ASSETS,
LIABILITIES, RIGHTS, AND OBLIGATIONS OF THE CORPORATION OF THE
CITY OF PEMBROKE ASSOCIATED WITH THE RETAILING OF
ELECTRICITY AND OTHER SERVICES TO OTTAWA RIVER ENERGY
SOLUTIONS INC., BOTH COMPANIES INCORPORATED UNDER THE
BUSINESS CORPORATIONS ACT (ONTARIO) PURSUANT TO SECTION 142(1)
OF THE
ELECTRICITY ACT, 1998

WHEREAS the Electricity Act, 1998, which is Schedule A of the Energy Competition Act, 1998, which was passed by the Legislature of Ontario and given Royal Assent on October 30, 1998, provides in Section 144 that after November 7, 2000, no municipal corporation shall generate, transmit, distribute or retail electricity except through a Corporation Incorporated under the Ontario Business Corporations Act;

AND WHEREAS pursuant to Section 142 of the Electricity Act, a municipality may cause a corporation to be incorporated under the Ontario Business Corporations Act for the purpose of generating, transmitting, distributing or retailing electricity;

AND WHEREAS the Corporation of the City of Pembroke (the "City") has incorporated a local distribution corporation known as the Ottawa River Power Corporation to distribute electricity, and has incorporated a corporation known as Ottawa River Energy Solutions Inc. to retail electricity, and to perform other services;

AND WHEREAS pursuant to Section 145 of the Act, the Council of the Corporation of the City of Pembroke is to make a By-law transferring employees, assets, liabilities, rights and obligations of the City through which the City distributes electricity and retails electricity and performs other services to Corporations Incorporated under the Ontario Business Corporations Act; the Ottawa River Power Corporation and the Ottawa River Energy Solutions Inc. respectively;

NOW THEREFORE THE MUNICIPAL COUNCIL OF THE
CORPORATION OF THE CITY OF PEMBROKE ENACTS AS FOLLOWS:

Definitions

In this By-law, the terms defined herein shall have the meanings indicated:

- a. "Act" means The Energy Competition Act, 1998, and any regulations thereunder.
- b. "Assets" means all assets (except those listed as Excluded Assets), rights and obligations of the Corporation of the City of Pembroke used for the purpose of distributing electricity and retailing electricity and other services and carrying on associated business activities on the Effective Date.
- c. "Electricity Act" means the Electricity Act, 1998, and any regulations thereunder, as set out in Schedule A of the Energy Competition Act, 1998.

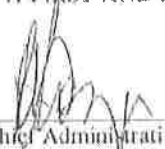
- d. "Effective Date" means the date for each asset transferred pursuant to this Transfer By-Law.
 - e. "Excluded Assets" means the assets described in Schedule "A" of this Transfer By-Law.
 - f. "Goodwill" means all intangible assets and, for the purposes of this agreement, shall be deemed to have a value of not less than One (\$1.00) Dollar.
 - g. "OBCA" means the Business Corporations Act (Ontario) and any regulations thereunder.
 - h. "NBV" means Net Book Value as at the Effective Date and shall be deemed to be fair market value as at the Effective Date.
 - i. "OEB" means the Ontario Energy Board.
 - j. "OEBA" means the Ontario Energy Board Act, 1998, and any regulations thereunder, as set out in Schedule B of the Energy Competition Act, 1998.
 - k. "Transfer By-law" means a by-law made under Section 145 of the Electricity Act, 1998.
 - l. "Transferee" means the corporation incorporated under the Business Corporations Act pursuant to Section 142 of the Electricity Act, 1998. (Ottawa River Power Corporation and Ottawa River Energy Solutions Inc.)
 - m. "Transferor" means the municipal corporation, commission or other body whose employees, assets, liabilities, rights or obligations are transferred pursuant to a Transfer By-Law. (Corporation of the City of Pembroke)
1. This Transfer By-Law shall be known as a Transfer By-Law as authorized by Section 145 of the Electricity Act, 1998; this Transfer By-Law transfers from the Corporation of the City of Pembroke all of the employees, assets, liabilities, rights and obligations of the Corporation of the City of Pembroke and the Pembroke Hydro Electric Commission (PHIEC), related to the City's distribution of electricity to the Ottawa River Power Corporation, and the assets, liabilities, rights and obligations of the Corporation of the City of Pembroke and the Pembroke Hydro-Electric Commission related to the retailing of electricity and other services to the Ottawa River Energy Solutions Inc., except the Excluded Assets in Schedule A which shall not be transferred to either the Ottawa River Power Corporation or Ottawa River Energy Solutions Inc.
2. Without limiting the generality of the matters described in Paragraph 1 hereof, by this Transfer By-Law, the Corporation of the City of Pembroke transfers to Ottawa River Power Corporation all rights, title and interest in the matters more particularly described in Schedules B, C, D, E, and F and transfers to the Ottawa River Energy Solutions Inc. all rights, title and interest in the matters more particularly described in Schedule I.
3. This By-law is binding upon the Corporation of the City of Pembroke, the Ottawa River Power Corporation and the Ottawa River Energy Solutions Inc.

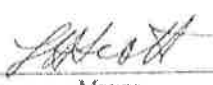
4. The employment of all those persons who are identified by either class of employment or individually on Schedule B attached hereto shall not be terminated or considered constructively dismissed by this Transfer By-law and said employment is deemed to have been transferred and assumed without interruption in service.
5. All of the employees identified in Schedule B and transferred herein shall cease to be employees of the Corporation of the City of Pembroke and shall continue as employees of Ottawa River Power Corporation with no interruption in their service, so that service with the Corporation of the City of Pembroke shall be deemed to be service with Ottawa River Power Corporation. The employment of all such employees shall not be terminated by the provisions of this by-law.
6. The Corporation of the City of Pembroke does not hold any reserve funds established under Section 33 of the Development Charges Act, 1997, that relate to the development charges collected in respect of electrical power services.
7. The Corporation of the City of Pembroke, as Lessor, shall lease to the Ottawa River Power Corporation, as Lessee, the lands and buildings, on the terms and conditions set out in the lease attached hereto and described in Schedule L.
8. The Corporation of the City of Pembroke shall provide the Ottawa River Power Corporation with all records, copies of records, and other information or documentation that is in the City's custody or control and that relate to an employee, asset, liability, right or obligation that is transferred by this Transfer By-Law, including personal information.
9. The incorporation of the Ottawa River Power Corporation and the Ottawa River Energy Solutions Inc. under the Ontario Business Corporations Act, to continue the distribution of electricity and the retailing of electricity and other services of the Pembroke Hydro-Electric Commission is hereby authorized. Any common shares, or other securities issued by the Ottawa River Power Corporation and the Ottawa River Energy Solutions Inc. incorporated pursuant to this By-Law shall be issued upon such incorporation in the name of the Corporation of the City of Pembroke. The first Directors of the Ottawa River Power Corporation shall be George Abdallah and Jay McLaren. The first directors of the Ottawa River Energy Solutions Inc. shall be George Abdallah, Jay McLaren and Mayor Les Scott. Both companies shall be authorized to issue an unlimited number of common shares without par value and an unlimited number of special shares without par value.
10. The assets transferred to the Ottawa River Power Corporation, pursuant to this By-law, shall be transferred at NBV as stated on Schedule H on the Effective Date. The fair market value of the Assets shall be deemed to be the NBV on the Effective Date. The consideration payable by the Ottawa River Power Corporation for the assets transferred herein shall be satisfied as follows:

- a. by the issuance and allotment to the Corporation of the City of Pembroke of four thousand three hundred and sixty-four (4,364) fully paid and non-assessable common shares of Ottawa River Power Corporation.
 - b. by the issuance by the Ottawa River Power Corporation to The Corporation of the City of Pembroke of a Promissory Note having the principal amount equal to four million three hundred and sixty-four thousand (\$4,364,000.00) dollars as set out in Schedule G attached hereto.
 - c. the consideration payable by the Ottawa River Power Corporation shall be allocated among the Assets as set out in Schedule H as at the Effective Date and the Corporation shall report the transfer of the Assets in accordance with the provisions of Schedule H.
- 11. The assets transferred to the Ottawa River Energy Solutions Inc. pursuant to this By-law shall be transferred at the NBV as stated on Schedule K on the Effective Date. The fair market value of the Assets shall be deemed to be the NBV on the Effective Date. The consideration payable by the Ottawa River Energy Solutions Inc. for the assets transferred herein shall be satisfied as follows:
 - a. by the issuance and allotment to the Corporation of the City of Pembroke of four thousand three hundred and sixty-four (4,364) fully paid and non-assessable common shares of Ottawa River Energy Solutions Inc.
 - b. by the issuance by Ottawa River Energy Solutions Inc. to The Corporation of the City of Pembroke of a Promissory Note having the principal amount equal to two hundred and thirty-three thousand two hundred and eighty-seven (\$233,287.00) dollars, in accordance with Schedule J.
 - c. the consideration payable by the Ottawa River Energy Solutions Inc. shall be allocated among the Assets as set out in Schedule K as at the Effective Date and the Corporation shall report the transfer of the Assets in accordance with the provisions of Schedule K.
- 12. The effective date for the transfer of all items described herein from the Corporation of the City of Pembroke to the Ottawa River Power Corporation and to the Ottawa River Energy Solutions Inc. shall be January 1, 2000.
- 13. The transfer of employees, assets, liabilities, rights or obligations under this by-law is exempt from the provisions of all acts prescribed by the Act and regulation, pursuant to Section 159 of the Act.
- 14. The Corporation of the City of Pembroke and Ottawa River Power Corporation shall execute the Shareholders Agreement attached hereto as Schedule N.

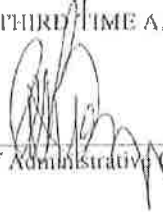
15. The Corporation of the City of Pembroke and Ottawa River Energy Solutions Inc. shall execute the Shareholders Agreement attached hereto as Schedule N.
16. If any portion of this Transfer By-Law is determined to be unenforceable for any reason, that unenforceability shall not affect the enforceability of the remaining portion of the by-law.
17. The Schedules attached to this By-Law form part of the By-law.
18. All references to monetary amounts shall refer to the lawful money of Canada.
19. This transfer By-Law may be registered in the Land Titles Office pursuant to The Land Titles Act of Ontario.
20. If hereinafter requested by the Corporation of the City of Pembroke, the Ottawa River Power Corporation and/or the Ottawa River Energy Solutions Inc. shall execute any agreement or agreements or other instruments in order to further confirm or carry out this Transfer By-Law. By means of said agreement, or instrument, or amendment to this Transfer By-Law, the City may adjust, amend, add to or reduce any value of any of the items set out in the schedules attached herein.
21. The Corporation of the City of Pembroke and the Ottawa River Power Corporation are both registered for Federal Goods and Services (GST) under the Excise Tax Act (ETA). The transfer under this by-law constitutes the transfer of all, or substantially all, of the property that was used by the Corporation of the City of Pembroke in carrying on the electricity business and the Ottawa River Power Corporation is acquiring ownership, possession or use of all, or substantially all, of the property that can reasonably be regarded as being necessary for the Ottawa River Power Corporation to carry on such business. The Corporation of The City of Pembroke and the Ottawa River Power Corporation shall jointly sign the election provided for in Section 167 of the ETA and the Ottawa River Power Corporation shall file the election, in accordance with the provisions of the ETA, together with its GST return for the reporting period in which the transfer took place.

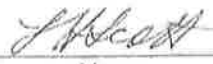
READ A FIRST AND SECOND TIME THIS 6th DAY OF JUNE, 2000.


Chief Administrative Officer


Mayor

READ A THIRD TIME AND PASSED THIS 6th DAY OF JUNE, 2000.


Chief Administrative Officer


Mayor

SCHEDULE A TO TRANSFER BY-LAW NO. 2000 - 31

Excluded Assets:

Real Property: That property located at the corner of Frank Nighbor Street and Pembroke Street West, in the City of Pembroke, being Firstly: Lots 1, 2 and 3, and 12, 13 and 14, Block P, Plan 17, T/W R86051, City of Pembroke, County of Renfrew, being all of PIN 57139-0088. Secondly: Part Lot 4, Block P, Plan 17 as in R314535, T/W and S/T R314535, City of Pembroke, County of Renfrew, being all of PIN 57139-0089. The Excluded Assets herein shall include the building and all those chattels, items and fixtures displayed and retained for the purposes of the museum known as the Pembroke Hydro Museum. The Excluded Assets herein shall also include the real property known as Muskrat River Docking, which said property is legally described as Part Water Lot lying north of Lot 5, Block A, East of Victoria Street, Plan 17 as in R86051; T/W R86051, City of Pembroke and being part of PIN 57139-0253. These fixtures, chattels and items located on the excluded real property asset shall not be included in those items set out in Schedule C herein and transferred to the Ottawa River Power Corporation and/or the Ottawa River Energy Solutions Inc.

The Excluded Assets do not include the chattels, items and fixtures currently used by Pembroke Hydro Electric Commission for the distribution of electricity and the retailing of electricity and performance of other services,

SCHEDULE B TO TRANSFER BY-LAW NO. 2000 - 31

Employees & Benefits:

1. Current employees (11 union) by job classification, plus:

Brian Boudens, Retail Supervisor
J. Lyle Jamieson, Line Supervisor
Shelley A. Morris, Accounting Supervisor
Judith F. Romhild, General Manager's Secretary
Dennis C. Schroeder, Customer Service and Substation Superintendent
Lois Stevenson, Chief Financial Officer

2. The benefit of all employer agreements as at the Effective Date, including all collective agreements and all contracts of employment.
3. The benefit of all employee plans including all employee benefit plans, pension plans (including OMERS pension plan), bonus or incentive plans, employer medical insurance and disability plans and savings plans.

SCHEDULE C TO TRANSFER BY-LAW NO. 2000 - 31

Machinery & Equipment:

All machinery and equipment, metering and measurement devices, hot water heaters and appliances, and all goods and chattels and other personal property and all tools, handling equipment, furniture, furnishings and accessories, and all plant, buildings, structures, erections, improvements, appurtenances and fixtures (including fixed machinery and fixed equipment), conduits, pipes, poles, wires, rods, cables, fibres and other apparatus, devices, appliances and equipment, materials, works, transformers, vaults, transmission lines, distribution lines, ducts, pipelines, fittings, apparatus, meters, whatsoever situated on property owned by the Corporation of the City of Pembroke, on private property and on public property, including, without limiting the generality of the above, the following:

Substations and Distribution equipment

Substation feeders

Poles and overhead distribution lines, including all attachments (SCADA communication cables)

Underground distribution lines

Transformers

Meters

Office equipment

Computer equipment and software

Stores and warehouse equipment

Vehicles

- 1996 Dodge B250 Van, VIN 2B7Hh21X4TK126420
- 1991 GMC Sierra, VIN 1GTEC14Z1M3544558
- 1999 Ford Taurus, VIN 1FAFP53UOXG133950
- 1992 Int'l Model 4900 4x2 Line Truck,
VIN 1HTSDPBR4NH404805
- 1990 1-11 Line Truck, VIN 1HTSDTVR7LH208343
- 1991 GMC Van, VIN 2GTDG14Z3M4518719
- 1997 International Model 6 x 4, VIN 1HTGLATT1VH436563
- 1992 Ford, VIN 1FABP15J7NW202890

1981 Case trencher

1985 John Deere backhoe/loader M/410B S/7041BA716799

Tension stringers (2)

Reel trailers (2)

Pole trailer (1)

Chipper (1)

Forklift (1)

PCB containment unit, located at substation #4

Dump trailer (1)

Tools

Load management and SCADA system

Sentinel lights

Mapping system

SCHEDULE D TO TRANSFER BY-LAW NO. 2000 - 31

Property:

All interest in real property (save and except Schedule A), including rights-of-way, easements and other agreements. And without limiting the generality of the above, specifically the following lands:

PIN 57159-0032 Substation 2 - Fraser Street

Part Lot 29, Concession 2, Fronting Allumette Lake, Geographic Township of Pembroke, now in the City of Pembroke, County of Renfrew, as in R86051, being all of PIN No. 57159-0032.

PIN 57171-0251 Substation 3 & 7 (corner of Fischer Street & Third Avenue)

All that portion of Third Avenue, Plan 191, City of Pembroke, County of Renfrew, designated as Part 1 on Reference Plan 49R-14358.

PIN 57148-0161 Substation 4 (adjoining CNR with access of McKay Street)

Part Gore Lot A, Concession 1, Geographic Township of Pembroke, now in the City of Pembroke, County of Renfrew, as in R86051 (Parcel D), S/T PMC29705, being all of PIN No. 57148-0161.

PIN 57525-0131 Substation 5 (on O'Brien Street near Melton Street)

Part Lot 24, Concession 2, Fronting Allumette Lake, Geographic Township of Pembroke, now in the City of Pembroke, County of Renfrew, as in R100255, T/W R100255, being all of PIN No. 57525-0131.

PIN 57148-0126 Substation 6 (Quarry Road)

Block B, Plan 485, City of Pembroke, County of Renfrew.

PIN 57140-0023 Substation 8 (Maple Avenue & Nelson St)

Part Maple Avenue, Plan 10, Parts 1, 2 & 3, 49R-7031 as closed by R271384, S/T R271385, City of Pembroke, County of Renfrew, being all of PIN No. 57140-0023.

SCHEDULE E TO TRANSFER BY-LAW NO. 2000 - 31

1. Computer Hardware and Software - All computer hardware and software, including all rights under licences and other agreements or instruments relating thereto.
2. Contracts, Rights - The full benefit of all franchise, licence or management agreements and all other contracts, commitments, rights, choses in action, benefits, arrangements, understandings, and agreements, written or oral, to which the Hydro-Electric Commission of Pembroke is a party or otherwise including:
 - (a) All written or oral contracts, agreements, commitments, undertakings, rights and arrangements.
 - (b) All forward commitments to the Hydro-Electric Commission of Pembroke for supplies or materials entered into in the usual and ordinary course of business whether or not there are any written contracts with respect thereto.
3. Goodwill - The goodwill of the Hydro-Electric Commission of Pembroke, including:
 - (a) The exclusive right of any of the Corporations to represent themselves as carrying on business in continuation of and in succession to the Commission and the right to use any words indicating that their business is so carried on.
 - (b) All records of sales, customer lists, customer data and suppliers lists of or used by the Hydro-Electric Commission of Pembroke.
4. Insurance Policies - The full benefit of all policies of insurance of the Hydro-Electric Commission of Pembroke.
5. Intellectual Property - All of the right, title, benefit and interest of the Hydro-Electric Commission of Pembroke in and to all registered trade marks, trade names, brand names, patents and copyrights, all unregistered trade marks, trade names and copyrights and all patent applications, trade mark registration applications and copyright registration applications, both domestic and foreign, owned or made by the Hydro-Electric Commission of Pembroke.
6. Inventories - All inventories and supplies including, but without limitation, all finished goods, work in progress, raw materials, production and shipping supplies and maintenance items and all other materials and supplies on hand to be used or consumed in the production of products.

7. Licences and Permits - the full benefit of all licences, registrations, permits, Know-How - All patterns, plans, designs, research data, copyrights, trade secrets and other proprietary know-how, processes, drawings, technology, unpatented blueprints, flow-sheets, equipment and parts lists and descriptions and related instructions, manuals, data, records and procedures and any and all data owned or used by the Hydro-Electric Commission of Pembroke, and all licences, agreements and other contracts and commitments relating to any of the foregoing to which the Hydro-Electric Commission of Pembroke is a party,
8. Licences and Permits - the full benefit of all licences, registrations, permits, consents, quotas, approvals, certifications and other authorizations.
9. Records - All personnel records, inspection records and all other records, books, documents and data bases relating to Employees, the Assumed Liabilities, the business of the Hydro-Electric Commission of Pembroke, or to the Assets in the possession or under the control of Hydro-Electric Commission of Pembroke
10. Warranties - The full benefit of all warranties and warranty rights, implied, express or otherwise, against manufacturers, suppliers or sellers which apply to any of the Assets and the net realizable value of any warranty claims relating to the Assets outstanding as of the Effective Date.
11. All right, title and interest and benefits of the Pembroke Hydro Electric Commission in and to the Limited Partnership Agreement, dated the day of November, 1997 between Enerconnect Inc. (General Partner) and Board of Light and Heat Commissioners of the City of Guelph, Brampton Hydro-Electric Commission, Hydro-Electric Commission of Waterloo, Wellesley and Woolwich, Public Utilities Commission of the Town of Collingwood and Peterborough Utilities Commission (Original Limited Partners).

SCHEDULE F TO TRANSFER BY-LAW NO. 2000 - 31

Retired Employees:

Gertrude Breault
Anthony Duff
Isabella Lohowy
Murray Moore
Garfield Nieman
Dennis Stalkie
Michael Vickers

SCHEDULE G TO TRANSFER BY-LAW NO. 2000 - 31

Promissory Note:

Consideration given for the transfer of assets, liabilities, rights and obligations shall be the issuance and allotment to the Corporation of the City of Pembroke of four thousand three hundred and sixty-four (4,364) fully paid and non-assessable common shares of Ottawa River Power Corporation, and the issuance by the Ottawa River Power Corporation to the Corporation of the City of Pembroke of a Promissory Note having a principal amount equal to four million, three hundred and sixty-four thousand (\$4,364,000.00) dollars. Such Promissory Note to be due and payable on the 1st day of January, 2002, to be non-interest bearing from January 1, 2000 to market opening, which is currently slated for November 7, 2000, and thereafter, to bear interest at an effective rate, currently 7.25% per annum, term and interest to be renegotiated annually. Interest to be calculated annually, payable quarterly and to be in the form and content satisfactory to the Treasurer of the Corporation of the City of Pembroke. In the event that Ottawa River Power Corporation is sold to a non-related entity or otherwise disposed of, the Corporation of the City of Pembroke at the time of such sale or disposition, shall have the option of calling for the immediate payment of the principal and any accrued interest of the Promissory Note.

SCHEDULE H TO TRANSFER BY-LAW 2000 - 31

Assets - Ottawa River Power Corporation:

NET BOOK VALUE 1999
PRELIMINARY COMPILATION
AUDITED

	Pembroke
Cash	771,681
Accounts receivable	1,005,285
Unbilled revenue	857,887
Inventory	557,770
Prepaid expenses	38,841
Securities in Enerconnect	12,000
Other assets	35,727
Land	132,072
Buildings	147,361
Other capital assets	5,817,447
Goodwill	1
Accounts payable(including Ontario Hydro)	(1,236,901)
Customer deposits - current	(25,968)
Other current liabilities	(186,852)
Customer deposits - long term	(103,870)
Vested sick leave - long term	(94,481)
	<u>8,728,000</u>

Note 1: All risks with respect to current litigation regarding penalties should stay with municipalities

SCHEDULE I TO TRANSFER BY-LAW 2000 - 31

All those assets not required for distribution, but necessary for retail of electricity and other services.

1. Goodwill
2. Water Heaters
3. Sentinel Lights

SCHEDULE J TO TRANSFER BY-LAW 2000 - 31

Promissory Note:

Consideration given for the transfer of assets, liabilities, rights and obligations shall be the issuance and allotment to the Corporation of the City of Pembroke of four thousand three hundred and sixty-four (4,364) fully paid and non-assessable common shares of Ottawa River Energy Solutions Inc., having an ascribed value equal to twenty-one thousand, eight hundred and twenty (\$21,820.00) dollars, and the issuance by the Ottawa River Energy Solutions Inc. to the Corporation of the City of Pembroke of a Promissory Note having a principal amount equal to two hundred and thirty-three thousand, two hundred and eighty-seven (\$233,287.00) dollars. Such Promissory Note is to be due and payable on the 31st day of October, 2003, to be non-interest bearing from January 1, 2000 to market opening, which is currently slated for November 7, 2000, and thereafter to bear interest at an effective rate of the prime rate of interest declared by the Bank of Canada as determined on the date of the market opening, plus 1% per annum. Interest to be calculated annually, payable quarterly and to be in the form and content satisfactory to the Treasurer of the Corporation of the City of Pembroke. In the event that Ottawa River Energy Solutions Inc. is sold to a non-related entity or otherwise disposed of, the Corporation of the City of Pembroke at the time of such sale or disposition shall have the option of calling for the immediate payment of the principal and any accrued interest of the Promissory Note.

SCHEDULE K TO TRANSFER BY-LAW 2000 - 31

Assets - Ottawa River Energy Solutions Inc.:

NET BOOK VALUE 1999
PRELIMINARY COMPILATION
AUDITED

	Pembroke
Cash	21,819
Water heaters	221,628
Sentinel lights	11,659
Goodwill	<u>1</u>
	<u>255,107</u>

LEASE AGREEMENT

THIS INDENTURE made this 1st day of January, A.D., 2000.

B E T W E E N:

THE CORPORATION OF THE CITY OF PEMBROKE
(hereinafter called the "Landlord")

OF THE FIRST PART

- and -

OTTAWA RIVER POWER CORPORATION
(hereinafter called the "Tenant")

OF THE SECOND PART

WHEREAS the Landlord is the owner of a commercial building (hereinafter collectively called the "Building") on lands described as the corner of Frank Nighbor Street and Pembroke Street West, in the City of Pembroke, in the County of Renfrew, more particularly described as PIN 57139-0088 and 57139-0089;

AND WHEREAS the Landlord has agreed to lease to the Tenant all of the land and the Building, as outlined in red on the Plan attached hereto as Schedule "1" and forming part hereof (which said land and building is hereinafter called the "Leased Premises") and the Tenant has agreed to lease the same on the terms and conditions hereinafter set forth.

LEASED PREMISES

1. NOW THEREFORE THIS INDENTURE WITNESSETH that in consideration of the rent, covenants and agreements hereinafter reserved and contained on the part of the Tenant to be respectively paid, observed and performed, the Landlord hath demised and leased and by these presents doth demise and lease the Leased Premises unto the Tenant, together with the right of the Tenant, the Tenant's employees, agents, suppliers (subject to the other provisions contained in this Lease), and persons having business with the Tenant and all others entitled to the use of the driveways and parking lots servicing the Building and property as outlined on Schedule "1" annexed hereto, which are sometimes hereinafter referred to as the "Related Improvements".

DEFINITIONS

2. In this Indenture:

(a) "herein", "hereof", "hereby", "hereunder", "hereto", "hereinafter" and similar expressions refer to this Lease and not to any particular paragraph, section or other portion

thereof, unless there is something in the subject matter or context inconsistent therewith.

(b) "Business Day" means seven days a week.

(c) "Commencement Date" means January 1, 2000.

(d) "Development" means all structures and buildings constructed or to be constructed on the Lands.

(e) "Leasehold Improvements" means all fixtures, improvements, installations, alterations and additions from time to time made, erected or installed by or on behalf of the Tenant in the Leased Premises including trade fixtures and furniture and equipment not of the nature of fixtures.

(f) "Normal Business Hours" means 24 hours a day.

(g) "Operating Costs" means the total amounts reasonably paid or payable for climate control (if applicable) and maintaining, operating and repairing the Building and Related Improvements, sidewalks, driveways, parking areas, grass and other improvements relating thereto including without limiting the generality of the foregoing, the aggregate of the amount paid for all fuel used in heating, and the purchase of steam for heating or other purposes, the amount paid or payable for all electricity furnished to the Building; the amount paid or payable for all hot and cold water; the total charges of any independent contractors employed in the repair, care, maintenance, and cleaning of the Building; the amount paid or payable for all supplies (including all supplies and necessities which are occasioned by everyday wear and tear); the costs of climate control and window cleaning, telephone and utility costs, the cost of guards and other protection services; payments for general maintenance and repairs to the plant and equipment supplying climate control; and the amount paid for premiums for all insurance including that provided for hereafter in this Lease.

(h) "Rent" includes all monies payable by the Tenant pursuant to the terms of this Lease.

(i) "Taxes" means all taxes, rates, duties, levies and assessment whatsoever, whether municipal, parliamentary or otherwise, levied, imposed or assessed against the Building, Lands and Related Improvements, or upon the Landlord in respect thereof, or from time to time levied, imposed or

assessed in the future in lieu thereof, including those levied, imposed or assessed for education, schools and local improvements, and including all costs and expenses (including legal and other professional fees and interest and penalties on deferred payments), incurred by the Landlord in good faith contesting, resisting or appealing any taxes, rates, duties, levies or assessments.

(j) "Term" means a period of 10 years to be computed from the Commencement Date and from thence ensuing.

TERM OF LEASE

3. To have and to hold the Leased Premises for and during the Term.

ANNUAL RENTAL

4 The Tenant shall pay to the Landlord at the address of the Landlord referred to herein yearly and every year during the Term, a rental of Twelve Dollars (\$12.00) per year in lawful money of Canada payable in equal monthly instalments of One Dollar (\$1.00) per month plus applicable G.S.T. in advance on the first day of each month during the first five years of the Term or to such other party or place as the Landlord shall hereinafter designate in writing.

TAXES

5. During each twelve (12) month period during the Term, such twelve (12) month period commencing on the first day of the month following the last date on which the taxes are payable without penalty, the Tenant shall pay to the Landlord on the first day of each and every calendar month throughout the Term, commencing on the Commencement Date, a sum equal to one-twelfth (1/12th) of the Landlord's reasonable estimate of the Tenant's taxes due for the twelve month period. As soon as taxes for any particular twelve month period have been determined, the Tenant shall pay to the Landlord the taxes less the payments made by the Tenant to the Landlord during such twelve (12) month period, or if the Tenant have overpaid, the Landlord shall refund any excess paid within Thirty (30) days of the actual tax amount being ascertained; provided, that if the Term commences after the beginning of a calendar year or expires before the end of a calendar year, the Tenant's share of the taxes for such year shall be reduced proportionately.

OPERATING COSTS

6. On the 1st day of each and every calendar month throughout the Term commencing on the Commencement Date the Tenant shall pay to

the Landlord one-twelfth (1/12th) of the Landlord's reasonable estimate of the Operating Costs for the then current calendar year. As soon as Operating Costs for any particular calendar year have been determined, the Landlord shall dispatch to the Tenant a copy of such certificate, together with a calculation of the Tenant's Operating Costs and the Tenant shall, after receiving any additional documents or source documents the Tenant may reasonably require from the Landlord, within ten (10) days of receipt thereof, pay the operating costs less any monthly payments on account thereof, and if the Tenant has overpaid, the Landlord shall refund any excess paid; provided, that if the Term commences after the beginning of the calendar year or expires before the end of the calendar year, the Tenant's share of the Operating Costs for such year shall be reduced proportionately.

TAX ON TENANT'S LEASEHOLD IMPROVEMENTS

7. The Tenant shall pay as additional rental to the Landlord, when demanded or otherwise due hereunder, in respect of each applicable tax year, an amount equal to that portion of the taxes, as determined by the Landlord, which may reasonably be regarded as attributable to Leasehold Improvements and trade fixtures and all furniture and equipment made, owned or installed by or on behalf of the Tenant in the Lease Premises.

ELECTRICITY, TELEPHONE AND UTILITY CHARGES

8. (a) The Tenant shall pay to the authorities having jurisdiction the cost of installing and operating all telephones in the Lease Premises.

(b) The Tenant shall pay to the appropriate authorities when due the cost of all electric current and water supplied to the Leased Premises.

COMMENCEMENT AND CONDUCT OF BUSINESS

9. The Tenant shall commence its business in the Leased Premises on the Commencement Date and thereafter shall operate its business in the whole of the Leased Premises in a reputable manner and in compliance with the provisions of this Lease and the requirements of all applicable governmental laws and regulations during Business Days during Normal Business Hours during the Term hereof, provided that nothing in this section shall require the Tenant to carry on business during any period prohibited by any law or by-law regulating or limiting the hours during which such business may be carried out.

TENANT'S COVENANTS

The Tenant covenants with the Landlord as follows:

10.01 The Tenant shall pay taxes, charges, rates, duties and assessments levied, rated, imposed, charged or assessed against and in respect of the Tenant's occupancy of the Leased Premises or in respect of the personal property, trade fixtures, furniture and facilities of the Tenant or the business or income of the Tenant on and from the Leased Premises if, as and when the same becomes due, and will indemnify and keep indemnified the Landlord from and against all payment of all loss, costs, charges and expenses occasioned by or arising from any and all such taxes, rates, duties, assessments, license fees and all taxes.

10.02 The Tenant further covenants and agrees that upon written request of the Landlord the Tenant will promptly deliver to it for inspection, receipts for payment of all taxes, rates, duties, assessments and other charges in respect of all improvements, equipment and facilities of the Tenant on or in the Leased Premises which were due and payable up to one (1) month prior to such request, and in any event will furnish to the Landlord if requested by the Landlord, evidence of payments satisfactory to the Landlord before the 21st day of January in each year covering payments for the preceding year.

TENANT REPAIR

11.01 The Tenant shall repair the Leased Premises, including without limiting the generality of the foregoing, all interior partitions, fixtures and Leasehold Improvements in the Leased Premises and all exterior structural walls and the roof of the demised premises, and all electrical and telephone outlets and conduits and any fixtures and shelving, and all mechanical and electrical equipment, damage resulting from structural defect, by fire, lightning and tempest and other casualty excepted; and the Landlord may enter and view the state of repair and the Tenant will repair as reasonably required according to notice in writing, subject only to the foregoing exceptions.

11.02 At the end of the Term or sooner termination of the Term, the Tenant shall leave the Leased Premises in good repair as aforesaid and in a state of broom cleanliness.

11.03 The Tenant acknowledges and agrees that it is intended that this Lease shall be a completely carefree net, net, net lease to the Landlord; that the Landlord shall not be responsible during the term of the Lease for any costs, charges, expenses and outlays of any nature whatsoever arising from or relating to the land and

Lease Premises, or the contents thereof, and the Tenant shall pay all charges, impositions, costs and expenses of every nature and kind relating to the land and building.

11.04 If the Building, boilers, engines, pipes and other apparatus (or any of them) used for the purpose of climate control of the Building or if the water pipes, drainage pipes, electric lighting or other equipment of the Building or the roof or outside walls of the Building get out of repair or become damaged or destroyed the cost of the necessary repairs, replacements or alterations shall be borne by the Tenant who shall pay the same.

ASSIGNMENT, SUBLETTING, PARTING WITH POSSESSION

12. The Tenant shall not assign this Lease or sublet the whole or any part of the Leased Premises unless they first obtain the consent of the Landlord in writing, which consent shall not be unreasonably withheld. Provided however that any such assignment, subletting or parting with possession of the Leased Premises shall not relieve the Tenant from its obligations for the payment of rent and for the full and faithful observance and performance of the covenants, terms and conditions herein contained.

RULES AND REGULATIONS

13. The Tenant and the Tenant's employees and all persons visiting and doing business with the Tenant in the Leased Premises shall be bound by and shall observe the Rules and Regulations attached to this Lease and such further and other reasonable Rules and Regulations made hereafter by the Landlord relating to the Building or the Leased Premises of which notice in writing shall be given to the Tenant and all such Rules and Regulations shall be deemed to be incorporated into and form part of this Lease.

USE OF LEASED PREMISES

14. The Leased Premises shall be used for the operation of the Tenant's usual business, being an electrical power office and museum. In addition, the office may be used for the retail of any item related to the distribution of power, including but not limited to, water heaters, fiberoptics and other such items. As well, the Leased Premises may be used for such other uses as the Landlord shall approve, which approval shall not be unreasonably withheld.

INCREASE IN INSURANCE

15. The Tenant agrees that it will not keep, use, sell or offer for sale in or upon the Leased Premises any article which may be prohibited by any insurance policy in force from time to time covering the Building. In the event the Tenant's occupancy or

conduct of business in, or on the Leased Premises, whether or not the Landlord has consented to the same, results in any increase in premiums for the insurance carried from time to time by the Landlord with respect to the Building, the Tenant shall pay any such increase in premiums as additional rent within ten (10) days after bills for such additional premiums shall be rendered by the Landlord. In determining whether increased premiums are a result of the Tenant's use or occupancy of the Leased Premises, a schedule issued by the organization computing the insurance rate on the Building showing the various components of such rate, shall be conclusive evidence of the several items and charges which make up such rate. The Tenant shall promptly comply with all reasonable requirements of the insurance authority or of any insurer now or hereafter in effect relating to the Leased Premises.

TENANT'S INSURANCE

16. (a) The Tenant shall during the entire Term hereof, at his sole cost and expense, take out and keep in full force and effect and in the names of the Tenant, the Landlord and the mortgagees of the Landlord as their respective interests may appear, the following insurance:
 - (i) Insurance upon the property of every description and kind owned by the Tenant or for which the Tenant is legally liable, or installed by or on behalf of the Tenant (and which is located within the Building), including, without limitation furniture, fittings, installations, alterations, additions, partitions, fixtures and anything in the nature of a leasehold improvement in an amount not less than ninety (90%) percent of the full replacement cost thereof, with coverage against at least the perils of fire and standard extended coverage including sprinkler leakages (where applicable), earthquake, flood and collapse. If there is a dispute as to the amount which comprises full replacement cost, the decision of the Landlord or the mortgagees of the Landlord shall be conclusive;
 - (ii) Public liability and Property Damage insurance including personal injury liability, contractual liability, non-owned automobile liability and owners' and contractors' protective insurance coverage with respect to the Leased Premises and which coverage shall include the activities and operations conducted by the Tenant and any other person on the Leased Premises. Such policies shall be written on a comprehensive basis with limits of not less than \$1,000,000.00 for Bodily Injury to any one or more persons, or Property Damage, and such higher limits as

the Landlord or the mortgagees of the Landlord may reasonably require from time to time, and all such policies shall contain a Severability of Interest Clause and a Cross Liability Clause;

(iii) Tenant's Legal Liability Insurance for not less than 90% of the full Replacement Cost of the Leased Premises; coverage to include the activities and operations conducted by the Tenant and any other Persons on the Leased Premises; and

(iv) Any other form or forms of insurance as the Tenant or the Landlord or the mortgagees of the Landlord may reasonably require from time to time in form, in amounts and for insurance risks against which a prudent tenant would protect itself.

(b) All policies shall be taken out with insurers acceptable to the Landlord and in a form satisfactory from time to time to the Landlord. The Tenant agrees that certificates of insurance or, if required by the Landlord or the mortgagees of the Landlord, certified copies of each such insurance policy will be delivered to the Landlord as soon as practicable after the placing of the required insurance. All policies shall contain an undertaking by the insurers to notify the Landlord and the mortgagees of the Landlord in writing not less than thirty (30) days prior to any material change, cancellation or other termination thereof.

(c) The Tenant covenants and agrees that in the event of damage or destruction to the leasehold improvements in the Leased Premises covered by insurance required to be taken out by the Tenant pursuant to this Lease, the Tenant will use the proceeds of such insurance for the purpose of repairing or restoring such leasehold improvements. In the event of damage to or destruction of the Building entitling the Landlord to terminate this Lease pursuant to this Lease, then, if the Leased Premises have also been damaged, the Tenant will pay to the Landlord all of its insurance proceeds relating to the leasehold improvements in the Leased Premises which the tenant is not entitled to remove on termination of the Lease in accordance with the provisions of this Lease, and if the Leased Premises have not been damaged, the Tenant will deliver to the Landlord, in accordance with the provisions of this Lease, the leasehold improvements and the Leased Premises.

CANCELLATION OF INSURANCE

17. If any insurance policy upon the Building or any part thereof shall be cancelled or the coverage thereunder reduced in any way by reason of the use or occupation of the Leased Premises or any part thereof, other than such use as is specifically permitted by the provisions of this Lease, by the Tenant or by any assignee or sub-tenants of the Tenant or by anyone permitted by the Tenant to be upon the Leased Premises, and if the Tenant fails to remedy the condition giving rise to cancellation, threatened cancellation or reduction of coverage within forty-eight (48) hours after notice thereof, the Landlord may, at its option, enter upon the Leased Premises and attempt to remedy such condition and the Tenant shall forthwith pay the cost thereof to the Landlord as additional rent. The Landlord shall not be liable for any damage or injury caused to any property of the Tenant or of others located on the Leased Premises as a result of such entry. In the event that the Landlord shall be unable to remedy such condition, the Landlord shall be entitled to re-enter the Leased Premises forthwith by leaving upon the Leased Premises notice in writing of its intention so to do and thereupon the provisions of the Section dealing with Landlord's right of re-entry herein shall apply.

OBSERVANCE

18. The Tenant shall comply with all provisions of law including without limitation, federal and provincial legislative enactments, building by-laws, and any other governmental or municipal regulations which relate to the partitioning, equipment, operation and use of the Leased Premises, and to making of any repairs, replacement, alterations, additions, changes, substitutions or improvements of or to the Leased Premises. And the Tenant shall comply with all police, fire and sanitary regulations imposed by any federal, provincial or municipal authorities, or made by insurance underwriters, and to observe and obey all governmental and municipal regulations and other requirements governing the conduct of any business conducted in the Leased Premises. Notwithstanding the foregoing it shall be the Landlord's responsibility to comply with federal and provincial legislative enactments, building by-laws and any other governmental or municipal regulations which relate to the Building in so far as they may require changes of a structural nature in the Building, provided nevertheless that such changes shall be the responsibility of the Tenant if there are any changes required to be made in the Tenant's improvements or partitioning.

WASTE AND NUISANCE

19. The Tenant shall not do or suffer any waste or damage or disfiguration or injury to the Leased Premises and shall not use or permit to be used any part of the Leased Premises for any dangerous, noxious or offensive trade or business, and shall not cause or permit any nuisance in, at or on the Leased Premises.

ENTRY BY LANDLORD

20. The Tenant shall permit the Landlord, its servants or agents to enter upon the Leased Premises at any time and from time to time for the purpose of inspecting and of making repairs to the Leased Premises or to the Building. The Landlord, its servants or agents may at any time and from time to time enter upon the Leased Premises to remove any article or remedy any condition which in the opinion of the Landlord, reasonably arrived at, would be likely to lead to cancellation of any policy of insurance, and such entry by the Landlord shall not be deemed to be re-entry. The Landlord shall have the right to enter the Leased Premises in order to check, calibrate, adjust and balance controls and other parts of the heating, ventilating and climate control system during Normal Business Hours upon reasonable notice. Provided that the Landlord shall proceed hereunder and in such a manner as to minimize interference with the Tenant's use and enjoyment of the Leased Premises.

INDEMNIFICATION OF LANDLORD

21. The Tenant shall indemnify the Landlord and save it harmless from and against any and all loss, claims, actions, damages, liability and expense in connection with loss of life, personal injury or damage to property arising from any occurrence in, upon or at the Leased Premises and specifically arising from the spill of any hazardous substances, oils, contaminates, liquid industrial wastes or nuclear wastes, or the occupancy or use by the Tenant of the Leased Premises or any part thereof, or occasioned wholly or in part by any act or omission of the Tenant, his agents, contractors, employees servants, licensees, or concessionaires or invitees or by anyone permitted to be on the Leased Premises by the Tenant except where such claim arises from the negligence or act of omission on the part of the Landlord or those for whom in law the Landlord is responsible. In case the Landlord shall, without fault on its part, be made a party to any litigation commenced by or against the Tenant, then the Tenant shall protect and hold the Landlord harmless and shall pay all costs, expenses and reasonable legal fees incurred or paid by the Landlord in connection with such litigation. Irrespective of this Paragraph, the Landlord is responsible for any contaminates existing on the property or any environmental issues associated with the property as at January 1,

2000. In particular, any claims for repair of such environmental problems or contaminates are at the sole expense and cost of the Landlord.

EXHIBITING PREMISES

22. Save and except where the Tenant has exercised his option to renew the lease for an additional term by notice in writing to the Landlord, the Tenant shall permit the Landlord or its agents to exhibit the Leased Premises to prospective tenants during reasonable hours of the last six (6) months of the Term or any renewal thereof.

GLASS

23. The Tenant shall pay the cost of replacement with as good quality and size of any glass broken on the Leased Premises including outside windows and doors of the perimeter of the Leased Premises (including perimeter windows in the exterior walls) during the continuance of this Lease, unless the glass shall be broken by the Landlord, its servants, employees or agents on its behalf.

SIGNS AND ADVERTISING

24. Subject to required governmental approval and the approval of the Landlord the Tenant shall be allowed to install at its own cost fascia sign and other usual signs.

SUBORDINATION

25. The Tenant agrees to subordinate its Lease of the Premises to every mortgagee from time to time during the Term of the Lease, provided always that prior thereto such mortgagee executes a non-disturbance agreement in favour of the Tenant in a form reasonably satisfactory to the solicitor for the Tenant.

ACCEPTANCE OF PREMISES

26. The Tenant has examined the Leased Premises before taking possession and confirms that the Leased Premises were in good order and in satisfactory condition, subject to any latent defects, if any, and in particular subject to any contaminates existing on the property as at January 1, 2000 and any environmental issues whatsoever associated with the property which are the absolute obligation of the Landlord to rectify and repair, if required, by any environmental legislation in the Province of Ontario or any health and safety issues.

The Tenant agrees that there is no promise, representation or undertaking by or binding upon the Landlord with respect to any alteration, remodelling or redecorating of or installation of equipment or fixtures in the Leased Premises, except such, if any, as are expressly set forth in this Lease

CERTIFICATES

27. The Tenant agrees that he will at any time and from time to time upon not less than ten (10) days prior notice execute and deliver to the Landlord a statement in writing certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the modifications and that the same is in full force and effect as modified), the amount of the annual rental then being paid hereunder, the dates to which the same, by instalments or otherwise, and other charges hereunder have been paid, and whether or not there is any existing default on the part of the Landlord of which the Tenant has notice.

FIXTURES, ALTERATION AND IMPROVEMENTS

28. (a) The Tenant will not make, erect, install or alter any Leasehold Improvements or trade fixtures in the Leased Premises without having requested and obtained the Landlord's prior written approval, which the Landlord shall not unreasonably withhold; provided, that in making, erecting, installing or altering such Leasehold Improvements or trade fixtures in the Leased Premises the Tenant shall comply with all laws or regulations of any governmental authority.

(b) In connection with the making, erection, installation or alteration of Leasehold Improvements and trade fixtures and all other work or installations made by or for the Tenant in the Leased Premises, the Tenant shall comply with all the provisions of the Construction Lien Act and other statutes from time to time applicable thereto, (including any provisions requiring or enabling the retention of portions of any sums payable by way of holdback), and except as to any such holdback shall promptly pay all accounts relating thereto. If and whenever any builders' or other lien for work, labour, services or materials supplied to or for the Tenant or for the cost of which the Tenant may be in any way liable or claims therefore shall arise or be filed, the Tenant shall within twenty (20) days after receipt of notice thereof procure the discharge thereof. This paragraph shall not prevent the Tenant from mortgaging or encumbering its chattels, furniture or equipment.

REMOVAL OF FIXTURES

29. Upon termination of the Lease, the Tenant shall at the Landlord's option remove any Leasehold Improvements, equipment or fixtures that were installed by the Tenant or on his behalf, including all underground and overhead wires and transformers from the property save and except the equipment or wires required to maintain power to the building provided that the Tenant shall

repair any damage due to the removal of the said items.

LANDLORD'S COVENANTS

The Landlord covenants with the Tenant as follows:

QUIET ENJOYMENT

30. The Landlord covenants with the Tenant for quiet enjoyment.

LANDLORD'S INSURANCE

31. The Landlord covenants and agrees that throughout the Term it will insure the Building (excluding foundations and excavations). The Landlord may, but shall not be obliged to, take out and carry any other form or forms of insurance as it or the mortgagees of the Landlord may reasonably determine advisable. The Tenant shall pay the full cost of the Landlord's insurance. Notwithstanding any contribution by the Tenant to the cost of insurance premiums, as provided herein, the Tenant acknowledges that he has no right to receive any proceeds from any such insurance policies carried by the Landlord.

MUTUAL COVENANTS

FIRES, ETC.

32. If and whenever during the Term the Leased Premises or a portion thereof are damaged or destroyed or not useable in the normal course of its business, except for damage or destruction which the Tenant is required to restore or repair, the rent reserved shall abate in proportion to the extent of the Leased Premises destroyed or damaged or not useable in the normal course of its business, as aforesaid until the same shall be made good by the Landlord to the extent of enabling the Tenant to use and occupy the Premises. The Landlord agrees that it will repair the Leased Premises with all due diligence unless the Tenant is obligated to so repair. Provided, however, that if the damage or destruction cannot be repaired with due diligence within 180 days from the happening of such damage or destruction, the Tenant may within 30 days of such damage or destruction terminate the Lease by notice in writing.

LOSS AND DAMAGE

33. The Landlord shall not be liable or responsible in any way:

- (a) for any death or injury arising from or out of any occurrence in, upon or at the Building or for damage to property of the Tenant or others located on the Leased Premises, nor shall it be responsible in the event of damage to any property of the Tenant or others from any cause whatsoever, except such loss, injury or death as results from

the negligence of the Landlord, its agents, servants or employees or others for whom it may be responsible. Without limiting the generality of the foregoing, the Landlord shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain, snow or leaks from any part of the Leased Premises or from the pipes, appliances, or plumbing works, roof, street, or sub-surface of any floor or ceiling or from any other place or because of dampness or climate conditions from any other cause of whatsoever nature. The Landlord shall not be liable for any damage whatsoever caused by occupant or adjacent property thereto, or the public, or construction of any private, public or quasi-public work. All property of the Tenant kept or stored on the Leased Premises shall be so kept or stored at the risk of the Tenant only; and

(b) for loss or damage however caused, to money, securities, negotiable instruments, papers or other valuables of the Tenant.

DELAYS

34. Whenever and to the extent that the Landlord or the Tenant shall be unable to fulfil, or shall be delayed or restricted in the fulfilment of any obligations hereunder in respect of the supply or provision of any service or utility or the doing of any work or the making of any repairs by reason of being unable to obtain the material, goods, equipment, service, utility or labour required to enable it to fulfil such obligation or by reason of any statute, law or Order-In-Council or any regulation or order passed or made administrator, controller or board, or any governmental department or officer or other authority, or by reason of not being able to obtain any permission or authority required thereby, or by reason of any other cause beyond its control whether of the foregoing character or not, the Landlord or Tenant shall be entitled to extend the time of fulfilment of such obligation by a time equal to the duration of such delay or restriction, and the other party shall not be entitled to compensation for any inconvenience, nuisance or discomfort thereby occasioned.

REMEDYING OF DEFAULT

35. (a) In addition to all rights and remedies of the Landlord available to it in the event of any default hereunder by the Tenant either by any other provision of this Lease or by statute or the general law, the Landlord:

(i) shall have the right at all times to remedy or attempt to remedy any default of the Tenant, and in so doing may

make any payments due or alleged to be due by the Tenant to third parties and may enter upon the Leased Premises to do any work or other things herein, and in such event all expenses to the Landlord in remedying or attempting to remedy such default shall be payable by the Tenant to the Landlord forthwith upon demand;

(iii) shall have the same rights and remedies in the event of any non-payment by the Tenant, amounts payable by the Tenant under any provision of this Lease as in the case of a non-payment of Rent; and

(iii) if the Tenant shall fail to pay any Rent or other amount from time to time payable by it to the Landlord hereunder promptly when due, the unpaid amount will bear interest from the due date to the date of payment at the rate of twenty four (24%) percent per year, calculated and payable monthly, and it will be collectible as Rent with the next instalment of Rent falling due, but nothing in this Lease suspends or delays the payment of an amount of money when it becomes due and payable, or limits any other remedy of the Landlord.

(b) The Landlord may from time to time resort to any or all of the rights and remedies available to it in the event of any default hereunder by the Tenant, either by any provision of this Lease or by statute or the general law, all of which rights and remedies are intended to be cumulative and not alternative, and the express provisions hereunder as to certain rights and remedies are not to be interpreted as excluding any other or additional rights and remedies available to the Landlord by statute or the general law.

DEFAULT

36. If and whenever the rental hereby reserved or any part thereof shall not be paid on the day appointed for payment thereof or in the case of breach or non-observance of any of the covenants, agreement, provisos, conditions or Rules and Regulations on the part of the Tenant to be kept, observed or performed or in case the Leased Premises shall be vacant or remain unoccupied for fifteen (15) days or in case the term shall be taken in execution or attachment for any cause whatsoever, and the Tenant shall not have remedied such breach within twenty (20) days from notice by the Landlord, then in every such case it shall be lawful for the Landlord thereafter to enter into and upon the Leased Premises or any part thereof in the name of the whole and the same to have again, repossession and enjoy as of its former estate, anything herein

contained to the contrary notwithstanding.

BANKRUPTCY, ETC

37. If the Term hereby guaranteed or any of the goods and chattels of the Tenant shall at any time during the Term or any renewal thereof be seized or taken in attachment by any creditor of the Tenant, or if a writ of execution, sequestration or extent shall issue against the goods and chattels of the Tenant, or if any petition or other application is presented to any court of competent jurisdiction for the dissolution, liquidation or winding-up of the Tenant, or for the appointment of a receiver or receiver and manager, or if the Tenant shall abandon or attempt to abandon the Leased Premises or shall be used for any purpose other than that for which they were let without the written consent of the Landlord, then and in every case the then current and the next ensuing three (3) months' rent, shall immediately become due and payable; and the Landlord, at any time after it has notified the Tenant of the default complained of and the Tenant has failed to cure such default within thirty (30) days, may re-enter and take possession of the Leased Premises, or any part thereof in the name of the whole, and have again, repossess and enjoy the Leased Premises, in its former estate, anything herein to the contrary notwithstanding, as though the Tenant was holding over after the expiration of the Term, and the Term shall, at the option of the Landlord, forthwith become forfeited and determined and rent accelerated.

RELIEF FROM FORFEITURE

38. This Lease shall not contain any waiver of the Tenant's right to relief from forfeiture otherwise available to the Tenant by law, nor is any such waiver to be implied by the terms of this Lease, the conduct of the parties, or otherwise.

RIGHT OF TERMINATION

39. The Tenant further covenants and agrees that on the Landlord's becoming entitled to re-enter upon the Leased Premises under any of the provisions of this Lease, the Landlord in addition to all other rights, shall have the right to determine forthwith this Lease and the Term by giving notice in writing addressed to the Tenant of his intention so to do, and thereupon rent shall be computed, apportioned and paid in full to the date of such termination of this Lease, and any other payments for which the Tenant is liable under this Lease shall be paid and the Tenant shall forthwith deliver up possession of the Leased Premises to the Landlord and the Landlord may re-enter and take possession of the same.

TO PAY RENT AND PERFORM COVENANTS

40. The Tenant shall pay to the Landlord in the manner specified herein, all rent hereby reserved and all other amounts which are collectible by the Landlord as rent. The Tenant shall observe and perform all terms and provisions of this Lease on its part to be observed and performed and shall not do or suffer to be done anything contrary to any term or provision hereof. The Tenant shall pay, as additional rent, all costs, expenses and legal fees that may be incurred or paid by or on behalf of the Landlord in enforcing the covenants and provisions of this Lease.

NON-WAIVER

41. No condoning, excusing or overlooking by the Landlord of any default, breach or non-observance by the Tenant at any time or times in respect of any covenants, provisos or conditions herein contained shall operate as a waiver of the Landlord's rights hereunder in respect of any continuing or subsequent default or breach, and no waiver shall be inferred from or implied by anything done or omitted by the Landlord save only express waiver in writing. All rights and remedies of the Landlord in this lease contained shall be cumulative and not alternative.

OVERHOLDING

42. If the Tenant shall continue to occupy the Leased Premises after the expiration of this Lease with or without the consent of the Landlord, and without any further written agreement, the Tenant shall be a monthly tenant at the rent herein mentioned pro-rata in relation to the periods of time during which the Tenant is an overholding Tenant, and on the terms and conditions herein set out except as to length of tenancy.

ACCRUAL OF RENT

43. Rent shall be considered as annual and accruing from day to day, and where it becomes necessary for any reason to calculate such rent for an irregular period of less than one year an appropriate apportionment and adjustment shall be made. Where the calculation of any additional rental is not made until after the termination of this lease, the obligation of the Tenant to pay such additional rental shall survive the termination of this Lease and such amounts shall be payable by the Tenant upon demand by the Landlord.

FIRST RENEWAL OPTION

44.01 The Tenant is herewith given the option to renew the term of this lease for an additional period of five (5) years, commencing on the tenth anniversary of the commencement of this lease. The new rental figure shall be equal to the annual rent for the last

ten years of the term of the Lease. If Tenant decides to exercise this option, it shall give Landlord written notice of such intention to renew not later than six (6) months preceding the termination of the original term hereof. This five (5) year period is sometimes hereinafter referred to as the "First Renewal Term".

SECOND RENEWAL OPTION

44.02 The Tenant is herewith given the further option to renew the term of this lease for an additional period of five (5) years commencing upon the expiration of the First Renewal Term, under the same terms and conditions as are herein set forth for the first renewal term hereof. If the Tenant decides to exercise this option, it shall give the Landlord written notice of such intention not later than six (6) months preceding the termination of the First Renewal Term. This five (5) year period is sometimes hereinafter referred to as the "Second Renewal Term".

TRANSFER BY LANDLORD

45. Subject to paragraph 53 in the event of a sale, transfer or lease by the Landlord of the Building or a portion thereof containing the Leased Premises or the assignment by the Landlord of this Lease or any interest of the Landlord hereunder, the Landlord shall, without further written agreement, to the extent that such purchaser, transferee or lessee has become bound by the covenants and obligations of the Landlord hereunder, be freed, released and relieved of all liability hereunder.

NOTICES

46. (a) Any notice, request, statement or other writing pursuant to this Lease shall be deemed to have been given if sent by registered pre-paid post as follows:

TO THE LANDLORD:
Corporation of the City of Pembroke
1 Pembroke Street East
PEMBROKE, Ontario
K8A 6X3

TO THE TENANT:
Ottawa River Power Corporation
P.O. Box 1087
PEMBROKE, Ontario
K8A 6Y6

and such notice shall be deemed to have been received by the Landlord or Tenant, as the case may be, on the Fourth (4th) business day after the date on which it shall have been so mailed.

(b) Notice shall also be sufficiently given if and when the

same shall be delivered, in the case of notice to the landlord, to an executive officer of the Landlord, and in the case of notice to the Tenant or to an executive officer of the Tenant. Such notice, if delivered, shall be conclusively deemed to have been given and received at the time of such delivery. Provided, that either party may, by notice to the other, from time to time designate another address in Canada to which notices mailed more than Ten (10) days thereafter shall be addressed.

LEASE ENTIRE AGREEMENT

47. The Tenant acknowledges that there are no covenants, representations, warranties, agreements or conditions expressed or implied, collateral or otherwise forming part of or in any way affecting or relating to this Lease, the Schedules attached and the Rules and Regulations, constitutes the entire agreement between the Landlord and the Tenant and may not be modified except as herein explicitly provided or except by subsequent agreement in writing of equal formality hereto executed by the Landlord and the Tenant. Notwithstanding the foregoing the Tenant shall remain liable to pay for those repairs in the Leased Premises which have been made by the Landlord for or on behalf of the Tenant and which are in excess of the work otherwise required to be done by the Landlord and the Landlord's fee for supervision and overhead.

BINDING EFFECT

48. Subject to the Provisions of this Lease respecting assignment by the Tenant, this Indenture shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns, and all covenants and agreements herein contained to be observed and performed by the Tenant shall be joint and several.

REGISTRATION AND PLANNING ACT

49.01 This agreement or any notice thereof or any caution or caveat or other documentation indicating an interest in the lands by virtue hereof or the Lease may be registered against the Lands or the Leased Premises by the Tenant or such persons as the Tenant may authorize.

49.02 Where applicable, this Lease shall be subject to the condition that it is effective only if The Planning Act is complied with. Pending such compliance the Term, and any renewal periods, shall be deemed to be for a total period of one (1) day less than the maximum lease term permitted by law without such compliance.

INTERPRETATION

50. Unless the context otherwise requires, the word "Landlord" wherever it is used herein shall be construed to include and shall mean the Landlord, its successors and/or assigns, and the word "Tenant" shall be construed to include and shall mean the Tenant, and the executors, administrators, successors and/or assigns of the Tenant and when they are two or more tenants, or two or more persons bound by the Tenant's covenants herein contained, their obligation hereunder shall be joint and several; the word "Tenant" and the personal pronoun "it" relating thereto and use therewith shall be read and construed as "tenants", and "his", "her", "its", or "their" respectively, as the number and gender of the party or parties referred to each require and the number of the verb agreeing therewith, shall be construed and agree with the said word or pronoun so substituted. Time shall be of the essence in all respects hereunder.

SEVERABLE

51. The Landlord and the Tenant agree that all of the provisions of this Lease are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate paragraph hereof. Should any provision or provisions of this Lease be illegal or not enforceable it or they shall be considered separate and severable from this Lease and its remaining provisions shall remain in force and be binding upon the parties hereto as though the said provision or provisions had never been included.

CAPTIONS

52. The captions appearing within the body of this Lease have been inserted as a matter of convenience and for reference only and in no way define, limit or enlarge the scope or meaning of this Lease or any provision hereof.

OPTION TO PURCHASE

53. The Landlord agrees to grant to the Tenant an option to purchase the Demised Premises set out in Schedule "1" attached hereto for the sum of THREE HUNDRED SIXTY THOUSAND FIVE HUNDRED EIGHTY-THREE (\$360,583.00) DOLLARS Canadian. The purchase price shall be payable by certified cheque subject to usual adjustments on the closing of this transaction. This option is exercisable by notice in writing delivered, or mailed postage prepaid, or by facsimile message to the Vendor at the address set out in paragraph 46 hereof prior to midnight of December the 1st, 2009, after which time this option shall be null and void.

The parties agree that if the Landlord is obligated to pay any additional funds for the cost of environmental cleanup of the subject lands after the date of this lease then the option price for the subject property will be increased by the amount of money paid by the Landlord for the environmental cleanup of the subject lands.

Time shall be of the essence of this option.

On the option being exercised, the following shall be the terms of the agreement of purchase and sale of the property:

- (1) A deposit of \$1,000.00 by certified cheque shall be paid to the Vendor together with the exercise of the option. The deposit shall be held by the Vendor in trust pending completion or other termination of the agreement of purchase and sale.
- (2) The purchase price for the property shall be paid on the date for completion, subject to the usual adjustments. The deposit shall be credited to the purchase price.
- (3) The sale shall be completed on the 60th day after the date of the exercise of the option, unless on that day the Land Registry Office is closed, in which case the sale shall be completed on the next following day when the office is open.
- (4) The Vendor will discharge any outstanding mortgages on or before closing.
- (5) The Purchaser is not to call for the production of any title deed, survey or other evidence of title, except as may be in the possession of the Vendor or under the control of the Vendor.
- (6) If this transaction is subject to the Goods and Services Tax (G.S.T.), then such tax shall be in addition to the purchase price. If this transaction is not subject to G.S.T., the Vendor agrees to provide on or before closing, a certificate that the transaction is not subject to G.S.T.

The Purchaser to be allowed until closing to investigate the title at his own expense, and if within that time he shall furnish the Vendor in writing with any valid objection to the title, which the Vendor shall be unable or unwilling to remove or correct, and which the Purchaser will not waive, this Agreement shall, notwithstanding any intermediate acts or negotiations, be null and void and the deposit money returned to the Purchaser without interest or deduction, and the Vendor and the Agent shall not be liable for any costs or damages. Save as to any valid objection so made within such time, the Purchaser shall be conclusively deemed to have accepted the title of the Vendor to the Property.

This Agreement shall be effective to create an interest in the real property only if the applicable land division provisions of the Planning Act are complied with, and the Vendor agrees, at his expense, to comply with such provisions and to proceed diligently with the application for such compliance.

The Vendor, on or before completion, will produce evidence that he is not now, and upon completion will not be, a "non-resident person" within the meaning and for the purposes of Section 116 of the Income Tax Act of Canada or if he is a "non-resident person" will fully comply with the provisions of Section 116 of the said Act prior to completion.

Any tender of documents or money hereunder may be made upon the Vendor or Purchaser or upon the Solicitor acting for the party on whom tender is desired, and it shall be sufficient that a negotiable certified cheque be tendered instead of cash.

Each party to pay the costs of registration and taxes on his own documents.

In consideration of the Landlord granting to the Tenant this option to purchase the Demised Premises as set out in Schedule "1" attached to this Agreement, the Tenant agrees, that in the event that the Tenant completes the purchase of the lands set out in Schedule "1" pursuant to paragraph 53 herein, then the Tenant shall grant to the Landlord an option to repurchase part of the lands described in Schedule "1" on terms and conditions set out in paragraph 54 herein.

RE-OPTION TO PURCHASE LANDS

54. The Tenant agrees that in the event that it purchases the lands set out in Schedule "1" attached hereto pursuant to paragraph 53, herein, then the Tenant agrees to grant to the Landlord an option to purchase the lands and buildings described in Schedules "3 A" and "3 B" attached hereto for the sum of TWO HUNDRED FIFTY-ONE THOUSAND SEVEN HUNDRED SIXTY-EIGHT (\$251,768.00) DOLLARS Canadian. The Landlord agrees that it will only be able to exercise the option to purchase the lands described in Schedules "3 A" and "3 B" attached hereto in the event that the Tenant fails to comply with its obligation to maintain the hydro museum on the lands described in Schedules "3 A" and "3 B" attached hereto in accordance with paragraph 55 herein. In the event the Tenant complies with its obligations pursuant to paragraph 55 herein to maintain the hydro museum on the lands described in Schedules "3 A" and "3 B" attached hereto, from the present time until January the 1st, 2050, then this option to purchase shall be null and void. The Landlord may assign this option with the consent of the Tenant, whose consent shall not be unreasonably withheld.

Time shall be of the essence of this option.

On the option being exercised, the following shall be the

Terms of the agreement of purchase and sale of the property:

- (1) A deposit of \$1,000.00 by certified cheque shall be paid to the Vendor together with the exercise of the option. The deposit shall be held by the Vendor in trust pending completion or other termination of the agreement of purchase and sale.
- (2) The purchase price for the property shall be paid on the date for completion, subject to the usual adjustments. The deposit shall be credited to the purchase price.
- (3) The sale shall be completed on the 60th day after the date of the exercise of the option, unless on that day the Land Registry Office is closed, in which case the sale shall be completed on the next following day when the office is open.
- (4) The Vendor will discharge any outstanding mortgages on or before closing.
- (5) The Purchaser is not to call for the production of any title deed, survey or other evidence of title, except as may be in the possession of the Vendor or under the control of the Vendor.
- (6) If this transaction is subject to the Goods and Services Tax (G.S.T.), then such tax shall be in addition to the purchase price. If this transaction is not subject to G.S.T., the Vendor agrees to provide on or before closing, a certificate that the transaction is not subject to G.S.T.

The Purchaser to be allowed until closing to investigate the title at his own expense, and if within that time he shall furnish the Vendor in writing with any valid objection to the title, which the Vendor shall be unable or unwilling to remove or correct, and which the Purchaser will not waive, this Agreement shall, notwithstanding any intermediate acts or negotiations, be null and void and the deposit money returned to the Purchaser without interest or deduction, and the Vendor and the Agent shall not be liable for any costs or damages. Save as to any valid objection so made within such time, the Purchaser shall be conclusively deemed to have accepted the title of the Vendor to the Property.

This Agreement shall be effective to create an interest in the real property only if the applicable land division provisions of the Planning Act are complied with, and the Vendor agrees, at his expense, to comply with such provisions and to proceed diligently with the application for such compliance.

The Vendor, on or before completion, will produce evidence that he is not now, and upon completion will not be, a

"non-resident person" within the meaning and for the purposes of Section 116 of the Income Tax Act of Canada or if he is a "non-resident person" will fully comply with the provisions of Section 116 of the said Act prior to completion.

Any tender of documents or money hereunder may be made upon the Vendor or Purchaser or upon the Solicitor acting for the party on whom tender is desired, and it shall be sufficient that a negotiable certified cheque be tendered instead of cash.

Each party to pay the costs of registration and taxes on his own documents.

55. The Tenant hereto specifically agrees with the Landlord to operate and maintain the existing hydro museum in its current location on part of the lands described in Schedules "3 A" and "3B" attached hereto from the date of this Lease until the lease expires in accordance with its terms, or alternatively until January the 1st, 2050, in the event that the Tenant purchases the lands set out in Schedule "1" attached hereto pursuant to paragraph 53 herein.

The Tenant specifically agrees to maintain the hydro museum and keep it open to the public on the same terms as have been in effect up to December the 31st, 1999. This includes the dates that the museum is kept open to the public as well as the rates of admission to the public and the maintenance of the existing exhibits.

56. If any dispute or controversy shall occur between the parties hereto relating to the interpretation or implementation of any of the provisions of this lease, such dispute shall be resolved by arbitration. Such arbitration shall be conducted by a single arbitrator. The arbitrator shall be appointed by agreement between the parties or, in default of such agreement, such arbitrator shall be appointed by a judge of the Superior Court of Justice sitting in the County of Renfrew, upon the application of any of the said parties. The arbitration shall be held in the City of Pembroke. The procedure to be followed shall be agreed upon by the parties or, in default of agreement, determined by the arbitrator. The arbitration shall proceed in accordance with the provisions of The Arbitrations Act (Ontario). The arbitrator shall have the power to proceed with the arbitration and to deliver his award notwithstanding the default by any party in respect of any procedural order made by the arbitrator. The parties shall do all such acts and things as are necessary to enable the arbitrator to make proper findings respecting the matters in difference, and none of the parties shall obstruct the arbitrator from proceeding with

the reference or from making his award. It is further agreed that such arbitration shall be a condition precedent to the commencement of any action at law. The decision arrived at by the arbitrator, shall be final and binding and no appeal shall lie therefrom. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

IN WITNESS WHEREOF the corporate parties have hereunto set their corporate seals attested by the proper officers on their behalf, and the parties hereto who are individuals have hereunto set their hands and seals, all as of the day, month and year first above written.

SIGNED, SEALED AND DELIVERED)
in the presence of)

CORPORATION OF THE
CITY OF PEMBROKE

Mayor

Per: _____

C.A.O. _____

C/S

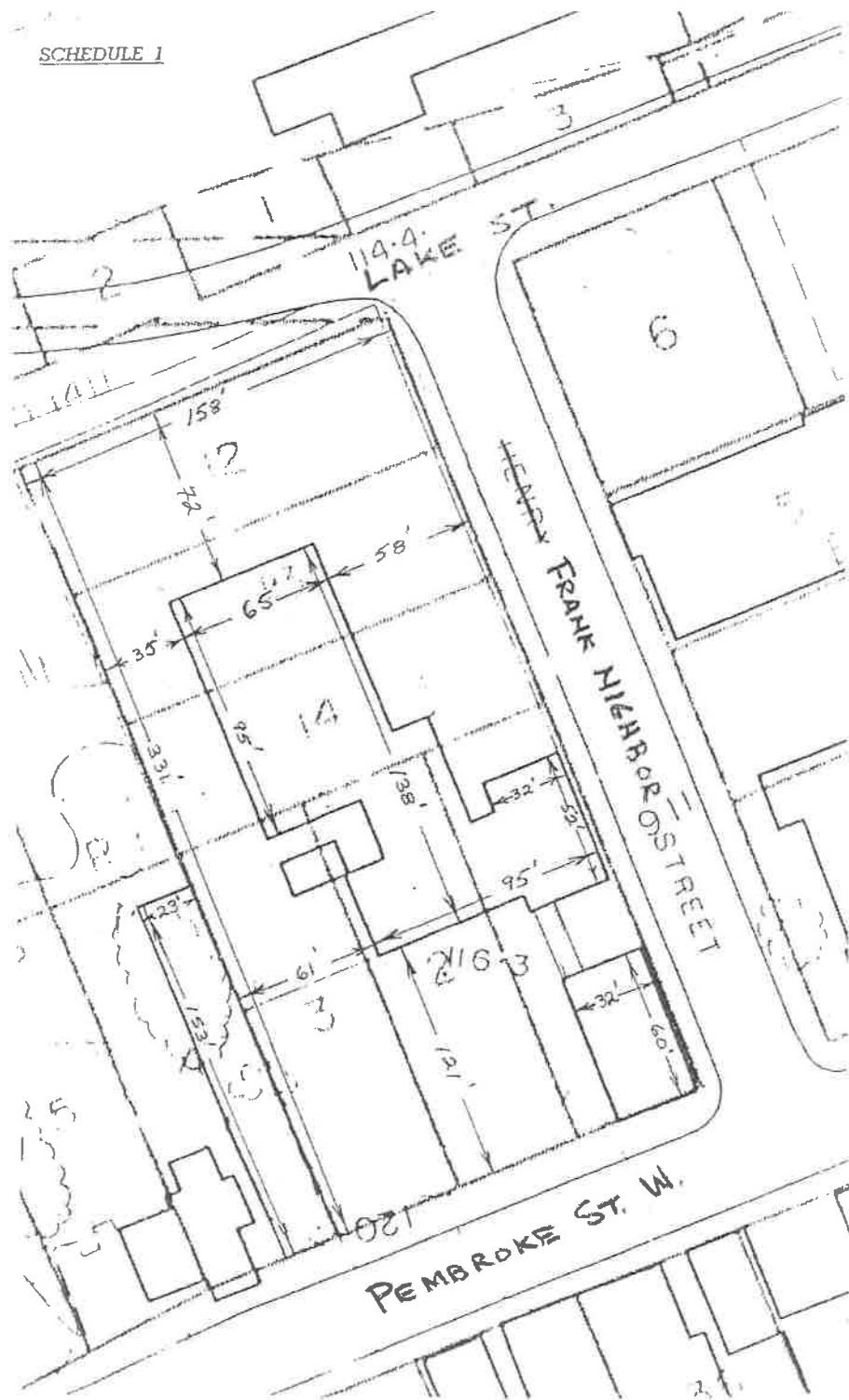
OTTAWA RIVER POWER CORPORATION

Per: _____

President

C/S

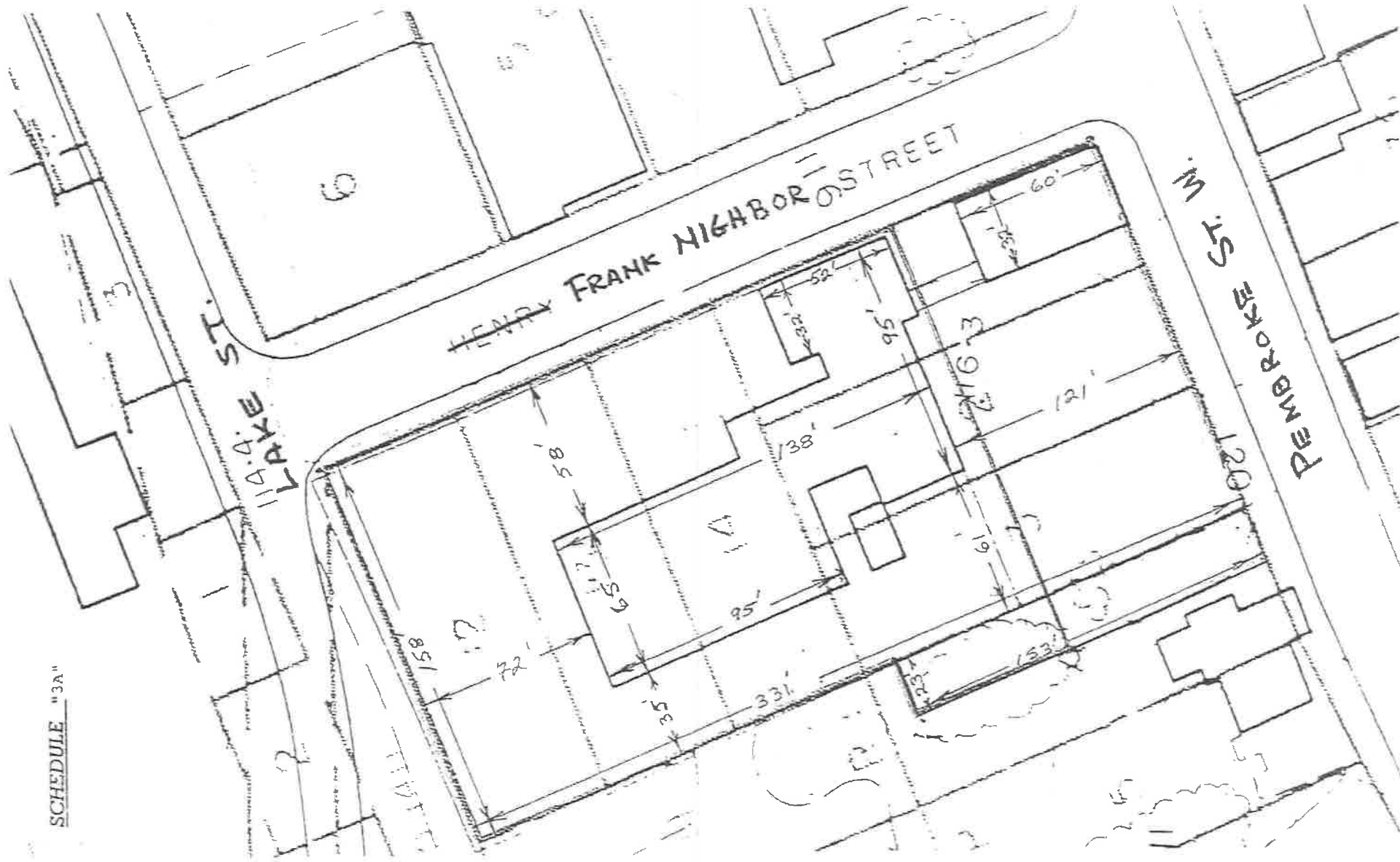
SCHEDULE 1



SCHEDULE OF RULES AND REGULATIONS FORMING PART OF THIS LEASE

The Tenant shall observe the following Rules and Regulations (as amended, modified or supplemented from time to time by the Landlord as provided in this Lease):

1. The sidewalks, entrances, elevators, stairways and corridors of the building shall not be obstructed or used by the Tenant, his agents, servants, contractors, invitees or employees for any purpose other than access to and from the Premises.
2. The floors, sky-lights and windows that reflect or admit light into passageways or into any place in the building shall not be covered or obstructed by the Tenant, and no awnings shall be put over any window.
3. The toilets, sinks, drains, washrooms and other water apparatus shall not be used for any purpose other than those for which they were constructed, and no sweepings, rubbish, rags, ashes or other substances, such as chemicals, solvents, noxious liquids or pollutants shall be thrown therein, and any damage resulting to them from misuse shall be borne by the Tenant by whom or by whose employees, agents, servants, contractors or invitees the damage was caused.
4. In the event that the Landlord provides and installs a Public Directory Board inside the building, the Tenant's name shall be placed on the said Board at the expense of the Tenant.
5. The Tenant shall not perform any acts or carry on any activity which may damage the Premises or the common areas or be a nuisance to any other tenant.
6. No animals or birds shall be brought into the building or kept on the Premises.
7. The Tenant shall not mark, drill into, bore or cut or in any way damage or deface the walls, ceilings or floors of the Premises. No wires, pipes or conduits shall be installed in the Premises without prior written approval of the Landlord. No broadloom or carpeting shall be affixed to the Premises by means of a non-soluble adhesive or similar products.
8. No one shall use the Premises for sleeping apartments or residential purposes, for the storage of personal effects or articles other than those required for business purposes, or for any illegal purpose.
9. The Tenant shall not use or permit the use of any objectionable advertising medium such as, without limitation, loudspeakers, public address systems, sound amplifiers, radio, broadcast or television apparatus within the building which is in any manner audible or visible outside of the Premises.
10. The Tenant must observe strict care not to allow windows to remain open so as to admit rain or snow, or so as to interfere with the heating of the building. The Tenant neglecting this rule will be responsible for any damage caused to the property of other tenants, or to the property of the Landlord, by such carelessness. The Tenant, when closing the Premises, shall close all windows and lock all doors.
11. The Tenant shall not without the express written consent of the Landlord, place any additional locks upon any doors of the Premises and shall not permit any duplicate keys to be made therefor; but shall use only additional keys obtained from the Landlord, at the expense of the Tenant, and shall surrender to the Landlord on the termination of the Lease all keys of the Premises.
12. No inflammable oils or other inflammable, toxic, dangerous or explosive materials shall be kept or permitted to be kept in or on the Premises.
13. No bicycles or other vehicles shall be brought within the Premises or upon the Landlord's property, including any lane or courtyard, unless otherwise agreed in writing.
14. Nothing shall be placed on the outside of windows or projections of the Premises. No air-conditioning equipment shall be placed at the windows of the Premises without the consent in writing of the Landlord.
15. The moving of all heavy equipment and office equipment or furniture shall occur only between 8:00 p.m. and 8:00 a.m. or any other time consented to by the Landlord and the persons employed to move the same in and out of the building must be acceptable to the Landlord. Sales and other heavy equipment shall be moved through the Premises and common areas only upon steel bearing plates. No deliveries requiring the use of an elevator for freight purposes will be received into the building or carried in the elevators, except during hours approved by the Landlord.
16. The Landlord reserves the right to restrict the use of the building after 6:00 p.m.
17. Canvassing, soliciting and peddling in the building is prohibited.
18. The Tenant shall first obtain in writing the consent of the Landlord to any alteration or modification to the electrical system in the Premises and all such alterations and modifications shall be completed at the Tenant's expense by an electrical contractor acceptable to the Landlord.
19. The Tenant shall first obtain in writing the consent of the Landlord to the placement by the Tenant of any garbage containers or receptacles outside the Premises or building.
20. The Tenant shall not install or erect on or about the Premises television antennae, communications towers, satellite dishes or other such apparatus.
21. The Landlord shall have the right to make such other and further reasonable rules and regulations and to alter, amend or cancel all rules and regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the building and for the preservation of good order therein and the same shall be kept and observed by the Tenant, his employees, agents, servants, contractors or invitees. The Landlord may from time to time waive any of such rules and regulations as applied to particular tenants and is not liable to the Tenant for breaches thereof by other tenants.



SCHEDULE "B B"

All that portion of Lots 1, 2, 3 and 4, Block P lying north of a line running parallel to and distant 100 feet measured northerly from the southern boundary of said Lots 1, 2, 3 and 4 and all of Lots 12, 13 and 14, Block P, Plan 17, City of Pembroke, County of Renfrew.

THIS AGREEMENT made, in duplicate, this 1st day of January, 2000.

BETWEEN:

THE CORPORATION OF THE CITY OF PEMBROKE,

hereinafter called "Pembroke"

OF THE FIRST PART

- and -

THE CORPORATION OF THE VILLAGE OF BEACHBURG,

hereinafter called "Beachburg"

OF THE SECOND PART

- and -

OTTAWA RIVER POWER CORPORATION,

hereinafter called the "Corporation"

OF THE THIRD PART

WHEREAS the Corporation was incorporated on the 29th day of April, 1999.

AND WHEREAS the Corporation's Articles of Incorporation provide that the Corporation is authorized to issue an unlimited number of common shares without par value and an unlimited number of special shares without par value.

AND WHEREAS the Corporation was incorporated for the purposes of distribution of electricity in and for the Province of Ontario.

AND WHEREAS it is in the interests of the parties hereto to amalgamate with other utilities in the County of Renfrew for the efficient and effective distribution of electricity in the County.

AND WHEREAS Pembroke and Beachburg are receiving shares for a portion of the net book value of their assets at the time of the issuance of the shares and are receiving security and interest with respect to the remaining net book value not allocated in shares.

AND WHEREAS the parties hereto agree herein to the type of security and interest with respect to the remaining, "net book value" not allocated in shares and a method of calculating the interest on this debt.

AND WHEREAS Pembroke and Beachburg are to receive issued shares based upon a value of \$ 1,000 per share determined by the net book value of the Corporation, less the debt owed by the Corporation to Pembroke and/or Beachburg,

AND WHEREAS Pembroke will be allocated 4364 shares and Beachburg will be allocated 147 shares.

AND WHEREAS the Articles of Incorporation of the Corporation provide for restrictions on the transfer and ownership of shares.

AND WHEREAS the parties hereto agree that there shall be restriction on the transfer of shares held by the shareholders.

AND WHEREAS the parties further agree that in the event that either party wishes to sell its shares, that the other party shall be entitled to the first right of refusal for same.

Shares to be received by Pembroke and Beachburg

- (a) Pembroke and Beachburg agree that for the purposes of determining the number of shares each shall receive in the Corporation, they will accept

the net book value of the assets being transferred to the Corporation. They further agree that one-half of the net book value will be a debt owed by the Corporation to Beachburg and Pembroke respectively, and the other half will be valued in shares issued to each of Beachburg and Pembroke respectively, based upon \$1,000.00 per share.

- (b) The net book values of the assets being transferred to the Corporation shall be determined by the auditor of the Corporation on or before May 15, 2000.

2. Restrictions on transfer

- (a) Except as otherwise provided for herein, or specifically consented to in writing by the parties, the parties hereto shall not make any agreement to directly or indirectly sell, assign, transfer, give, devise, bequeath, mortgage, pledge, hypothec, or otherwise dispose of, alienate, or in anyway encumber or create a security interest in or grant any option on any of the shares in the capital of the Corporation they respectively own or may own for any purpose or reason whatsoever. Any attempt to accomplish or effect any or all of the acts prohibited hereby shall be null and void.
- (b) Without restricting the generality of the foregoing, except with the consent of all of the shareholders, no shareholder shall sell or transfer any of its shares for a period of three years subsequent to this agreement.

3. Permitted Transfers

At any time, and from time to time, any party may hypothecate, mortgage, pledge, charge or otherwise encumber or transfer to a creditor, all but not less than all of its shares as security for any loan or other indebtedness, but only on terms that should such creditor wish to realize all or part of such security, they shall comply

with the provisions of Sections 4 and 5 hereof and offer the Shares to the other parties to this agreement.

4. Transfer to Wholly-Owned Subsidiary

A shareholder shall be entitled to transfer all of its shares without consent at any time to an amalgamated corporation or entity of the Corporation, provided that at the time of such transfer, the said amalgamated entity enters into an agreement whereby the amalgamated body becomes bound by and entitled to the benefit of this Agreement.

5. Purchase by the Other Shareholder

If any party hereto shall desire to dispose of all of its shares, it shall offer to sell its shares to the other party hereto at 10% less than the fair market value of the shares at the time of sale. The fair market value of the shares shall be determined by agreement of the parties and if no such agreement can be arrived at, by the Corporation's accountants, and if a disagreement arises in that respect, then by arbitration as set out herein. Each of the other parties shall take all such offered shares in the same proportion as shares already owned and pay the sale price therefor within 30 days after the date the shares were offered for sale. Upon payment of the sale price for the shares so offered, the party offering the shares shall tender the resignation of its nominee as a director of the Corporation.

6. Right of First Refusal

- (a) If any Shareholder (the "Offeror") shall desire or be obliged by law or otherwise to transfer into the name of some other person or persons or to sell or dispose of its shares, subject to Paragraphs 4 and 5 herein, the other shareholder (the "Offeree") shall have the prior right to purchase the

shares to be transferred on the terms and in accordance with the procedure contained in paragraph (b).

(b) The procedure on transfers is as follows:

- (i) An Offeror shall give to the secretary of the corporation notice in writing of its desired intention to transfer, sell or otherwise dispose of any shares. The notice (the "Selling Notice") shall set out,
 - (A) the number of shares;
 - (B) the price and terms of payment which the Offeror is willing to accept for the Shares; and
 - (C) if the Offeror has received an offer to purchase the Shares, the name and address of the third party offeror and the terms of payment and price contained in the offer.
- (ii) The secretary of the Corporation shall thereupon be deemed to be the agent of the Offeror for the purpose of offering the Shares to the Offerees on the terms of payment and for the price contained in the Selling Notice and the offer by the secretary shall remain open for acceptance as hereinafter provided for a period of thirty days following the making of the offer by the secretary.
- (iii) All of the shares of the Offeror shall be offered by the secretary for sale to each Offeree as nearly as may be in proportion to the number of shares held by it as a proportion of all issued shares less any shares held by the Offeror. The offer shall state that any Offeree which desires to purchase shares offered in excess of its proportion shall state in its purchase notice (the "Purchase Notice") how many shares it desires to purchase in excess of its proportion. If, within the period of thirty days hereinbefore mentioned, a Purchase Notice has not been given by an Offeree to the secretary in respect of the Shares being offered, the Offeree shall be deemed to have refused to purchase the shares being offered.

- (iv) If any Offeree does not claim its proportion of the shares being offered, the unclaimed shares shall be used to satisfy the claims of the Offerees in excess of their respective proportions. If claims in excess are more than sufficient to exhaust unclaimed shares being offered, the unclaimed shares shall be divided pro rata among the Offerees desiring such shares in excess of their proportion in proportion to the number of shares held by them at the date of the offer, provided that no Offeree shall be bound to take any shares in excess of the number it so desires.
- (v) If the shares being offered shall not be capable of being offered to or divided among the Offerees as set forth above without resulting in division into fractions, the same shall be offered or divided among the Offerees as nearly as may be in accordance with the foregoing provisions and the balance shall be offered to or divided among the Offerees or some of them in such manner as may be determined by the Board.
- (vi) If any of the shares being offered shall be accepted by any Offeree pursuant to the provisions of this paragraph (b), the shares being offered shall be sold to the Offeree for the price and for the terms contained in the Selling Notice.
- (vii) In the event that no Offeree comes forward to purchase the shares offered within the time period as set out in Paragraph 6(b) (iii) herein, and the Offeror, upon marketing the said shares, receives an offer different than the offer set out in the selling notice then, in that event, the Offerees shall have thirty (30) days to purchase the said shares at a discounted price of 10%, subject to the same terms and conditions set out in this paragraph.
- (viii) If the Purchase Notices have not been given by the Offerees to purchase all of the shares being offered, the Offeror may, within

sixty days after the expiration of the thirty-day period hereinbefore mentioned, offer and sell the unpurchased shares to any other person at the price and on the terms and conditions set out in the Selling Notice.

- (c) No right created under paragraph (a) shall be exercised unless the approval in connection therewith under the *Investment Canada Act*, if any, has been obtained.
- (d) The transfer of the shares shall be subject to the condition that the purchaser thereof shall, if not a party hereto, agree to be bound by the terms hereof and become a party hereto in accordance with the provisions of Section 9 and Section 11.
- (e) If shares are being offered under paragraph (b) other than by reason of an obligation of law, the offer may be made only in respect of all (and not less than all) of the shares owned by the Offeror.
- (f) If a sale, transfer or other disposition is completed in accordance with this section, the Offeror shall upon completion of the purchase be absolved from all liability to or in respect of the corporation under the provisions of this Agreement and the purchaser of the shares offered shall assume all obligations in respect thereof.

7. Promissory Note, Interest and Security for Debt

- (a) The parties hereto agree that Beachburg and Pembroke, in exchange for one-half of the net book value of their assets, will receive a Promissory Note from the Corporation with the amount of the Promissory Notes to be respectively \$ 4,364,000.00 for Pembroke and \$ 147,000.00 for Beachburg.
- (b) The parties further agree that the Corporation shall pay interest on the Promissory Notes, to Beachburg and to Pembroke on the respective Notes in an amount not to exceed the maximum interest allowed by the Ontario

Energy Board, based upon their Handbook or any other regulation, schedule or document to be prepared or enacted by them or any successors to the said Ontario Energy Board or any other entity with regulatory authority for utilities in the Province of Ontario.

- (c) The parties hereto agree that they may adjust the interest rate on the said Promissory Notes at the times and in the manner as set out by regulation, and in an amount not to exceed the maximum interest rate allowed by any schedule, statute or otherwise as enacted by the Ontario Energy Board or any successor in the Province of Ontario.
- (d) The parties hereto agree that the interest shall be calculated annually and paid quarterly to Beachburg and to Pembroke respectively.
- (e) The parties further agree that the Promissory Note will be for a period of twenty (20) years and shall be due and payable twenty (20) years after market opening, which is currently slated for the 07th day of November, 2000.
- (f) The parties further agree that the Promissory Note shall be non-interest bearing from the 01st day of January, 2000 to market opening, which is currently slated for the 07th day of November, 2000.
- (g) The parties further hereto agree that in the event that Ottawa River Power Corporation is sold to a non-related entity or otherwise disposed of, the Promissory Note, principal and any accrued interest shall, at the option of the note holder, be payable to the City of Pembroke and to the Village of Beachburg in their respective amounts at the time of such sale or disposition.
- (h) The parties further agree that, should any interest payments fall due prior to the final completion of all the Transfer By-Laws and necessary documents to effect the transfer of the assets from Beachburg and Pembroke to Ottawa River Power Corporation or any other necessary approvals, such as OEB, such interest payments shall be deemed due thirty (30) days after all necessary revisions of this agreement are complete and

OIEB and all necessary approvals are obtained. Such deferral payments shall not be deemed as default.

8. Board of Directors of Corporation

- (a) Appointment and Replacement - The Board of Directors of the Corporation shall consist of at least one director from each Municipality.
- (b) Remuneration - Directors of the corporation shall be remunerated as such for their work and services to the Corporation, and the Corporation shall bear all costs (including costs of transportation and lodging, if any) of the attendance at all meetings of the Board by the director nominated to the board by such shareholder.
- (c) Appointment and Replacement - Except as they may otherwise agree in writing in accordance with the terms hereof, the parties hereto agree that:
 - (i) the board of the Corporation will consist of four (4) directors;
 - (ii) all voting rights in respect of the shares shall be exercised for the election and maintenance in office as directors of three nominees of Pembroke and one nominee of Beachburg;
 - (iii) the number of directors from time to time constituting a quorum at the meetings of the Board shall be a majority of the directors, provided that at least two directors nominated by Pembroke be present, at least one director nominated by Beachburg be present. Irrespective of this provision, in the event that the Beachburg nominee fails to attend two properly constituted meetings, the Board of Directors, with proper notice being served, then the provision of this paragraph requiring at least one nominee from Beachburg to be present lapses for a period of one year. In the event that another party joins the Corporation, then it is agreed that at least one director shall be nominated and sit on the Board from each new utility joining and at least one director from those

utilities must be present in the place and stand of Beachburg.

- (iv) on the appointment or election of each director, the secretary of the corporation shall make note of the nominator of the director in the records of the corporation and the nominator shall be entitled by direction in writing, from time to time, to remove its nominee or nominees and to nominate his successor or successors who shall promptly be elected a director as contemplated herein;
- (v) resolutions shall be decided by a majority of those voting;
- (vi) the chairman of the meeting shall have a second or casting vote;
- (vii) all of the persons from time to time nominated to the Board by A shall be resident Canadians, as such term is defined in the *Business Corporations Act* of Ontario.

6 Officers

- (a) Appointment - Until changed by resolution of the Board, the officers of the Corporation shall maintain the following positions:

Office

Chairman of the Board
President
Vice-President
Secretary-Treasurer

- (b) Remuneration - Officers of the Corporation shall be remunerated as such for their work in and services to the Corporation, and the Corporation shall reimburse them for all of their out-of-pocket expenses incurred in performing their duties, including reasonable costs for transportation and lodging, save and except if an employee or independent contractor of the Corporation or as a proxy to a shareholder, is an officer of the Corporation, in which case out of pocket expenses only shall be reimbursed by the Corporation to the shareholder on behalf of which such officer is acting.

10. Restrictions on management of the Corporation

- (a) Unanimous approval - Except with the written consent of each of the parties to this agreement, no action will be taken by the directors and/or officers on behalf of the Corporation or with respect to any of the following:
 - (i) changing the provisions in the by-laws of the Corporation;
 - (ii) the sale of all or substantially all of the properties and assets of the corporation;
 - (iii) issuance of any new shares of the Corporation, except for the purposes of allowing the entry of member shareholders of other municipal electrical utilities;
 - (iv) the dissolution or winding up of the Corporation.
- (b) Special approval - except with the written consent of the parties to this Agreement that are the holders of two-thirds of the aggregate number of shares outstanding at such time, no action will be taken by the directors and/or officers on behalf of the Corporation or with respect to any of the following:
 - (i) the declaration or payment of any dividend, distribution or bonus to employees;
 - (ii) the acquisition or disposition by the Corporation of interests in other enterprises;
 - (iii) the purchase, sale, mortgage or lease by the Corporation of any real property;
 - (iv) any purchase, commitment, lease or expenditure which, if completed, would raise the aggregate of capital expenditures of the Corporation in any fiscal year to more than \$3 million adjusted by inflation in each year; with the base year for inflation calculation purposes being the year 2000.

- (v) the employment of any person at an aggregate (including benefits) annual remuneration of more than or equal to \$100,000.00 per year or an increase in the remuneration of any employee to a total in excess of that amount, with the base year for inflation calculation purposes being the year 2000.
- (vi) the lending of money by the Corporation in any year in excess of \$100,000.00, except to an affiliate corporation.
- (vii) any commitment by the corporation which raises the aggregate of the outstanding obligations of the corporation for material or supplies (excluding the cost of power and labour) at any one time in a fiscal year to more than \$1.5 million adjusted by inflation, with the base year for inflation calculation purposes being the year 2000.
- (viii) the authorization or execution by the Corporation of any contract, the performance of which by the Corporation will require more than three (3) years and calls for a contractual amount in excess of \$200,000.00 with the exception of the Hydro Pontiac Operating Agreement and with the exception of any contract with any power suppliers, with the base year for inflation calculation purposes being the year 2000.
- (ix) the guarantee by the corporation of the debts of any other person in any amount;
- (x) the approval of the audited Financial Statements of the Corporation;
- (xi) the amendment of the signing authority relating to the corporation's bank accounts;
- (xii) any action or transaction not in the ordinary course of the business of the Corporation; or
- (xiii) the issuance of new shares of the Corporation for the purposes of

allowing the entry of member shareholders of other municipal electrical utilities.

11. Voting Powers

The parties hereto shall at all times use their voting powers (whether expressed by way of vote or written consent) in accordance with the provisions of this Agreement and for the purposes of effectuating the same and for the purposes of ensuring that the directors of the Corporation shall exercise their powers as members of the Board consistently with the provisions of this Agreement and for the purposes of effectuating the same. The Board shall see to it that the officers and employees of the Corporation carry out all duties which they are required to perform under the provisions of this Agreement.

12. Additional Parties

Every issue and transfer of shares shall be subject to the condition that each subscribed or transferee, as the case may be, shall, if not a party hereto, agree to be bound by the terms hereof and become a party hereto by executing an agreement to be bound hereby. Any agreement to be bound hereby and any other agreement in favour of the parties hereto shall be effectively delivered to each party hereto by delivering to the secretary of the Corporation a signed copy thereof and the secretary shall thereupon forward a photocopy of such copy to each party hereto.

13. Obligations on new Shareholders and Current Shareholders

Each of the shareholders to this agreement and any new shareholders who are issued shares pursuant to this agreement by amalgamation into the Corporation referred to herein shall be responsible for costs incurred to effect the Corporation and the work performed with respect to the corporation which costs shall include:

- (a) the costs of incorporation;
- (b) the drafting of the necessary by-laws for the Corporation;

- (c) the Shareholder's Agreement;
- (d) the Transfer By-law;
- (e) the costs of accountants incurred for the Corporation.

The parties hereto agree that any shareholder may pay for these expenses, either in cash or by a reduction in its issued shares valued at net book value, reduced by its proportionate cost in the Corporation. This cost may be adjusted as new municipalities become shareholders in the Corporation.

14. Objects of the Corporation

The parties hereto agree that the shareholders, the officers and directors and parties hereto agree that the Corporation is incorporated to distribute power and that the parties and all the shareholders and directors and officers hereto are obligated to comply with all the provisions, terms and obligations as set out in the corporation documents and restrictions in their objects and must carry out the objects of the Corporation which requires such distribution on supply of power. It is agreed by all parties that all service areas covered by the municipalities who are shareholders of the Corporation shall be treated similarly and with equality.

15. In the event that any disagreement arises between the parties hereto with reference to this agreement, or any matters arising hereunder, and upon which the parties cannot agree then every such disagreement shall be referred to arbitration pursuant to provisions of the Arbitrations Act, R.S.O. 1990, Chapter A.24 and in accordance with the provisions of the following:

- (a) The reference to arbitration shall be to three (3) arbitrators, one of whom shall be chosen by each party to the disagreement and the third by the two so chosen and the third arbitrator so chosen shall be the chairman; provided, however, that if the parties are able to agree upon a single arbitrator, the reference to arbitration shall be to that single arbitrator.

- (b) The award may be made by the majority of the arbitrators.
- (c) If the arbitrators have allowed their time or extended time for making an award, as provided in the Arbitrations Act, to expire without making an award or if the Chairman shall have delivered to the parties to the arbitration a notice in writing stating that the arbitrators cannot agree, any party to the arbitration may apply to the Ontario Court (General Division) or to a judge thereof to appoint an umpire who shall have the like power to act in the reference and to make an award as if he had been duly appointed by all the parties to the submission and by the consent of all the parties who originally appointed the arbitrators thereto.
- (d) If an umpire is appointed pursuant to the foregoing, such umpire shall make his award within one month after the original or extended time appointed for making the award of the arbitrators has expired on or before any later date to which the parties to the reference by a writing signed by them may from time to time enlarge the time for making the award, or if such parties have not agreed, then within such time as the Court or judge appointing such arbitrator may deem proper.
- (e) There shall be no appeal from the award of the arbitrator or arbitrators in accordance with the provisions of the Arbitrations Act.

16. Amendment of Agreement

This agreement may be amended or altered in any of its provisions and such changes shall become effective when reduced to writing and signed by the parties hereto.

17. Termination of Agreement

This agreement shall terminate on the occurrence of any of the following:

- a) written agreement of the parties hereto;
- b) bankruptcy, receivership or dissolution of the Corporation.

18. Binding on Heirs and Others

This agreement shall be binding not only on the parties hereto, but also upon their heirs, executors, administrators or assigns and the parties hereto or any amalgamated corporations that may be amalgamated in the future in the Province of Ontario with the corporations referred to herein, agree for themselves, their heirs, executors, administrators or assigns to execute any instruments which may be necessary or proper to carry out the purpose and intent of this agreement.

19. Notices

All notices, demands, requests, consents and approvals which may or are required to be given or made pursuant to any provision of this Agreement shall be given or made in writing and shall be served personally or mailed by prepaid and registered mail, in the case of:

Corporation of the City of Pembroke, 1 Pembroke Street East, Pembroke,
Ontario K8A 6X3

Corporation of the Village of Beachburg, Beachburg, ON K0J 1C0

Ottawa River Power Corporation, PO Box 1087, Pembroke, Ontario
K8A 6Y6

or to such other addresses as the parties may from time to time advise the other parties hereto by notice in writing. The date of receipt of any such notice, demand or request shall be deemed to be the date of delivery of such notice, demand or request if served personally, or if mailed as aforesaid, the third day of business following the date of such mailing.

20. The invalidity of any provision of this Agreement or any covenant herein contained on the part of any party shall not affect the validity of any provision or covenant hereof or herein contained.

21. This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

22. Time shall be of the essence of this Agreement.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals on the date first above written.

SIGNED, SEALED AND DELIVERED
in the presence of

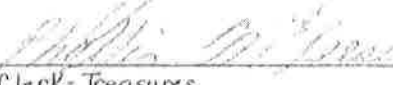
) THE CORPORATION OF THE CITY
) OF PEMBROKE

)
)
) 
) Mayor

)
) 
) C.A.O.

) THE CORPORATION OF THE
) VILLAGE OF BEACHBURG

)
)
) 
) Reeve

)
) 
) Clerk-Treasurer

) OTTAWA RIVER POWER
) CORPORATION,

) 
) President

THIS AGREEMENT made, in duplicate, this 1st day of January, 2000,

BETWEEN:

THE CORPORATION OF THE CITY OF PEMBROKE,

hereinafter called "Pembroke"

OF THE FIRST PART

- and -

THE CORPORATION OF THE VILLAGE OF BEACHBURG,

hereinafter called "Beachburg"

OF THE SECOND PART

- and -

OTTAWA RIVER ENERGY SOLUTIONS INC.,

hereinafter called the "Corporation"

OF THE THIRD PART

WHEREAS the Corporation was incorporated on the 29th day of April, 1999,

AND WHEREAS the Corporation's Articles of Incorporation provide that the Corporation is authorized to issue an unlimited number of common shares without par value and an unlimited number of special shares without par value.

AND WHEREAS the Corporation was incorporated for the purposes of the retail of electricity and for the purposes of any and all other activities related thereto and for the supply of electronics and electrical equipment and/or products, and other programs and services with the approval of the Board of Directors.

AND WHEREAS it is in the interests of the parties hereto to amalgamate with other utilities in the County of Renfrew for the efficient and effective retailing of electricity and related products in the County.

AND WHEREAS Pembroke and Beachburg have entered into an agreement contemporaneously hereto with respect to the distribution of power and amalgamations and agreements concerning the Ottawa River Power Corporation.

AND WHEREAS in that Shareholder Agreement, it provides for a valuation of the assets of each of the corporations.

AND WHEREAS the parties hereto have agreed to keep the same percentage allocation for the purposes of the issued shares in the Corporation,

AND WHEREAS Pembroke will be allocated 4364 shares and Beachburg will be allocated 147 shares.

AND WHEREAS the Articles of Incorporation of the Corporation provide for restrictions on the transfer and ownership of shares.

AND WHEREAS the parties hereto agree that there shall be restriction on the transfer of shares held by the shareholders.

AND WHEREAS the parties further agree that in the event that either party wishes to sell its shares, that the other party shall be entitled to the first right of refusal for same.

AND WHEREAS attached hereto and marked as Schedule "A" is the Shareholder Agreement between Pembroke, Beachburg, and Ottawa River Power Corporation,

I Shares to be received by Pembroke and Beachburg

(u) Shares to be received by Pembroke and Beachburg will be based upon the

same percentage of shares allocated in the agreement with respect to Ottawa River Power Corporation. In that respect, it is agreed that Pembroke shall receive the same shares as it receives in the agreement with Ottawa River Power Corporation, and Beachburg shall receive the same shares as agreed to in the agreement with Ottawa River Power Corporation.

- (b) The share value of the shares shall be \$5.00 per share.
- (c) The number of shares to be allocated to Pembroke shall be 4364 and the number of shares to be allocated to Beachburg shall be 147 shares.

Restrictions on transfer

- (a) Except as otherwise provided for herein, or specifically consented to in writing by the parties, the parties hereto shall not make any agreement to directly or indirectly sell, assign, transfer, give, devise, bequeath, mortgage, pledge, hypothec, or otherwise dispose of, alienate, or in anyway encumber or create a security interest in or grant any option on any of the shares in the capital of the Corporation they respectively own or may own for any purpose or reason whatsoever. Any attempt to accomplish or effect any or all of the acts prohibited hereby shall be null and void.
- (b) Without restricting the generality of the foregoing, except with the consent of all of the shareholders, no shareholder shall sell or transfer any of its shares for a period of three years subsequent to this agreement.

Permitted Transfers

At any time, and from time to time, any party may hypothecate, mortgage, pledge, charge or otherwise encumber or transfer to a creditor, all but not less than all of its shares as security for any loan or other indebtedness, but only on terms that should such creditor wish to realize all or part of such security, they shall comply

with the provisions of Sections 4 and 5 hereof and offer the Shares to the other parties to this agreement.

4. Transfer to Wholly-Owned Subsidiary

A shareholder shall be entitled to transfer all of its shares without consent at any time to an amalgamated corporation or entity of the Corporation, provided that at the time of such transfer, the said amalgamated entity enters into an agreement whereby the amalgamated body becomes bound by and entitled to the benefit of this Agreement.

5. Purchase by the Other Shareholder

If any party hereto shall desire to dispose of all of its shares, it shall offer to sell its shares to the other party hereto at 10% less than the fair market value of the shares at the time of sale. The fair market value of the shares shall be determined by agreement of the parties and if no such agreement can be arrived at, by the Corporation's accountants, and if a disagreement arises in that respect, then by arbitration as set out herein. Each of the other parties shall take all such offered shares in the same proportion as shares already owned and pay the sale price therefor within 30 days after the date the shares were offered for sale. Upon payment of the sale price for the shares so offered, the party offering the shares shall tender the resignation of its nominee as a director of the Corporation.

6. Right of First Refusal

- (a) If any Shareholder (the "Offeror") shall desire or be obliged by law or otherwise to transfer into the name of some other person or persons or to sell or dispose of its shares, subject to Paragraphs 4 and 5 herein, the other shareholder (the "Offeree") shall have the prior right to purchase the shares to be transferred on the terms and in accordance with the procedure contained in paragraph (b).

- (b) The procedure on transfers is as follows:
- (i) An Offeror shall give to the secretary of the corporation notice in writing of its desired intention to transfer, sell or otherwise dispose of any shares. The notice (the "Selling Notice") shall set out,
 - (A) the number of shares;
 - (B) the price and terms of payment which the Offeror is willing to accept for the Shares; and
 - (C) if the Offeror has received an offer to purchase the Shares, the name and address of the third party offeror and the terms of payment and price contained in the offer.
 - (ii) The secretary of the Corporation shall thereupon be deemed to be the agent of the Offeror for the purpose of offering the Shares to the Offerees on the terms of payment and for the price contained in the Selling Notice and the offer by the secretary shall remain open for acceptance as hereinafter provided for a period of thirty days following the making of the offer by the secretary.
 - (iii) All of the shares of the Offeror shall be offered by the secretary for sale to each Offeree as nearly as may be in proportion to the number of shares held by it as a proportion of all issued shares less any shares held by the Offeror. The offer shall state that any Offeree which desires to purchase shares offered in excess of its proportion shall state in its purchase notice (the "Purchase Notice") how many shares it desires to purchase in excess of its proportion. If, within the period of thirty days hereinbefore mentioned, a Purchase Notice has not been given by an Offeree to the secretary in respect of the Shares being offered, the Offeree shall be deemed to have refused to purchase the shares being offered.
 - (iv) If any Offeree does not claim its proportion of the shares being offered, the unclaimed shares shall be used to satisfy the claims of

the Offerees in excess of their respective proportions. If claims in excess are more than sufficient to exhaust unclaimed shares being offered, the unclaimed shares shall be divided pro rata among the Offerees desiring such shares in excess of their proportion in proportion to the number of shares held by them at the date of the offer, provided that no Offeree shall be bound to take any shares in excess of the number it so desires.

- (v) If the shares being offered shall not be capable of being offered to or divided among the Offerees as set forth above without resulting in division into fractions, the same shall be offered or divided among the Offerees as nearly as may be in accordance with the foregoing provisions and the balance shall be offered to or divided among the Offerees or some of them in such manner as may be determined by the Board.
- (vi) If any of the shares being offered shall be accepted by any Offeree pursuant to the provisions of this paragraph (b), the shares being offered shall be sold to the Offeree for the price and for the terms contained in the Selling Notice.
- (vii) In the event that no Offeree comes forward to purchase the shares offered within the time period as set out in Paragraph 6 (b) (iii) herein, and the Offeror, upon marketing the said shares, receives an offer different than the offer set out in the selling notice then, in that event, the Offerees shall have thirty (30) days to purchase the said shares at a discounted price of 10%, subject to the same terms and conditions set out in this paragraph.
- (viii) If the Purchase Notices have not been given by the Offerees to purchase all of the shares being offered, the Offeror may, within sixty days after the expiration of the thirty-day period hereinbefore mentioned, offer and sell the unpurchased shares to any other

person at the price and on the terms and conditions set out in the
Selling Notice.

- (c) No right created under paragraph (a) shall be exercised unless the approval in connection therewith under the *Investment Canada Act*, if any, has been obtained,
- (d) The transfer of the shares shall be subject to the condition that the purchaser thereof shall, if not a party hereto, agree to be bound by the terms hereof and become a party hereto in accordance with the provisions of Section 9 and Section 11.
- (e) If shares are being offered under paragraph (b) other than by reason of an obligation of law, the offer may be made only in respect of all (and not less than all) of the shares owned by the Offeror.
- (f) If a sale, transfer or other disposition is completed in accordance with this section, the Offeror shall upon completion of the purchase be absolved from all liability to or in respect of the corporation under the provisions of this Agreement and the purchaser of the shares offered shall assume all obligations in respect thereof.

7. Board of Directors of Corporation

- (a) Appointment and Replacement - The Board of Directors of the Corporation shall consist of at least one director from each Municipality.
- (b) Remuneration - Directors of the corporation shall be remunerated as such for their work and services to the Corporation, and the Corporation shall bear all costs (including costs of transportation and lodging, if any) of the attendance at all meetings of the Board by the director nominated to the board by such shareholder.
- (c) Appointment and Replacement - Except as they may otherwise agree in writing in accordance with the terms hereof, the parties hereto agree that:

- (i) the board of the Corporation will consist of four (4) directors;
- (ii) all voting rights in respect of the shares shall be exercised for the election and maintenance in office as directors of three nominees of Pembroke and one nominee of Beachburg;
- (iii) the number of directors from time to time constituting a quorum at the meetings of the Board shall be a majority of the directors, provided that at least two directors nominated by Pembroke be present, at least one director nominated by Beachburg be present. Irrespective of this provision, in the event that the Beachburg nominee fails to attend two properly constituted meetings, the Board of Directors, with proper notice being served, then the provision of this paragraph requiring at least one nominee from Beachburg to be present lapses for a period of one year. In the event that another party joins the Corporation, then it is agreed that at least one director shall be nominated and sit on the Board from each new utility joining and at least one director from those utilities must be present in the place and stead of Beachburg.
- (iv) on the appointment or election of each director, the secretary of the corporation shall make note of the nominator of the director in the records of the corporation and the nominator shall be entitled by direction in writing, from time to time, to remove its nominee or nominees and to nominate his successor or successors who shall promptly be elected a director as contemplated herein;
- (v) resolutions shall be decided by a majority of those voting;
- (vi) the chairman of the meeting shall have a second or casting vote;
- (vii) all of the persons from time to time nominated to the Board by A shall be resident Canadians, as such term is defined in the *Business Corporations Act* of Ontario,

8. Officers

- (a) Appointment - Until changed by resolution of the Board, the officers of the Corporation shall maintain the following positions:

Office

Chairman of the Board
President
Vice-President
Secretary-Treasurer

- (b) Remuneration - Officers of the Corporation shall be remunerated as such for their work in and services to the Corporation, and the Corporation shall reimburse them for all of their out-of-pocket expenses incurred in performing their duties, including reasonable costs for transportation and lodging, save and except if an employee or independent contractor of the Corporation or as a proxy to a shareholder, is an officer of the Corporation, in which case out of pocket expenses only shall be reimbursed by the Corporation to the shareholder on behalf of which such officer is acting.

9. Restrictions on management of the Corporation

- (a) Unanimous approval - Except with the written consent of each of the parties to this agreement, no action will be taken by the directors and/or officers on behalf of the Corporation or with respect to any of the following:
- (i) changing the provisions in the by-laws of the Corporation;
 - (ii) the sale of all or substantially all of the properties and assets of the corporation;
 - (iii) issuance of any new shares of the Corporation, except for the purposes of allowing the entry of member shareholders of other municipal electrical utilities;
 - (iv) the dissolution or winding up of the Corporation.
- (b) Special approval - except with the written consent of the parties to this Agreement that are the holders of two-thirds of the aggregate number of

shares outstanding at such time, no action will be taken by the directors and/or officers on behalf of the Corporation or with respect to any of the following:

- (i) the declaration or payment of any dividend, distribution or bonus to employees;
- (ii) the acquisition or disposition by the Corporation of interests in other enterprises;
- (iii) the purchase, sale, mortgage or lease by the Corporation of any real property;
- (iv) any purchase, commitment, lease or expenditure which, if completed, would raise the aggregate of capital expenditures of the Corporation in any fiscal year to more than \$3 million adjusted by inflation in each year; with the base year for inflation calculation purposes being the year 2000.
- (v) the employment of any person at an aggregate (including benefits) annual remuneration of more than or equal to \$100,000.00 per year or an increase in the remuneration of any employee to a total in excess of that amount, with the base year for inflation calculation purposes being the year 2000.
- (vi) the lending of money by the Corporation in any year in excess of \$100,000.00, except to an affiliate corporation.
- (vii) any commitment by the corporation which raises the aggregate of the outstanding obligations of the corporation for material or supplies (excluding the cost of power and labour) at any one time in a fiscal year to more than \$1.5 million adjusted by inflation, with the base year for inflation calculation purposes being the year 2000.
- (viii) the authorization or execution by the Corporation of any contract, the performance of which by the Corporation will require more

than three (3) years and calls for a contractual amount in excess of \$200,000.00.

- (ix) the guarantee by the corporation of the debts of any other person in any amount;
- (x) the approval of the audited Financial Statements of the Corporation;
- (xi) the amendment of the signing authority relating to the corporation's bank accounts;
- (xii) any action or transaction not in the ordinary course of the business of the Corporation; or
- (xiii) the issuance of new shares of the Corporation for the purposes of allowing the entry of member shareholders of other municipal electrical utilities.

10. Voting Powers

The parties hereto shall at all times use their voting powers (whether expressed by way of vote or written consent) in accordance with the provisions of this Agreement and for the purposes of effectuating the same and for the purposes of ensuring that the directors of the Corporation shall exercise their powers as members of the Board consistently with the provisions of this Agreement and for the purposes of effectuating the same. The Board shall see to it that the officers and employees of the Corporation carry out all duties which they are required to perform under the provisions of this Agreement.

11. Additional Parties

Every issue and transfer of shares shall be subject to the condition that each subscribed or transferee, as the case may be, shall, if not a party hereto, agree to be bound by the terms hereof and become a party hereto by executing an agreement to be bound hereby. Any agreement to be bound hereby and any other agreement

in favour of the parties hereto shall be effectively delivered to each party hereto by delivering to the secretary of the Corporation a signed copy thereof and the secretary shall thereupon forward a photocopy of such copy to each party hereto.

12. Obligations on new Shareholders and Current Shareholders

Each of the shareholders to this agreement and any new shareholders who are issued shares pursuant to this agreement by amalgamation into the Corporation referred to herein shall be responsible for costs incurred to effect the Corporation and the work performed with respect to the corporation which costs shall include:

- (a) the costs of incorporation;
- (b) the drafting of the necessary by-laws for the Corporation;
- (c) the Shareholder's Agreement;
- (d) the Transfer By-law;
- (e) the costs of accountants incurred for the Corporation.

The parties hereto agree that any shareholder may pay for these expenses, either in cash or by a reduction in its issued shares valued at net book value, reduced by its proportionate cost in the Corporation. This cost may be adjusted as new municipalities become shareholders in the Corporation.

13. Objects of the Corporation

The parties hereto agree that the shareholders, the officers and directors and parties hereto agree that the Corporation was incorporated for the purposes of the retail of electricity and for the purposes of any and all other activities related thereto and for the supply of electronics and electrical equipment and/or products, and other programs and services with the approval of the Board of Directors. The parties and all the shareholders and directors and officers hereto are obligated to comply with all the provisions, terms and obligations as set out in the corporation documents and restrictions in their objects and must carry out the objects of the Corporation. It is agreed by all parties that all service areas covered by the

municipalities who are shareholders of the Corporation shall be treated similarly and with equality.

14. In the event that any disagreement arises between the parties hereto with reference to this agreement, or any matters arising hereunder, and upon which the parties cannot agree then every such disagreement shall be referred to arbitration pursuant to provisions of the Arbitrations Act, R.S.O. 1990, Chapter A.24 and in accordance with the provisions of the following:

- (a) The reference to arbitration shall be to three (3) arbitrators, one of whom shall be chosen by each party to the disagreement and the third by the two so chosen and the third arbitrator so chosen shall be the chairman; provided, however, that if the parties are able to agree upon a single arbitrator, the reference to arbitration shall be to that single arbitrator.
- (b) The award may be made by the majority of the arbitrators.
- (c) If the arbitrators have allowed their time or extended time for making an award, as provided in the Arbitrations Act, to expire without making an award or if the Chairman shall have delivered to the parties to the arbitration a notice in writing stating that the arbitrators cannot agree, any party to the arbitration may apply to the Ontario Court (General Division) or to a judge thereof to appoint an umpire who shall have the like power to act in the reference and to make an award as if he had been duly appointed by all the parties to the submission and by the consent of all the parties who originally appointed the arbitrators thereto.
- (d) If an umpire is appointed pursuant to the foregoing, such umpire shall make his award within one month after the original or extended time appointed for making the award of the arbitrators has expired on or before any later date to which the parties to the reference by a writing signed by them may from time to time enlarge the time for making the award, or if such parties have not agreed, then within such time as the Court or judge

appointing such arbitrator may deem proper.

- (e) There shall be no appeal from the award of the arbitrator or arbitrators in accordance with the provisions of the Arbitrations Act.

15. Amendment of Agreement

This agreement may be amended or altered in any of its provisions and such changes shall become effective when reduced to writing and signed by the parties hereto.

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This agreement shall terminate on the occurrence of any of the following:

- a) written agreement of the parties hereto;
- b) bankruptcy, receivership or dissolution of the Corporation.

17. Binding on Heirs and Others

This agreement shall be binding not only on the parties hereto, but also upon their heirs, executors, administrators or assigns and the parties hereto or any amalgamated corporations that may be amalgamated in the future in the Province of Ontario with the corporations referred to herein, agree for themselves, their heirs, executors, administrators or assigns to execute any instruments which may be necessary or proper to carry out the purpose and intent of this agreement.

18. Notices

All notices, demands, requests, consents and approvals which may or are required to be given or made pursuant to any provision of this Agreement shall be given or made in writing and shall be served personally or mailed by prepaid and registered mail, in the case of:

Corporation of the City of Pembroke, 1 Pembroke Street East, Pembroke,
Ontario K8A 6X3

Corporation of the Village of Beachburg, Beachburg, ON K0J 1C0

Ottawa River Energy Solutions Inc., PO Box 1087, Pembroke, Ontario
K8A 6Y6

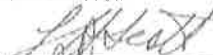
or to such other addresses as the parties may from time to time advise the other parties hereto by notice in writing. The date of receipt of any such notice, demand or request shall be deemed to be the date of delivery of such notice, demand or request if served personally, or if mailed as aforesaid, the third day of business following the date of such mailing.

19. The invalidity of any provision of this Agreement or any covenant herein contained on the part of any party shall not affect the validity of any provision or covenant hereof or herein contained.
20. This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.
21. Time shall be of the essence of this Agreement.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals on the date first above written.

SIGNED, SEALED AND DELIVERED
in the presence of

) THE CORPORATION OF THE CITY
) OF PEMBROKE

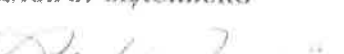
) 

) Mayor

) 

) C.A.O.

) THE CORPORATION OF THE
) VILLAGE OF BEACHBURG

) 

) Reeve

) 

) Clerk-Treasurer

) OTTAWA RIVER ENERGY
) SOLUTIONS INC.

) 

) President

TAB D

CORPORATION OF THE TOWNSHIP OF WHITEWATER REGION

By-Law # 03-01-98

Being a By-Law to affirm that Ottawa River Power Corporation should continue to be incorporated as provided for, pursuant to Subsection 142(1) of the Electricity Act, 1998

WHEREAS the Village of Beachburg was amalgamated and is now part of the Corporation of the Township of Whitewater Region and before its amalgamation transferred its electrical distribution assets into the Ottawa River Power Corporation.

AND WHEREAS the Ottawa River Power Corporation was incorporated on the 29th day of April, 1999 for the purposes of distribution of electricity in and for the Province of Ontario and is a corporation licenced to distribute electricity pursuant to the Ontario Energy Board Act.

AND WHEREAS the Corporation of the Township of Whitewater Region has an interest, as a shareholder in the Ottawa River Power Corporation, holding 147 shares in the said company.

AND WHEREAS the Ottawa River Power Corporation owes to the Corporation of the Township of Whitewater the sum of \$147,000.00, secured by a Promissory Note from the Corporation to the Township.

AND WHEREAS the Ontario Legislature has passed Bill No. 210 requiring municipalities who have shares in electric utilities to pass a resolution within ninety (90) days of the passing of the Bill affirming that the Corporation should continue to be incorporated as provided for pursuant to Section 142(1) of the Electricity Act thereby confirming their status as "for profit" corporations.

AND WHEREAS the said legislation was passed on the 09th day of December, 2002.

AND WHEREAS in the event the municipality fails to pass such resolution within ninety (90) days of December 09th, 2002, the Corporation status of Ottawa River Power Corporation will be converted to a "non-profit status" with no return on equity to the Township and only a return of interest on the debt portion of the monies owed by the Ottawa River Power Corporation to the Township.

AND WHEREAS at the present time the maximum return available on equity for the municipality is 4.17% and the return on interest on the Promissory Note is 7.25% , providing a return of equity and debt that is available in the amount 5.71% per annum using a weighted average.

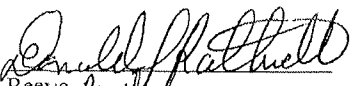
AND WHEREAS in the event an affirming By-Law is not passed affirming the corporation status and the Ottawa River Power Corporation was effectively converted to "non-profit status", then this would not allow for the said Ottawa River Power Corporation to manage its finances so as to continue to provide reliable service and, in particular, provide a rate of return sufficient to finance maintenance and upgrading of infrastructure.

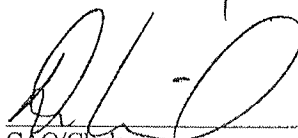
AND WHEREAS the Province of Ontario has decided to maintain Hydro One and their utilities as "for profit" companies and to affirm its current status.

NOW THEREFORE the Township hereby affirms that the Ottawa River Power Corporation continue to be incorporated, as provided for in subsection 142(1) of the Electricity Act, 1998, as a "for profit corporation" pursuant to its initially intended purpose.

This By-Law shall not come into force and effect until the final passing thereof.

Read a First, Second and Finally Passed on the Third Reading, this 22nd day of January, 2003


Reeve President


CAO/Clerk

Reeve

CAO/Clerk

CERTIFICATE OF PASSING OF RESOLUTION
UNDER SECTION 159.1 OF THE ELECTRICITY ACT, 1998

Name of Municipality Corporation of the Township of Whitewater Region

Name of Local Distribution Company Ottawa River Power Corporation

Direct and Indirect Beneficial Ownership of and Voting Rights in Local Distribution Company.
Specify shareholders and % of ownership at each level of the corporate structure (see subsection 159.1(3) of Act).
If there is insufficient space on this form, attach additional page(s).

Corporation of the City of Pembroke	78.38%
Corporation of the Township of Whitewater Region	2.64%
Corporation of the Township of Killaloe, Hagarty & Richards	3.04%
Corporation of the Town of Mississippi Mills	15.94%

Attached is a copy of the resolution passed by the municipality affirming that the local distribution company should continue to operate on a for-profit basis.

The municipality affirms that the projected return on common equity to be earned by the local distribution company, on which the rates approved by the Ontario Energy Board are based, is 4.17%.

Provide details of all financial arrangement involving the municipality and the local distribution company. If there is insufficient space on this form, attach additional page(s).

Date of Arrangement	Description of Arrangement	Term	Principal Amount	Annual Interest Payable
Oct. 01, 2000	Promissory Note	20 yr (from market opening)	\$ 147,000.00	7.25%
Oct. 01, 2000	Shareholdings	N/A	147 (shares held in the corporation)	N/A

Gordon White, Reeve

Date _____

Signature of Reeve

Dean Sauriol CAO/Clerk

TAB E

BY-LAW NO. 726

THE CORPORATION OF THE VILLAGE OF BEACHBURG

A By-Law to Transfer the assets, liabilities, rights and obligations of the Corporation of the Village of Beachburg (Beachburg Hydro Commission) associated with the Distribution of Electricity to the Ottawa River Power Corporation and to Transfer the assets, liabilities, rights and obligations of the Corporation of the Village of Beachburg (Beachburg Hydro Commission) associated with the Retailing of Electricity and Other Services to the Ottawa River Energy Solutions Inc., both Companies incorporated under the *Business Corporations Act* (Ontario) pursuant to Section 142(1) of the *Electricity Act* 1998.

WHEREAS the Electricity Act, 1998, which is Schedule A of the Energy Competition Act, 1998, which was passed by the Legislature of Ontario and given Royal Assent on October 30, 1998, provides in Section 144 that after November 7, 2000, no municipal corporation shall generate, transmit, distribute or retail electricity except through a Corporation incorporated under the *Ontario Business Corporations Act*.

AND WHEREAS the Corporation of the Village of Beachburg has conducted negotiations with the Corporation of the City of Pembroke to permit the Corporation of the Village of Beachburg to participate as a shareholder and as a member of the Board of Directors in a local distribution corporation known as the Ottawa River Power Corporation and a second corporation known as the Ottawa River Energy Solutions Inc for the purpose of retailing electricity and performing other services.

AND WHEREAS pursuant to Section 145 of the Act, the Council of the Corporation of the Village of Beachburg is to make a By-Law transferring assets liabilities, rights and obligations of the Village through which the Village distributes electricity and retails electricity and performs other services to corporations incorporated under the *Business Corporations Act*; the Ottawa River Power Corporation and Ottawa River Energy Solutions Inc. respectively.

NOW THEREFORE the Corporation of the Village of Beachburg hereby enacts as follows:

Definitions:

In this By-Law, the terms defined herein shall have the meanings indicated:

- a. "Act" means *The Energy Competition Act*, 1998, and any regulations thereunder.
- b. "Assets" means all assets (except those listed as Excluded Assets), rights and obligations of the Corporation of the Village of Beachburg used for the purpose of distributing electricity and retailing electricity and other services and carrying on associated business activities on the Effective Date.
- c. "Electricity Act" means the *Electricity Act*, 1998, and any regulations thereunder, as set out in Schedule "A" of the *Energy Competition Act*, 1998.
- d. "Effective Date" means the date for each asset transferred pursuant to this Transfer By-Law.
- e. "Goodwill" means all intangible assets and for the purposes of this agreement shall be deemed to have a value of not less than ONE DOLLAR (\$1.00).
- f. "OBCA" means the *Business Corporations Act* (Ontario) and any regulations thereunder.
- g. "NBV" means Net Book Value as at the Effective Date and shall be deemed to be fair market value as at the Effective Date.
- h. "OEB" means the Ontario Energy Board.
- i. "OEBA" means the *Ontario Energy Board Act*, 1998, and any regulations thereunder, as set out in Schedule "B" of the *Energy Competition Act*, 1998.
- j. "Transfer By-Law" means a by-law made under Section 145 of the *Electricity Act*, 1998.
- k. "Transferee" means the corporation incorporated under the *Business Corporations Act* pursuant to Section 142 of the *Electricity Act*, 1998. (Ottawa River Power Corporation and Ottawa River Energy Solutions Inc.).
- l. "Transferor" means the municipal corporation, commission or other body whose employees, assets, liabilities, rights or obligations are transferred pursuant to a Transfer By-Law (Corporation of the Village of Beachburg).
- 1. This Transfer By-Law shall be known as a "Transfer By-Law as authorized by Section 145 of the *Electricity Act*, 1998"; this Transfer By-Law transfers from the Corporation of the Village of Beachburg all the assets, liabilities, rights and obligations of the

Corporation of the Village of Beachburg (Beachburg Hydro Commission) related to the Village's distribution of electricity to the Ottawa River Power Corporation and the assets, liabilities, rights and obligations of the Corporation of the Village of Beachburg (Beachburg Hydro Commission) relating to the retailing of electricity and other services to the Ottawa River Energy Solutions Inc.

2. Without limiting the generality of the matters described in Paragraph 1 hereof by this Transfer By-Law, the Corporation of the Village of Beachburg transfers to the Ottawa River Power Corporation all rights, title and interest in the matters more particularly described in Schedule "A", and transfers to the Ottawa River Energy Solutions Inc. all rights, title and interest in the matters more particularly described in Schedule "B".
3. This By-Law is binding upon the Corporation of the Village of Beachburg.
4. The Corporation of the Village of Beachburg does not hold any reserve funds established under Section 33 of the Development Charges Act, 1997 that relate to the development charges collected in respect of electrical power services.
5. The Corporation of the Village of Beachburg will provide the Ottawa River Power Corporation with all records, copies of records, and other information or documentation that is in the Village's custody or control and that relate to an asset, liability, right or obligation that is transferred by this Transfer By-Law.
6. Any common shares or other securities issued by the Ottawa River Power Corporation and the Ottawa River Energy Solutions Inc. shall be issued in the name of the Corporation of the Village of Beachburg and the Corporation of the Village of Beachburg hereby approves the Shareholders' Agreement entered into with the Corporation of the City of Pembroke dated the first day of January, 2000 and authorizes the Reeve and the Clerk-Treasurer to execute the same on behalf of the Corporation of the Village of Beachburg.
7. The Corporation of the Village of Beachburg nominates RON LOWE to act as one of the Directors of the Ottawa River Power Corporation pursuant to the terms of the Shareholders' Agreement and further appoints RON LOWE to act as one of the First Director of the Ottawa River Energy Solutions Inc. These appointments shall be for one term only.

8. The Assets transferred to the Ottawa River Power Corporation, pursuant to this By-Law, shall be transferred at NBV as stated on Schedule "C" on the Effective Date. The fair market value of the Assets shall be deemed to be the net book value on the Effective Date. The consideration payable by the Ottawa River Power Corporation for the assets transferred herein shall be satisfied as follows:
 - a. by the issuance and allotment to the Corporation of the Village of Beachburg of One Hundred and Forty Seven (147) fully paid and non assessable common shares of Ottawa River Power Corporation, and
 - b. by the issuance by the Ottawa River Power Corporation to the Corporation of the Village of Beachburg of a promissory note having a principal amount equal to One Hundred and Forty-Seven Thousand (\$147,000.00) in accordance with Schedule "D".
 - c. the consideration payable by the Ottawa River Power Corporation shall be allocated among the Assets as set out in Schedule "C" as the Effective Date.
9. The assets transferred to the Ottawa River Energy Solutions Inc., pursuant to this By-Law, shall be transferred at NBV as stated in Schedule "E" on the Effective Date. The consideration payable by the Ottawa River Energy Solutions Inc. for the assets transferred herein shall be the issuance of 147 shares in the Ottawa River Energy Solutions Inc. upon the payment by the Corporation of the Village of Beachburg of the sum of \$735.00.
10. The Effective Date for the transfer of all items described herein from the Corporation of the Village of Beachburg to the Ottawa River Power Corporation and the Ottawa River Energy Solutions Inc. shall be January 1, 2000.
11. The transfer of assets, liabilities, rights or obligations under this By-Law is exempt from the provisions of all Acts prescribed by the Act and regulation, pursuant to Section 159 of the Act.
12. If any portion of this Transfer By-Law is determined to be unenforceable for any reason that unenforceability shall not affect the enforceability of the remaining portion of the By-Law.

13. The Corporation of the Village of Beachburg and Ottawa River Power Corporation shall execute the Shareholders' Agreement attached hereto as Schedule "F".
14. The Corporation of the Village of Beachburg and Ottawa River Energy Solutions Inc. shall execute the Shareholders' Agreement attached hereto as Schedule "G".
15. The Schedules attached to this By-Law form part of the By-Law.
16. All references to monetary amounts shall refer to the lawful money of Canada.
17. This Transfer By-Law may be registered in the Land Titles Office pursuant to the Land Titles Act of Ontario.

ENACTED AND PASSED this 6th day of June A.D. 2000


Reeve


Clerk-Treasurer

SCHEDULE "A" TO TRANSFER BY LAW NO. 726

1. Computer Hardware and Software - All computer hardware and software, including all rights under licences and other arrangements or instruments relating thereto.
2. Contracts, Rights - The full benefit of all franchise, licence or management agreements and all other contracts, commitments, rights, choses in action, benefits, arrangements, understandings and agreements, written or oral, to which the Beachburg Hydro Commission is a party or otherwise including:
 - (a) all written or oral contracts, agreements, commitments, undertakings, rights and arrangements;
 - (b) all forward commitments to the Beachburg Hydro Commission for supplies or materials entered into in the usual and ordinary course of business whether or not there are any written contracts with respect thereto.
3. Goodwill - The goodwill of the Beachburg Hydro Commission, including:
 - (a) the exclusive right of any of the Corporations to represent themselves as carrying on business in continuation of and in succession to the Commission and the right to use any words indicating that their business is so carried on.
 - (b) all records of sales, customer lists, customer data and suppliers lists of or used by the Beachburg Hydro Commission.
4. Insurance Policies - The full benefit of all policies of insurance of the Beachburg Hydro Commission.
5. Intellectual Property - All of the right, title, benefit and interest of the Beachburg Hydro Commission in and to all registered trade marks, brand names, patents and copyrights, all unregistered trade marks, trade names and copyrights and all patent applications, trade mark registration applications and copyright registration applications, both domestic and foreign, owned or made by the Beachburg Hydro Commission.
6. Inventories - All inventories and supplies including, but without limitation, all finished goods, work in progress, raw materials, production and shipping supplies and maintenance items and all other materials and supplies on hand to be used or consumed in the production of products.

7. Know-How - All patterns, plans, designs, research, data, copyrights, trade secrets and other proprietary know-how, processes, drawings, technology, unpatented blueprints, flow-sheets, equipment and parts lists and descriptions and related instructions, manuals, data, records and procedures and any and all data owned or used by the Beachburg Hydro Commission and all licences, agreements and other contracts and commitments relating to any of the foregoing to which the Beachburg Hydro Commission is a party.
8. Licences and Permits - the full benefit of all licences, registrations, permits, consents, quotas, approvals, certifications and other authorizations.
9. Records - All personnel records, inspection records and all other records, books, documents and data bases relating to the Assumed Liabilities, the business of the Beachburg Hydro Commission or to the Assets in the possession or under the control of the Beachburg Hydro Commission.
10. Warranties - The full benefit of all warranties and warranty rights, implied, express or otherwise, against manufacturers, suppliers or sellers which apply to any of the Assets and the net realizable value of any warranty claims relating to the Assets outstanding as of the Effective Date.

SCHEDULE "B" TO TRANSFER BY LAW NO. 726

All those assets presently owned by the BEACHBURG HYDRO COMMISSION (including Goodwill) not required for distribution, but necessary for the retail of electricity and other services.

SCHEDULE "C"**Net Book Value 1999****Preliminary Compilation Audited**

Cash	77,296
Accounts Receivable	10,157
Unbilled Revenue	52,746
Inventory	5,049
Prepaid expenses	1,699
Land rights	0
Buildings and other Capital Assets	216,210
Goodwill	1
Accounts payable (Including Ontario Hydro	-69,158
	294,000

SCHEDULE "D" TO TRANSFER BY-LAW NO. 726

Consideration given for the transfer of assets, liabilities, rights and obligations shall be the issuance and allotment to the Corporation of the Village of Beachburg of 147 shares fully paid and non-assessable common shares of the Ottawa River Power Corporation, and the issuance by the Ottawa River Power Corporation to the Corporation of the Village of Beachburg of a Promissory Note having a principal amount equal to One Hundred and Forty-Seven Thousand Dollars (\$147,000.00). Such Promissory Note to be due and payable on the first day of January in the year 2002, to be non interest bearing, from January 1st, 2000 to Market Opening, which is currently slated for November 7, 2000, and thereafter to bear interest at an effective rate, currently 7.25% per annum, term and interest to be re-negotiated annually. Interest to be calculated annually, payable quarterly and to be in the form and content satisfactory to the Treasurer of the Corporation of the Village of Beachburg.

TAB F

THE CORPORATION OF THE TOWN OF MISSISSIPPI MILLS

A By-Law to transfer the employees, assets, liabilities, rights and obligations of The Corporation of the Town of Mississippi Mills associated with the distribution of electricity to Ottawa River Power Corporation and to transfer the assets, liabilities, rights and obligations of The Corporation of the Town of Mississippi Mills associated with fibre optics to Ottawa River Energy Solutions Inc., both companies incorporated under the *Business Corporations Act (Ontario)* pursuant to Section 142 (1) of the *Electricity Act, 1998*.

WHEREAS the *Electricity Act, 1998*, which is Schedule A of the *Energy Competition Act, 1998*, which was passed by the Legislature of Ontario and given Royal Assent on October, 30, 1998, provides in Section 144 that after November 7, 2000, no municipal corporation shall generate, transmit, distribute or retail electricity except through a corporation incorporated under the *Business Corporations Act (Ontario)*;

AND WHEREAS pursuant to Section 142 of the *Electricity Act, 1998* a municipality may cause a corporation to be incorporated under the *Business Corporations Act (Ontario)* for the purpose of generating, transmitting, distributing or retailing electricity;

AND WHEREAS the Corporation of the City of Pembroke, on April 29, 1999, incorporated a local distribution company, namely Ottawa River Power Corporation, to distribute electricity, and a company, namely Ottawa River Energy Solutions Inc., to retail electricity and to perform other services pursuant to section 142 of the *Electricity Act, 1998*;

AND WHEREAS pursuant to section 145 of the Act, the Council of The Corporation of the Town of Mississippi Mills may make a By-law transferring employees, assets, liabilities, rights and obligations of the Town through which the Town distributes electricity and retails electricity and performs other services to corporations incorporated under the *Business Corporations Act (Ontario)*: the Ottawa River Power Corporation and the Ottawa River Energy Solutions Inc., respectively;

AND WHEREAS it is desirable for the Town to transfer its employees, assets, liabilities, rights and obligations related to electrical distribution and to fibre optics to Ottawa River Power Corporation and Ottawa River Energy Solutions Inc.;

NOW THEREFORE The Corporation of the Town of Mississippi Mills hereby enacts as follows:

Definitions

In this By-law, the terms defined herein shall have the meanings indicated:

- a. "Act" means the *Energy Competition Act, 1998*, and any regulations thereunder;
- b. "Assets" means all assets (except those listed as Excluded Assets), rights and obligations of The Corporation of the Town of Mississippi Mills used for the purpose of distributing electricity and fibre optics on the Effective Date;
- c. "Electricity Act" means the *Electricity Act, 1998*, and any regulations thereunder as set out in Schedule A of the *Energy Competition Act, 1998*;
- d. "Effective Date" means the date for each asset transferred pursuant to this Transfer By-law;
- e. "Excluded Assets" means the assets described in Schedule A of this Transfer By-law;
- f. "Goodwill" means all intangible assets and, for the purposes of this agreement, shall be deemed to have a value of not less than One Dollar (\$1.00);
- g. "OBCA" means the *Business Corporations Act (Ontario)* and any regulations thereunder;
- h. "NBV" means Net Book Value as at the Effective Date and shall be deemed to be fair market value as at the Effective Date;
- i. "Town" means The Corporation of the Town of Mississippi Mills;
- j. "Transfer By-law" means a by-law made under Section 145 of the *Electricity Act, 1998*.

1. This Transfer By-law shall be known as a Transfer By-law as authorized by Section 145 of the *Electricity Act, 1998*; this Transfer By-law transfers from The Town all of the employees, assets, liabilities, rights and obligations of The Town and the Public Utilities Commission of The Town related to the distribution of electricity to the Ottawa River Power Corporation, and the assets, liabilities, rights and obligations of The Town and the Public Utilities Commission of The Town related to fibre optics to Ottawa River Energy Solutions Inc., except the Excluded Assets in Schedule A which shall not be transferred to either the Ottawa River Power Corporation or Ottawa River Energy Solutions Inc..
2. Without limiting the generality of the matters described in paragraph 1 hereof, by this Transfer By-law, The Town transfers to Ottawa River Power Corporation all right, title and interest in the matters more particularly described in Schedules B, C, D and E, and transfers to Ottawa River Energy Solutions Inc. all right, title and interest in the matters more particularly described in Schedule H.
3. This By-law is binding upon The Town, the Ottawa River Power Corporation and Ottawa River Energy Solutions Inc.
4. The employment of all those persons who are identified by either class of employment or individually on Schedule B attached hereto shall not be terminated or considered constructively dismissed by this Transfer By-law and said employment is deemed to have been transferred and assumed without interruption in service.
5. All of the employees identified in Schedule B and transferred herein shall cease to be employees of The Town and shall continue as employees of Ottawa River Power Corporation with no interruption in their service, so that service with The Town or the Public Utilities Commission of The Town shall be deemed to be service with Ottawa River Power Corporation. The employment of all such employees shall not be terminated by the provisions of this By-law.
6. The Town does not hold any reserve funds established under Section 33 of the *Development Charges Act, 1997*, that relate to the development charges collected in respect of electrical power services.

7. The Town, as Lessor, shall lease to the Ottawa River Power Corporation, as Lessee, the lands and buildings, on the terms and conditions set out in the lease attached hereto and describe in Schedule J;
8. The Town shall provide the Ottawa River Power Corporation with all records, copies of records, and other information or documentation that is in the Town's custody or control and that relate to an employee, asset, liability, right or obligation that is transferred by this Transfer By-law including personal information.
9. The assets transferred to the Ottawa River Power Corporation, pursuant to this By-law, shall be transferred at NBV as stated on Schedule G as at December 31, 1999, adjusted to the Effective Date in accordance with sections 3 and 18 of the Unanimous Shareholder's Agreement dated 1 October 2000. The fair market value of the Assets shall be deemed to be the NBV on the Effective Date. The consideration payable by the Ottawa River Power Corporation for the assets transferred herein shall be satisfied as follows:
 - a. by the issuance and allotment to The Corporation of the Town of Mississippi Mills of 839 fully paid and non-assessable common shares of Ottawa River Power Corporation, at a value of \$1,000.00 per share, based on the asset values set out in the December 31, 1999 financial statements, to be adjusted in accordance with sections 3 and 18 of the Unanimous Shareholder's Agreement dated 1 October 2000 ;
 - b. by the issuance by the Ottawa River Power Corporation to The Corporation of the Town of Mississippi Mills of a Promissory Note having the principal amount equal to Eight Hundred and Thirty Nine Thousand Dollars (\$839,000.00) based on the asset values set out in the December 31, 1999 financial statements, to be adjusted in accordance with sections 3 and 18 of the Unanimous Shareholder's Agreement dated 1 October 2000, in the terms as set out in Schedule G attached hereto;
 - c. the consideration payable by the Ottawa River Power Corporation shall be allocated among the Assets as set out in Schedule G, adjusted to the Effective Date in accordance with sections 3 and 18 of the Unanimous Shareholder's Agreement dated 1 October 2000 and the Corporation shall report the transfer of the Assets in accordance with the provision of Schedule G, as adjusted.

10. The assets transferred to Ottawa River Energy Solutions Inc. pursuant to this By-law shall be transferred at the NBV as stated on Schedule G as at December 31, 1999, adjusted to the Effective Date in accordance with sections 3 and 18 of the Unanimous Shareholder's Agreement dated 1 October 2000. The fair market value of the Assets shall be deemed to be the NBV on the Effective Date. The consideration payable by Ottawa River Energy Solutions Inc. for the assets transferred herein shall be satisfied as follows:
 - a. by the issuance and allotment to The Corporation of the Town of Mississippi Mills of 839 fully paid and non-assessable common shares of Ottawa River Energy Solutions Inc., at a value of \$5.00 per share based on the asset values set out in the December 31, 1999 financial statements, to be adjusted in accordance with sections 3 and 18 of the Unanimous Shareholder's Agreement dated 1 October 2000 ;
 - b. by the issuance by Ottawa River Energy Solutions Inc. to The Corporation of the Town of Mississippi Mills of a Promissory Note having the principal amount equal to \$ 43, 013.00 based on the asset values set out in the December 31, 1999 financial statements, to be adjusted in accordance with sections 3 and 18 of the Unanimous Shareholder's Agreement dated 1 October 2000, in the terms as set out in Schedule I attached hereto;
 - c. the consideration payable by the Ottawa River Energy Solutions Inc. shall be allocated among the Assets as set out in Schedule G adjusted to the Effective Date in accordance with sections 3 and 18 of the Unanimous Shareholder's Agreement dated 1 October 2000 and the Corporation shall report the transfer of the Assets in accordance with the provision of Schedule G as adjusted.
11. The Effective Date for the transfer of all items described herein from The Town to the Ottawa River Power Corporation and to Ottawa River Energy Solutions Inc. shall be September 30, 2000.
12. The transfer of employees, assets, liabilities, rights or obligations under this By-law is exempt from the provisions of all acts prescribed by the Act and regulation, pursuant to Section 159 of the Act.
13. If any portion of this Transfer By-law is determined to be unenforceable for any reason that unenforceability shall not affect the enforceability of the remaining portion of the By-law.

14. The Schedules attached to this By-law form part of the By-law.
15. All references to monetary amounts shall refer to the lawful money of Canada.
16. This Transfer By-law may be registered in the Land Titles Office pursuant to the Land Titles Act of Ontario.
17. If hereinafter requested by The Town, the Ottawa River Power Corporation and/or Ottawa River Energy Solutions Inc. shall execute any agreement or agreements or other instruments in order to further confirm or carry out this Transfer By-law. By means of said Agreement, or instrument, or amendment to this Transfer By-law, the Town may adjust, amend, add to or reduce any value of any of the items set out in the schedules attached herein.
18. The Town and the Ottawa River Power Corporation are both registered for Federal Goods and Services (GST) under the Excise Tax Act (ETA). The transfer under this By-law constitutes the transfer of all, or substantially all, of the property that was used by The Town in carrying on the electricity business and the Ottawa River Power Corporation is acquiring ownership, possession or use of all, or substantially all, of the property that can reasonably be regarded as being necessary for the Ottawa River Power Corporation to carry on such business. The Town and the Ottawa River Power Corporation shall jointly sign the election provided for in Section 167 of the ETA and the Ottawa River Power Corporation shall file the election, in accordance with the provisions of the ETA, together with its GST return for the reporting period in which the transfer took place.

ENACTED AND PASSED this 19th day of October, A.D. 2000.

Paul F. Finner

Mayor - Paul Finner

Cynthia Halcrow

Clerk - ~~XXXXXXX~~ Cynthia Halcrow

SCHEDULE A
TO TRANSFER BY-LAW No. 103 of 2000

EXCLUDED ASSETS:

Rolling Stock - 1995 3/4-Ton General Motors model GM4

VIN # 2GCFC29S1S126691

Water Rights, Generating Station

The lands known as follows:

PIN 05098-0087

Generating Station - Part of Lot E,
Plan 6262, Almonte, municipally
known as 49-53 Main Street

together with all buildings, fixtures and equipment located thereon, including all
building and fixtures re MS #1 located at 49-53 Main St.

Generating Station - Automation

Generating Licence EB-1999-0412

Buildings and Fixtures re: 28 Mill Street

Building Renovations re: 28 Mill Street

Office equipment

Computer equipment and software

Tools, located as of the Effective Date at the Generating Station.

All interest in real property including rights-of-way, easements and other
agreements related to hydro generation.

SCHEDULE B
TO TRANSFER BY-LAW No. 103 of 2000

1. Five current employees by job classification:

Nicole Pederson	Office Staff
Kristine Taylor	Office Staff
Dan Brady	Superintendent
Brian Stead	Lineman
Jody Metcalfe	Apprentice

2. The benefit of all employer agreements as at the Effective Date and all contracts of employment.
3. The benefit of all employee plans including all employee benefit plans, pension plans (including OMERS pension plan), bonus or incentive plans, employer medical insurance and disability plans and savings plans.

SCHEDULE C
TO TRANSFER BY-LAW No. 103 of 2000

All machinery and equipment, metering and measurement devices, and appliances, and all goods and chattels and other personal property and all tools, handling equipment, furniture, furnishings and accessories, and all plant, buildings, structures, erections, improvements, appurtenances and fixtures (including fixed machinery and fixed equipment), conduits, pipes, poles, wires, rods, cables, fibres and other apparatus, devices, appliances and equipment, materials, works, transformers, vaults, transmission lines, distribution lines, ducts, pipelines, fittings, apparatus, meters, whatsoever situated on property owned by The Corporation of the Town of Mississippi Mills on private property and on public property, including, without limiting the generality of the above, the following:

Substations and Distribution equipment (save and except building and fixtures of MS#1 located at 49-53 Main St.)

Substation feeders

Poles and overhead distribution lines, including
all attachments (SCADA communication cables)

Underground distribution lines

Transformers

Meters

Stores and warehouse equipment

Distribution System O/H

Distribution System U/G

System Supervisory Equipment save and except fibre optic cable

Rolling Stock

RBD: VIN # 1FV6JFAB2RL772820

Bucket Truck: VIN # 1FDPK74P9MVA19708

Tools, save and except as located at the Generating Station

SCADA System

Mapping System

Working Capital assets

SCHEDULE D
TO TRANSFER BY-LAW No. 103 of 2000

All interest in real property (save and except Schedule A) including rights-of-way, easements and other agreements. And without limiting the generality of the above, specifically the following lands:

PIN	Substation
05094-0058	MS#2, being Lot 21, Plan 6262 (Victoria Street) Roll # 020 020 042-00 0010
05091-0037	MS#3, being Lot 78, Plan 6262 (King Street) Roll # 030 040 155-00 0000

SCHEDULE E
TO TRANSFER BY-LAW No. 103 of 2000

1. Computer Hardware and Software - All computer hardware and software, including all rights under licences and other agreements or instruments relating thereto.
2. Contracts, Rights - The full benefit of all franchise, licence or management agreements and all other contracts, commitments, rights, choses in action, benefits, arrangements, understandings, and agreement, written or oral, to which the Public Utilities Commission of the Town is a party or otherwise including:
 - a. all written or oral contracts, agreements, commitments, undertakings, rights and arrangements;
 - b. all forward commitments to the Public Utilities Commission of the Town for supplies or materials entered into in the usual and ordinary course of business whether or not there are any written contracts with respect thereto.
3. Goodwill - The goodwill of the Public Utilities Commission of the Town including:
 - a. the exclusive right of any of the Corporations to represent themselves as carrying on business in continuation of and in succession to the Commission and the right to use any words indicating that their business is so carried on;
 - b. all records of sales, customer lists, customer data and suppliers lists of or used by the Public Utilities Commission of the Town.
4. Insurance Policies - The full benefit of all policies of insurance of the Public Utilities Commission of the Town.
5. Intellectual Property - All of the right, title, benefit and interest of the Public Utilities Commission of the Town in and to all registered trade marks, trade names, brand names, patents, copyrights, all unregistered

trade marks, trade names and copyrights and all patent applications, trade mark registration applications and copyright registration applications, both domestic and foreign, owned or made by the Public Utilities Commission of the Town.

6. Inventories - All inventories and supplies including but without limitation, all finished goods, work in progress, raw materials, production and shipping supplies and maintenance items and all other materials and supplies on hand to be used or consumed in the production of products.
7. Know-How - All patterns, plans, designs, research data, copyrights, trade secrets and other proprietary know-how, processes, drawings, technology, unpatented blueprints, flow-sheets, equipment and parts lists and descriptions and related instructions, manuals, data, records and procedures and any and all data owned or used by the matter Public Utilities Commission of the Town, and all licences, agreements and other contracts and commitments relating to any of the foregoing to which the Public Utilities Commission of the Town is a party.
8. Licences and Permits - The full benefit of all licences, registrations, permits, consents, quotas, approvals, certifications and other authorizations.
9. Records - All personnel records, inspection records and all other records, books, documents and data bases relating to Employees, the Assumed Liabilities, the business of the Public Utilities Commission of the Town, or to the Assets in the possession or under the control of the Public Utilities Commission of the Town.
10. Warranties - The full benefit of all warranties and warranty rights, implied, express or otherwise, against manufacturers, suppliers or sellers which apply to any of the Assets and the net realizable value of any warranty claims relating to the Assets outstanding as of the Effective Date.
11. All right, title and interest and benefits of the Public Utilities Commission of the Town in and to the Limited Partnership Agreement, dated the _____ day of _____, between Enerconnect Inc. (General Partner) and Board of Light and Heat Commissioners of the City of

Guelph, Brampton Hydro-Electric Commission, Hydro-Electric
Commission of Waterloo, Wellesley and Woolwich, Public Utilities
Commission of the Town of Collingwood and Peterborough Utilities
Commission (Original Limited Partners).

SCHEDULE F
TO TRANSFER BY-LAW No. 103 of 2000

Consideration given for the transfer of assets, liabilities, rights and obligations shall be the issuance and allotment to The Town of the fully paid and non-assessable common shares of Ottawa River Power Corporation, and the issuance by the Ottawa River Power Corporation to The Town of a Promissory Note having a principal amount equal to \$ 839,000.00, such Promissory Note to be due and payable on the 1st day of January, 2002, to be non-interest bearing from January 1, 2000 to market opening, which is currently slated for November 7, 2000, and thereafter, to bear interest at an effective rate, currently 7.25% per annum, term and interest to be renegotiated annually. Interest to be calculated annually, payable quarterly and to be in the form and content satisfactory to the Treasurer of The Town. In the event that Ottawa River Power Corporation is sold to a non-related entity or otherwise disposed of, The Town, at the time of such sale or disposition, shall have the option of calling for the immediate payment of the principal and any accrued interest of the Promissory Note.

TAB G

**THE CORPORATION OF THE TOWN OF MISSISSIPPI MILLS
BY-LAW NO. 15-68**

BEING a by-law to change the name of The Corporation of the Town of Mississippi Mills.

WHEREAS Section 5.3 of the Municipal Act, 2001 (S.O. 2001, c.25) authorizes that municipal powers, including municipality's capacity, rights, powers and privileges under Section 9, shall be exercised by by-law unless the municipality is specifically authorized to do otherwise;

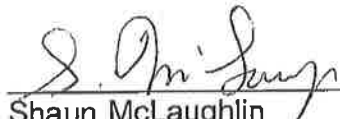
AND WHEREAS Section 9 of the Municipal Act, 2001 (S.O. 2001, c.25), provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS Section 187 (1) the Municipal Act, 2001 (S.O. 2001, c.25) authorizes a municipality to change its name so long as the new name is not the same as the name of another municipality.

NOW THEREFORE the Council of the Corporation of the Town of Mississippi Mills enacts as follows:

1. **THAT** Council authorizes the municipal name of "The Corporation of the Town of Mississippi Mills" be changed to "The Corporation of the Municipality of Mississippi Mills".
2. **THAT** the Clerk forward a copy of the by-law to the Director of Titles appointed under the *Land Titles Act* and to the Minister of Municipal Affairs and Housing promptly after its passage in accordance with Section 187 (3) of the Municipal Act.
3. **THAT** this by-law shall take effect upon its passing.

BY-LAW READ, passed, signed and sealed in Open Council this 29th day of June, 2015.


Shaun McLaughlin
Mayor


Julie Oram
Town Clerk



TAB H

THE CORPORATION OF THE TOWNSHIP OF KILLALOE, HAGARTY & RICHARDS

By-Law 20-2000

A By-Law to Transfer the assets, liabilities, rights and obligations of the Corporation of the Township of Killaloe, Hagarty & Richards (former Killaloe Hydro Electric Commission) associated with the Distribution of Electricity to the Ottawa River Power Corporation a Company incorporated under the *Business Corporations Act* (Ontario) pursuant to Section 142(1) of the *Electricity Act* 1998 and to subscribe for certain shares of Ottawa River Energy Solutions Inc.

WHEREAS the Electricity Act, 1998, which is Schedule A of the Energy Competition Act, 1998, which was passed by the Legislature of Ontario and given Royal Assent on October 30, 1998, provides in Section 144 that after November 7, 2000, no municipal corporation shall generate, transmit, distribute or retail electricity except through a Corporation incorporated under the *Ontario Business Corporations Act*.

AND WHEREAS the Corporation of the Township of Killaloe, Hagarty & Richards has conducted negotiations with the Corporation of the City of Pembroke to permit the Corporation of the Township of Killaloe, Hagarty & Richards to participate as a shareholder and as a member of the Board of Directors in a local distribution corporation known as the Ottawa River Power Corporation and a second corporation known as the Ottawa River Energy Solutions Inc. for the purpose of retailing electricity and performing other services.

AND WHEREAS pursuant to Section 145 of the Act, the Council of the Corporation of the Township of Killaloe, Hagarty & Richards is to make a By-Law transferring assets liabilities, rights and obligations of the Township through which the Village distributes electricity and retails electricity and performs other services to Ottawa River Power Corporation.

NOW THEREFORE the Corporation of the Township of Killaloe, Hagarty & Richards hereby enacts as follows:

Definitions:

In this By-Law, the terms defined herein shall have the meanings indicated:

- a. "Act" means *The Energy Competition Act*, 1998, and any regulations thereunder.
- b. "Assets" means all assets, rights and obligations of the Corporation of the Township of Killaloe, Hagarty & Richards used for the purpose of distributing electricity and other services and carrying on associated business activities on the Effective Date and as set out in Schedule "B".
- c. "Electricity Act" means the *Electricity Act*, 1998, and any regulations thereunder, as set out in Schedule "A" of the *Energy Competition Act*, 1998.
- d. "Effective Date" means the date for each asset transferred pursuant to this Transfer By-Law

- 2
- c. "Goodwill" means all intangible assets and for the purposes of this agreement shall be deemed to have a value of not less than ONE DOLLAR (\$1.00).
 - f. "QBCA" means the *Business Corporations Act* (Ontario) and any regulations thereunder.
 - g. "NBV" means Net Book Value as at the Effective Date and shall be deemed to be fair market value as at the Effective Date.
 - h. "OEB" means the Ontario Energy Board.
 - i. "OEBA" means the *Ontario Energy Board Act*, 1998, and any regulations thereunder, as set out in Schedule "B" of the *Energy Competition Act*, 1998.
 - j. "Township" means The Corporation of the Township of Killaloe, Hagarty and Richards;
 - k. "Transfer By-Law" means a by-law made under Section 145 of the *Electricity Act*, 1998.
 - l. "Transferee" means the corporation incorporated under the *Business Corporations Act* pursuant to Section 142 of the *Electricity Act*, 1998. (Ottawa River Power Corporation).
 - m. "Transferor" means the municipal corporation, commission or other body whose employees, assets, liabilities, rights or obligations are transferred pursuant to a Transfer By-Law (Corporation of the Township of Killaloe, Hagarty & Richards).
1. (a) This Transfer By-Law shall be known as a "Transfer By-Law as authorized by Section 145 of the *Electricity Act*, 1998"; this Transfer By-Law transfers from the Corporation of the Village of Killaloe all the assets, liabilities, rights and obligations of the Corporation of the Township of Killaloe, Hagarty & Richards (Killaloe Hydro Commission) related to the Village's distribution of electricity to the Ottawa River Power Corporation. The transfer of the assets herein conveyed is subject to the approval of the Ontario Energy Board pursuant to the provisions of the *Electricity Act*, 1998. In the event the transfer of the assets does not receive the approval of the Ontario Energy Board, the assets shall remain the property of the "Township".
- (b) Without limiting the generality of the matters described in Paragraph 1 hereof by this Transfer By-Law, the Corporation of the Township of Killaloe, Hagarty & Richards transfers to the Ottawa River Power Corporation all rights, title and interest in the matters more particularly described in Schedule "A", all of which transfer is subject to the approval of the Ontario Energy Board as set out in this Paragraph.
3. The Corporation of the Township of Killaloe, Hagarty & Richards does not hold any reserve funds established under Section 33 of the *Development Charges Act*, 1997 that relate to the development charges collected in respect of electrical power services.
4. The Corporation of the Township of Killaloe, Hagarty & Richards will provide the Ottawa River Power Corporation with all records, copies of records, and other information or documentation that is in the Village's custody or control and that relate to an asset, liability, right or obligation that is transferred by this Transfer By-Law.
5. Any common shares or other securities issued by the Ottawa River Power Corporation and the Ottawa River Energy Solutions Inc. shall be issued in the name of the Corporation of

the Township of Killaloe, Hagarty & Richards.

7. (a) The Corporation of the Township of Killaloe, Hagarty & Richards nominates and appoints GARNET KRANZ to act as one of the Directors of the Ottawa River Power Corporation pursuant to the terms of the Shareholders' Agreement and further nominates and appoints GARNET KRANZ to act as one of the First Directors of the Ottawa River Energy Solutions Inc. The appointments shall be for a three-year term.
- (b) In addition to the qualifications in the By-Laws relating to the conduct of the business and affairs of the Ottawa River Power Corporation and the Ottawa River Energy Solutions Inc., the individual selected following the selection of Garnet Kranz must have the following qualifications:
 - (i) the individual must be a customer of Ottawa River Power Corporation (Killaloe Unit), and must reside within the boundaries of Ottawa River Power Corporation (Killaloe Unit);
8. The Assets transferred to the Ottawa River Power Corporation, pursuant to this By-Law, shall be transferred at NBV as stated on Schedule "B" as at December 31, 1999, adjusted to the Effective Date in accordance with the Shareholders Agreement. The fair market value of the Assets shall be deemed to be the net book value on the Effective Date. The consideration payable by the Ottawa River Power Corporation for the assets transferred herein shall be satisfied as follows:
 - a. by the issuance and allotment to the Corporation of the Township of Killaloe, Hagarty & Richards of 179 fully paid and non assessable common shares of Ottawa River Power Corporation, and as adjusted pursuant to the terms of the Shareholders Agreement, and
 - b. by the issuance by the Ottawa River Power Corporation to the Corporation of the Township of Killaloe, Hagarty & Richards of a promissory note having a principal amount equal to \$179,000 in accordance with Schedule "C" and as adjusted pursuant to the terms of the Shareholders Agreement, and
 - c. the consideration payable by the Ottawa River Power Corporation shall be allocated among the Assets as set out in Schedule "B" as the Effective Date and the Ottawa River Power Corporation shall report the transfer of the Assets in accordance with the provision of Schedule "B".
9. The Township hereby subscribes for 179 shares of Ottawa River Energy Solutions Inc. to be adjusted as at the Effective Date in accordance with the Shareholders Agreement.
10. The Effective Date for the transfer of all items described herein from the Corporation of the Township of Killaloe, Hagarty & Richards to the Ottawa River Power Corporation shall be September 30, 2000.
11. The transfer of assets, liabilities, rights or obligations under this By-Law is exempt from the provisions of all Acts prescribed by the Act and regulation, pursuant to Section 159 of the Act.
12. If any portion of this Transfer By-Law is determined to be unenforceable for any reason that unenforceability shall not affect the enforceability of the remaining portion of the By-Law.

13. The Schedules attached to this By-Law form part of the By-Law.
14. All references to monetary amounts shall refer to the lawful money of Canada.
15. This Transfer By-Law may be registered in the Land Titles Office pursuant to the Land Titles Act of Ontario.
16. If hereinafter requested by the Township, the Ottawa River Power Corporation and/or Ottawa River Energy Solutions Inc. shall execute any agreement or agreements or other instruments in order to further confirm or carry out this By-Law. By means of said Agreement, or instrument, or amendment to this By-Law, the Township may adjust, amend, add to or reduce any value of any of the items set out in the Schedules attached hereto;
17. The Township and the Ottawa River Power Corporation are both registered for Federal Goods and Services (GST) under the Excise Tax Act (ETA). The transfer under this By-Law constitutes the transfer of all, or substantially all, of the property that was used by the Township in carrying on the electricity business and the Ottawa River Power Corporation is acquiring ownership, possession or use of all, or substantially all, of the property that can reasonably be regarded as being necessary for the Ottawa River Power Corporation to carry on such business. The Township and the Ottawa River Power Corporation shall jointly sign the election provided for in Section 167 of the ETA and the Ottawa River Power Corporation shall file the election, in accordance with the provisions of the ETA, together with its GST return for the reporting period in which the transfer took place.
18. This By-Law is binding upon the Township, the Ottawa River Power Corporation and Ottawa River Energy Solutions Inc.

Read a first and second time 30th day of October 2000.

Read a third time and finally passed this 30th day of October 2000.


Deputy-Reeve- Isabel O'Reilly


Clerk-Treasurer- Lorna Hudder

SCHEDULE "A" TO TRANSFER BY LAW NO. 20-2000

1. Contracts, Rights - The full benefit of all franchise, licence or management agreements and all other contracts, commitments, rights, choses in action, benefits, arrangements, understandings and agreements, written or oral, to which the Killaloe Hydro Commission is a party or otherwise including:
 - (a) all written or oral contracts, agreements, commitments, undertakings, rights and arrangements;
 - (b) all forward commitments to the Killaloe Hydro Commission for supplies or materials entered into in the usual and ordinary course of business whether or not there are any written contracts with respect thereto.
3. Goodwill - The goodwill of the Killaloe Hydro Commission, including:
 - (a) the exclusive right of any of the Corporations to represent themselves as carrying on business in continuation of and in succession to the Commission and the right to use any words indicating that their business is so carried on.
 - (b) all records of sales, customer lists, customer data and suppliers lists of or used by the Killaloe Hydro Commission.
4. Insurance Policies - The full benefit of all policies of insurance of the Killaloe Hydro Commission.
5. Intellectual Property - All of the right, title, benefit and interest of the Killaloe Hydro Commission in and to all registered trade marks, brand names, patents and copyrights, all unregistered trade marks, trade names and copyrights and all patent applications, trade mark registration applications and copyright registration applications, both domestic and foreign, owned or made by the Killaloe Hydro Commission.
6. Inventories - All inventories and supplies including, but without limitation, all finished goods, work in progress, raw materials, production and shipping supplies and maintenance items and all other materials and supplies on hand to be used or consumed in the production of products.
7. Know-How - All patterns, plans, designs, research, data, copyrights, trade secrets and other proprietary know-how, processes, drawings, technology, unpatented blueprints, flow-sheets, equipment and parts lists and descriptions and related instructions, manuals, data, records and procedures and any and all data owned or used by the Killaloe Hydro Commission and all licences, agreements and other contracts and commitments relating to any of the foregoing to which the Killaloe Hydro Commission is a party.
8. Licences and Permits - the full benefit of all licences, registrations, permits, consents, quotas, approvals, certifications and other authorizations.
9. Records - All personnel records, inspection records and all other records, books, documents and data bases relating to the Assumed Liabilities, the business of the former Killaloe Hydro Commission or to the Assets in the possession or under the control of the former Killaloe Hydro Commission.
10. Warranties - The full benefit of all warranties and warranty rights, implied, express or otherwise, against manufacturers, suppliers or sellers which apply to any of the Assets and the net realizable value of any warranty claims relating to the Assets outstanding as of the Effective Date.

Net Book Value

Preliminary Compilation Audited

Cash	\$74,880
Accounts Receivable	\$7,259
Unbilled Revenue	\$54,812
Inventory	\$7,620
Prepaid Expenses	0
Cash for Long Term Customer Deposits/sick leave	\$3,743
Land	\$978
Overhead Lines	\$223,078
Underground Lines	\$20,942
Transformers	\$23,858
Meters	\$16,805
Office Equipment	\$321
Goodwill	\$1
Current Accounts Payable	(\$53,665)
Current Customer Credits	(\$1,164)
Current Portion of Customer Deposits	(\$1,171)
Other Current Liabilities	(\$16,554)
Long Term Customer Deposits	(\$3,743)
	\$358,000

SCHEDULE "C" TO TRANSFER BY-LAW NO. 20-2000

Consideration given for the transfer of assets, liabilities, rights and obligations shall be the issuance and allotment to the Corporation of the TOWNSHIP OF KILLALOE, HAGARTY & RICHARDS of 179 shares fully paid and non-assessable common shares of the Ottawa River Power Corporation, and the issuance by the Ottawa River Power Corporation to the Corporation of the Township of Killaloe, Hagarty & Richards of a Promissory Note having a principal amount equal to \$179,000. Such Promissory Note to be due and payable on the first day of 1st day of January 2002, to be non interest bearing, from October 1, 2000 to Market Opening, which is currently slated for November 7, 2000, and thereafter to bear interest at an effective rate, currently 7.25% per annum, term and interest to be re-negotiated annually. Interest to be calculated annually, payable quarterly and to be in the form and content satisfactory to the Treasurer of the Corporation of the TOWNSHIP OF KILLALOE, HAGARTY & RICHARDS. In the event that Ottawa River Power Corporation is sold to a non-related entity or otherwise disposed of, the Corporation of the Township of Killaloe, Hagarty and Richards at the time of such sale or disposition, shall have the option of calling for the immediate payment of the principal and any accrued interest payable on the Promissory Note.

SCHEDULE "D" TO TRANSFER BY LAW NO. 20-2000

Schedule of Purchases of Shares of ORES (SOLUTIONS)
to be adjusted pursuant to the Shareholders Agreement

Cash Paid	895
Shares Issued	179

TAB I

THIS AGREEMENT made, in duplicate, this 01st day of October, 2000.

BETWEEN;

THE CORPORATION OF THE CITY OF PEMBROKE,

hereinafter called "Pembroke"

OF THE FIRST PART

- and -

THE CORPORATION OF THE VILLAGE OF BEACHBURG,

hereinafter called "Beachburg"

OF THE SECOND PART

- and -

THE CORPORATION OF THE TOWN OF MISSISSIPPI MILLS

hereinafter called "Mississippi"

OF THE THIRD PART

-and-

THE CORPORATION OF THE TOWN OF KILLALOE, HAGARTY &
RICHARDS (formally KILLALOE HYDRO ELECTRIC COMMISSION)

hereinafter called "Killaloe"

OF THE FOURTH PART

-and-

OTTAWA RIVER POWER CORPORATION,

hereinafter called the "Corporation"

OF THE FIFTH PART

WHEREAS the Corporation was incorporated on the 29th day of April, 1999.

AND WHEREAS the Corporation's Articles of Incorporation provide that the Corporation is authorized to issue an unlimited number of common shares without par value and an unlimited number of special shares without par value.

AND WHEREAS the Corporation was incorporated for the purposes of distribution of electricity in and for the Province of Ontario.

AND WHEREAS Pembroke and Beachburg electric utilities amalgamated for the purposes of distribution of electricity in and for the Province of Ontario.

AND WHEREAS Pembroke and Beachburg received shares for a portion of the net book value of their assets at the time of the issuance of the shares and, also, security and interest with respect to the remaining net book value not allocated in shares.

AND WHEREAS as at the date hereof, Pembroke has been allocated 4,364 shares and Beachburg 147 shares of the Corporation.

AND WHEREAS it is in the interest of the parties hereto to amalgamate with other utilities in the County of Renfrew and in the County of Lanark for the efficient and effective distribution of electricity in the said counties.

AND WHEREAS the parties hereto have agreed with the valuation of their respective assets and have further agreed to the type of security interest with respect to the remaining net book value not allocated in shares and a method of calculating the interest on this debt.

AND WHEREAS the par value for each issued shares is based upon \$ 1,000 per share.

AND WHEREAS it is anticipated that with the amalgamation with Killaloe and Mississippi, that Mississippi will be allocated approximately 839 common shares and Killaloe approximately 179 common shares (subject to adjustments as described in Paragraphs 4.0 and 19.0).

AND WHEREAS the Articles of Incorporation of the Corporation provide for restrictions on the transfer and ownership of shares.

AND WHEREAS the parties hereto agree that there shall be restrictions on the transfer of shares held by the shareholders.

AND WHEREAS the parties further agree that in the event that either of the parties wishes to sell its shares, that the other party or parties shall be entitled to the first right of refusal for same.

NOW THEREFORE in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

1.0 General

(a) Pembroke and Beachburg shall amalgamate their electrical distribution operations into the Corporation effective January 1st, 2000.

(b) Mississippi and Killaloe shall amalgamate their electrical distribution operations into the Corporation effective September 30th, 2000.

- (c) The adjustment date shall be within ninety (90) days of the date of amalgamation, currently slated for September 30th, 2000. As a result, the adjustment date shall be on or before December 31st, 2000.

2.0 Shares holdings of Pembroke, Beachburg, Mississippi and Killaloe

- (a) Pembroke is the owner of 4,364 shares of the Corporation and Beachburg is the owner of 147 shares of the said Corporation.

3.0 Adjustments

- (a) Pembroke and Beachburg shall receive such further shares of the Corporation, as provided for pursuant to Paragraph 4.0 (Valuation) to recognize any additional equity in the Corporation.
- (b) Mississippi and Killaloe shall receive shares of the Corporation based upon the December 31st, 1999 value of the assets being transferred into the Corporation and such additional shares pursuant to paragraph 4.0 (Valuation).

4.0 Valuation

- (a) The parties acknowledge and agree that Pembroke and Beachburg, as existing shareholders of the Corporation received shares and security in the Corporation based on the net book value of the assets transferred to the Corporation by each shareholder. The parties further acknowledge and agree that shares and

security to be received by Mississippi and Killaloe shall be determined by virtue of the net book value of the assets each shareholder contributes to the Corporation as at December 31st, 1999, as adjusted in accordance with paragraph 4.0 (h) to September 30th, 2000. One half of the net book value of the assets being transferred to the Corporation respectively by Mississippi and Killaloe shall be valued in shares issued to each of Mississippi and Killaloe respectively, based on \$1,000.00 per share. These values, as of the date of this Agreement and based on December 31st, 1999 values, are as follows:

Mississippi Mills - 839,

Killaloe - 179.

The parties further agree that one half of the net book value of the assets to December 31st, 1999 shall be a debt owed by the Corporation to Mississippi Mills and Killaloe respectively.

- (b) It is agreed that with respect to valuation of the amalgamating parties, the valuation of the assets of the parties shall be at net book value which, for the purposes of amalgamation, will be deemed to be fair market value. The parties, however, agree that net book value will only include receivables not greater than sixty (60) days past due billing and other assets will be recorded and accepted in accordance with the policy in the Accounting Procedures Handbook, Article 430.

- (c) It is agreed that, as at the date of amalgamation, capital assets acquired up to that date will be recorded in the books of account of each of the amalgamating

parties on the same basis as employed prior to December 31st, 1999.

(d) It is further agreed that each of the amalgamating parties will record depreciation in accordance with Accounting Procedures Handbook, Article 430 to the date of amalgamation.

(e) It is agreed that in order to recognize the additional equity, additional common shares and debt in the ratio of 50% share equity and 50% debt will be issued to each of the amalgamating parties as at the date of amalgamation. In the event that any of the parties acquired capital assets and issued debt, only the increase in net equity of the utility will be recognized and will be recognized in the books of account through the issuance of additional common shares and debt.

(f) It is agreed that the additional shares, as required will be issued and additional debt, as required, will be recorded not later than ninety (90) days after the effective date of amalgamation and will be based upon financial statements prepared as at the date of amalgamation. Each of the parties will have an opportunity to inspect the additional assets recognized above and will agree that the additional value will be recognized. In the event that agreement is not possible, then the parties will abide by the arbitration provisions as set out in this agreement.

(g) It is further agreed and understood that the aforementioned capital assets acquired after December 31, 1999 are not included in the "rate base" and

accordingly there will be no earnings from which dividends nor interest can be paid during the initial three year term.

- (h) It is further agreed that at the date of amalgamation, there will be a financial statement prepared which will record transactions in accordance with the Accounting Procedures Handbook. The Financial Statement will be prepared not later than ninety days (90) after the effective date of amalgamation. Any increase in net equity as a result of operations for the period of January 01, 2000 to the effective date of amalgamation will be recognized by the issuance of additional common shares and the recording of additional debt in the above ratio of 50% common shares and 50% debt of the Corporation. Any decrease in net equity as a result of operations for the period of January 01, 2000 to the effective date of amalgamation will be recognized by a reduction in common shares and a recording of the deduction of net in the above ratio of 50% common shares and 50% debt of the Corporation.

5.0 Restrictions on transfer

- (a) Except as otherwise provided for herein, or specifically consented to in writing by the parties, the parties hereto shall not make any agreement to directly or indirectly sell, assign, transfer, give, devise, bequeath, mortgage, pledge, hypothec, or otherwise dispose of, alienate, or in anyway encumber or create a security interest in or grant any option on any of the shares in the capital of the Corporation they respectively own or may own for any purpose or reason whatsoever. Any attempt to accomplish or effect any or all of the acts

prohibited hereby shall be null and void.

- (b) Without restricting the generality of the foregoing, except with the consent of all of the shareholders, no shareholder shall sell or transfer any of its shares for a period of three years subsequent to this agreement.

6.0 Permitted Transfers

- (a) At any time, and from time to time, any party may hypothecate, mortgage, pledge, charge or otherwise encumber or transfer to a creditor, all but not less than all of its shares as security for any loan or other indebtedness, but only on terms that should such creditor wish to realize all or part of such security, they shall comply with the provisions of Sections 7 and 8 hereof and offer the Shares to the other parties to this agreement.

7.0 Transfer to Wholly-Owned Subsidiary

- (a) A shareholder shall be entitled to transfer all of its shares without consent at any time to an amalgamated corporation or entity of the Corporation, provided that at the time of such transfer, the said amalgamated entity enters into an agreement whereby the amalgamated body becomes bound by and entitled to the benefit of this Agreement.

8.0 Purchase by the Other Shareholders

- (a) If any party hereto shall desire to dispose of all of its shares within ten (10) years of the execution of the agreement, it shall offer to sell its shares to the

other parties hereto at 10% less than the fair market value of the shares at the time of sale. The fair market value of the shares shall be determined by agreement of the parties and if no such agreement can be arrived at, by the Corporation's accountants, and if a disagreement arises in that respect, then by arbitration as set out herein. Each of the other parties shall take all such offered shares in the same proportion as shares already owned and pay the sale price therefor within 30 days after the date the shares were offered for sale. Upon payment of the sale price for the shares so offered, the party offering the shares shall tender the resignation of its nominee as a director of the Corporation.

- (b) The terms of the sale of the shares referred to in Section 8.0 (a) shall be in the same manner and on the same basis as provided for in the procedure set out in Section 9 subject to the valuation pursuant to Section 8.0 (a).

9.0 Right of First Refusal

- (a) If any Shareholder (the "Offeror") shall desire or be obliged by law or otherwise to transfer into the name of some other person or persons or to sell or dispose of its shares after the period of ten (10) years as referred to in paragraph 8 herein or within that period in the event that no Shareholder agrees to purchase the shares as per the provisions of paragraph 8 herein then and in that event, subject to Paragraphs 7 and 8 herein, the other shareholders (the "Offeree") shall have the prior right to purchase the shares to be transferred on the terms and in accordance with the procedure contained in paragraph (b).

(b) The procedure on transfers is as follows:

(i) An Offeror shall give to the secretary of the corporation notice in writing of its desired intention to transfer, sell or otherwise dispose of any shares. The notice (the "Selling Notice") shall set out,

(A) the number of shares;

(B) the price and terms of payment which the Offeror is willing to accept for the Shares; and

(C) if the Offeror has received an offer to purchase the Shares, the name and address of the third party offeror and the terms of payment and price contained in the offer;

(ii) The secretary of the Corporation shall thereupon be deemed to be the agent of the Offeror for the purpose of offering the Shares to the Offerees on the terms of payment and for the price contained in the Selling Notice and the offer by the secretary shall remain open for acceptance as hereinafter provided for a period of thirty days following the making of the offer by the secretary.

(iii) All of the shares of the Offeror shall be offered by the secretary for sale to each Offeree as nearly as may be in proportion to the number of shares held by it as a proportion of all issued shares less any shares held by the Offeror. The offer shall state that any Offeree

which desires to purchase shares offered in excess of its proportion shall state in its purchase notice (the "Purchase Notice") how many shares it desires to purchase in excess of its proportion. If, within the period of thirty days hereinbefore mentioned, a Purchase Notice has

not been given by an Offeree to the secretary in respect of the Shares being offered, the Offeree shall be deemed to have refused to purchase the shares being offered.

(iv) If any Offeree does not claim its proportion of the shares being offered, the unclaimed shares shall be used to satisfy the claims of the Offerees in excess of their respective proportions. If claims in excess are more than sufficient to exhaust unclaimed shares being offered, the unclaimed shares shall be divided pro rata among the Offerees desiring such shares in excess of their proportion in proportion to the number of shares held by them at the date of the offer, provided that no Offeree shall be bound to take any shares in excess of the number it so desires.

(v) If the shares being offered shall not be capable of being offered to or divided among the Offerees as set forth above without resulting in division into fractions, the same shall be offered or divided among the Offerees as nearly as may be in accordance with the foregoing provisions and the balance shall be offered to or divided among the Offerees or some of them in such manner as may be determined by the Board.

(vi) If any of the shares being offered shall be accepted by any Offeree pursuant to the provisions of this paragraph (b), the shares being offered shall be sold to the Offeree for the price and for the terms contained in the Selling Notice.

(vii) In the event that no Offeree comes forward to purchase the shares

offered within the time period as set out in Paragraph 9(b) (iii) herein, and the Offeror, upon marketing the said shares, receives an offer different than the offer set out in the selling notice then, in that event, the Offerees shall have thirty (30) days to purchase the said shares at a discounted price of 10% subject to the same terms and conditions set out in this paragraph.

(viii) If the Purchase Notices have not been given by the Offerees to purchase all of the shares being offered, the Offeror may, within sixty days after the expiration of the thirty-day period hereinbefore mentioned, offer and sell the unpurchased shares to any other person at the price and on the terms and conditions set out in the Selling Notice.

(c) No right created under paragraph (a) shall be exercised unless the approval in connection therewith under the *Investment Canada Act*, if any, has been obtained.

(d) The transfer of the shares shall be subject to the condition that the purchaser thereof shall, if not a party hereto, agree to be bound by the terms hereof and become a party hereto in accordance with the provisions of Section 14 and Section 17.

(e) If shares are being offered under paragraph (b) other than by reason of an obligation of law, the offer may be made only in respect of all (and not less

than all) of the shares owned by the Offeror.

- (f) If a sale, transfer or other disposition is completed in accordance with this section, the Offeror shall upon completion of the purchase be absolved from all liability to or in respect of the corporation under the provisions of this Agreement and the purchaser of the shares offered shall assume all obligations in respect thereof.

10.0 Allocation of Resources

- (a) It is agreed by the parties that the Corporation shall establish and maintain a crew and office in the Town of Mississippi Mills for a minimum period of ten (10) years from the Effective Date. No changes shall be made to the location of the crew or office located in the Town of Mississippi Mills, including its abandonment, without the express approval of the nominee of Mississippi on the board of directors.

11.0 Review of Shareholdings

- (a) It is agreed that the Board of Directors is required to review the respective shareholdings of the parties to this agreement and adjust fairly the respective amounts of shares and equity at the earlier of three (3) years from the date of execution of this agreement or on such earlier date and on the dates that the performance base rates are reviewed in and for the Province of Ontario.

- (b) It is agreed that the review of the shareholdings, referred to in 11.0 (a) herein

shall be brought up on the agenda of the Board of Directors as a mandatory item to be dealt with by the said Board on the occasions as set out in this heretofore referred to paragraph.

12.0 Employees of Mississippi

- (a) It is agreed that Mississippi will provide to the Corporation, at no expense to the Corporation for a period of three (3) months following the execution of this agreement, the assistance of Brian Gallagher and Ray Clement to help and assist with the transfer of the distribution system and all billing services, computer networks, etc. for the Corporation.
- (b) It is agreed that the Corporation will not use the services of the employee on a regular basis, but simply in an 'advisory capacity' when required by the Corporation during this interim period.

13.0 Promissory Note, Interest and Security for Debt

- (a) The parties hereto agree that Pembroke, in exchange for one-half of the net book value of the assets, has, to this date, received a Promissory Note from the Corporation with the amount of the Promissory Note to be in the amount \$ 4,364,000.00. Pembroke will be subject to any adjustment with respect to the Note, as set out in Paragraphs 4.0 (Valuation) and/or Paragraph 19.0 (Obligations of Shareholders) herein.

- (b) The parties hereto further acknowledge and agree that Beachburg, in exchange for one-half of the net book value of its assets, has received a Promissory Note from the Corporation with the amount of the Promissory Note being in the amount of \$ 147,000.00. Beachburg will be subject to any adjustment with respect to the Note, as set out in Paragraphs 4.0 (Valuation) and/or Paragraph 19.0 (Obligations of Shareholders) herein.
- (c) The parties hereto agree that Mississippi Mills, in exchange for one-half of the net book value of its assets, will receive a Promissory Note from the Corporation with the amount of the Promissory Note to be \$ 839,000.00 and any adjustment to the Note, as provided for in Paragraph 4.0 (Valuation) and/or Paragraph 19.0 (Obligations of Shareholders) herein.
- (d) The parties hereto agree that Killaloe, in exchange for one-half of the net book value of its assets will receive a Promissory Note from the Corporation in the amount of \$ 179,000.00 and any adjustment to the Note as provided for in Paragraph 4.0 (Valuation) and/or Paragraph 19.0 (Obligations of Shareholders) herein.

(e) The parties further agree that the Corporation shall pay interest on the Promissory Notes to Pembroke, Beachburg, Mississippi and Killaloe on their respective Notes in an amount not to exceed the maximum interest rate allowed by the Ontario Energy Board based upon their Handbook or any other regulation, schedule, document to be prepared or enacted by them or any

successors to the said Ontario Energy Board or any other entity with regulatory authority for utilities in the Province of Ontario.

- (f) The parties hereto agree that they may adjust the interest rate on the said Promissory Notes at the times and in the manner as set out by the regulation, and in an amount not to exceed the maximum interest rate allowed by any schedule, statute or otherwise as enacted by the Ontario Energy Board or any successor in the Province of Ontario.
- (g) The parties hereto agree that the interest shall be calculated annually and paid quarterly to Pembroke, Beachburg, Mississippi and Killaloe respectively.
- (h) The parties further agree that the Promissory Note will be for a period of twenty (20) years and shall be due and payable twenty (20) years after market opening, (which is currently slated for the 07th day of November, 2000). As such, the Note will be due and payable at the later of November 07th, 2020, or twenty (20) years after actual market opening.
- (i) The parties further agree that the said Promissory Notes shall be non-interest bearing from the 01st day of January, 2000 to market opening, which is currently slated for the 07th day of November, 2000.
- (j) The parties further hereto agree that in the event that Ottawa River Power Corporation is sold to a non-related entity or otherwise disposed of, the

Promissory Note, principal and any accrued interest shall at the option of the noteholder be payable to Pembroke, Beachburg, Mississippi and Killaloe in their respective amounts at the time of such sale or disposition.

- (k) The parties further agree that, should any interest payments fall due prior to the final completion of all the Transfer By-Laws and necessary documents to effect the transfer of the assets from Pembroke, Beachburg, Mississippi, Killaloe or any other necessary approvals, such as OEB, such interest payments shall be deemed due thirty (30) days after all necessary revisions of this agreement are complete and OEB and all necessary approvals are obtained. Such deferral payments shall not be deemed as default.

14.0 Board of Directors of Corporation

- (a) Appointment and Replacement - The Board of Directors of the Corporation shall consist of at least one director from each Municipality.
- (b) Remuneration - Directors of the corporation shall be remunerated as such for their work and services to the Corporation, and the Corporation shall bear all costs (including costs of transportation and lodging, if any) of the attendance at all meetings of the Board by the director nominated to the board by such shareholder.
- (c) Appointment and Replacement - Except as they may otherwise agree in writing in accordance with the terms hereof, the parties hereto agree that:

- (i) the board of the Corporation will consist of seven (7) directors;
- (ii) all voting rights in respect of the shares shall be exercised for the election and maintenance in office as directors of four (4) nominees of Pembroke, one (1) nominee of Beachburg, one (1) nominee of Mississippi and one nominee of Killaloe;
- (iii) the number of directors from time to time constituting a quorum at the meetings of the Board shall be a majority of the directors, provided that at least two directors nominated by Pembroke be present and at least two other directors nominated by Beachburg, Mississippi and/or Killaloe be present.
- (iv) on the appointment or election of each director, the secretary of the corporation shall make note of the nominator of the director in the records of the corporation and the nominator shall be entitled by direction in writing, from time to time, to remove its nominee or nominees and to nominate his successor or successors who shall promptly be elected a director as contemplated herein;
- (v) resolutions shall be decided by a majority of those voting;
- (vi) subject to the provisions with respect to recorded votes, the chairman of the meeting shall have a second or casting vote;
- (vii) all of the persons from time to time nominated to the Board by A shall be resident Canadians, as such term is defined in the *Business Corporations Act* of Ontario.

15.0 Officers

- (a) Appointment - Until changed by resolution of the Board, the officers of the Corporation shall maintain the following positions:

Office

Chairman of the Board
President
Vice-President
Secretary-Treasurer

- (b) Remuneration - Officers of the Corporation shall be remunerated as such for their work in and services to the Corporation, and the Corporation shall reimburse them for all of their out-of-pocket expenses incurred in performing their duties, including reasonable costs for transportation and lodging, save and except if an employee or independent contractor of the Corporation or as a proxy to a shareholder, is an officer of the Corporation, in which case out of pocket expenses only shall be reimbursed by the Corporation to the shareholder on behalf of which such officer is acting.

16.0 Restrictions on management of the Corporation

- (a) Unanimous approval - Except with the written consent of each of the parties to this agreement, no action will be taken by the directors and/or officers on behalf of the Corporation or with respect to any of the following:
- (i) changing the provisions in the by-laws of the Corporation;
 - (ii) the sale of all or substantially all of the properties and assets of the

corporation;

(iii) issuance of any new shares of the Corporation, except for the purposes of allowing the entry of member shareholders of other municipal electrical utilities;

(iv) the dissolution or winding up of the Corporation.

(b) Special approval - except with the written consent of the parties to this Agreement that are the holders of 80% of the aggregate number of shares outstanding at such time, no action will be taken by the directors and/or officers on behalf of the Corporation or with respect to any of the following:

(i) the declaration or payment of any dividend, distribution or bonus to employees;

(ii) the acquisition or disposition by the Corporation of interests in other enterprises;

(iii) the purchase, sale, mortgage or lease by the Corporation of any real property;

(iv) any purchase, commitment, lease or expenditure which, if completed, would raise the aggregate of capital expenditures of the Corporation in any fiscal year to more than \$3 million adjusted by inflation in each year; with the base year for inflation calculation

purposes being the year 2000.

(v) the employment of any person at an aggregate (including benefits) annual remuneration of more than or equal to \$100,000.00 per year or an increase in the remuneration of any employee to a total in

excess of that amount, with the base year for inflation calculation purposes being the year 2000.

- (vi) the lending of money by the Corporation in any year in excess of \$100,000.00, except to an affiliate corporation.
- (vii) any commitment by the corporation which raises the aggregate of the outstanding obligations of the corporation for material or supplies (excluding the cost of power and labour) at any one time in a fiscal year to more than \$1.5 million adjusted by inflation, with the base year for inflation calculation purposes being the year 2000.
- (viii) the authorization or execution by the Corporation of any contract, the performance of which by the Corporation will require more than three (3) years and calls for a contractual amount in excess of \$200,000.00 with the exception of the Hydro Pontiac Operating Agreement and with the exception of any contract with any power suppliers, with the base year for inflation calculation purposes being the year 2000.
- (ix) the guarantee by the corporation of the debts of any other person in any amount;
- (x) the approval of the audited Financial Statements of the Corporation;
- (xi) the amendment of the signing authority relating to the corporation's bank accounts;
- (xii) any action or transaction not in the ordinary course of the business of the Corporation; or
- (xiii) the issuance of new shares of the Corporation for the purposes of

allowing the entry of member shareholders of other municipal electrical utilities.

17.0 Voting Powers

- (a) The parties hereto shall at all times use their voting powers (whether expressed by way of vote or written consent) in accordance with the provisions of this Agreement and for the purposes of effectuating the same and for the purposes of ensuring that the directors of the Corporation shall exercise their powers as members of the Board consistently with the provisions of this Agreement and for the purposes of effecting the same. The Board shall see to it that the officers and employees of the Corporation carry out all duties which they are required to perform under the provisions of this Agreement.

18.0 Additional Parties

- (a) Every issue and transfer of shares shall be subject to the condition that each subscribed or transferee, as the case may be, shall, if not a party hereto, agree to be bound by the terms hereof and become a party hereto by executing an agreement to be bound hereby. Any agreement to be bound hereby and any other agreement in favour of the parties hereto shall be effectively delivered to each party hereto by delivering to the secretary of the Corporation a signed copy thereof and the secretary shall thereupon forward a photocopy of such copy to each party hereto.

19.0 Obligations of Shareholders

- (a) Each of the shareholders to this agreement referred to herein shall be responsible for costs incurred to effect the Corporation and the work performed with respect to the corporation which costs shall include:
- (i) the costs of incorporation;
 - (ii) the drafting of the necessary by-laws for the Corporation;
 - (iii) the Shareholder's Agreement;
 - (iv) the Transfer By-law;
 - (v) the costs of accountants incurred for the Corporation.
- (b) The parties hereto agree that any shareholder may pay for these expenses, either in cash or by a reduction in its issued shares valued at net book value, reduced by its proportionate cost in the Corporation. This cost may be adjusted as new municipalities become shareholders in the Corporation.

20.0 Objects of the Corporation

- (a) The parties hereto agree that the shareholders, the officers and directors and parties hereto agree that the Corporation is incorporated to distribute power and that the parties and all the shareholders and directors and officers hereto are obligated to comply with all the provisions, terms and obligations as set out in the corporation documents and restrictions in their objects and must carry out the objects of the Corporation which requires such distribution on supply of power. It is agreed by all parties that all service areas covered by the municipalities who are shareholders of the Corporation shall be treated similarly and with equality.

(b) In the event that any disagreement arises between the parties hereto with reference to this agreement, or any matters arising hereunder, and upon which the parties cannot agree then every such disagreement shall be referred to arbitration pursuant to provisions of the Arbitrations Act, R.S.O. 1990, Chapter A.24 and in accordance with the provisions of the following:

(i) The reference to arbitration shall be to three (3) arbitrators, one of whom shall be chosen by each party to the disagreement and the third by the two so chosen and the third arbitrator so chosen shall be the chairman; provided, however, that if the parties are able to agree upon a single arbitrator, the reference to arbitration shall be to that single arbitrator.

(ii) The award may be made by the majority of the arbitrators.

(iii) If the arbitrators have allowed their time or extended time for making an award, as provided in the Arbitrations Act, to expire without making an award or if the Chairman shall have delivered to the parties to the arbitration a notice in writing stating that the arbitrators cannot agree, any party to the arbitration may apply to the Superior Court of Justice or to a judge thereof to appoint an umpire who shall have the like power to act in

the reference and to make an award as if he had been duly appointed by all the parties to the submission and by the consent of all the parties who originally appointed the arbitrators thereto.

(iv) If an umpire is appointed pursuant to the foregoing, such umpire shall

make his award within one month after the original or extended time appointed for making the award of the arbitrators has expired on or before any later date to which the parties to the reference by a writing signed by them may from time to time enlarge the time for making the award, or if such parties have not agreed, then within such time as the Court or judge appointing such arbitrator may deem proper.

- (v) There shall be no appeal from the award of the arbitrator or arbitrators in accordance with the provisions of the Arbitrations Act.

21.0 Amendment of Agreement

- (a) This agreement may be amended or altered in any of its provisions and such changes shall become effective when reduced to writing and signed by the parties hereto.

22.0 Termination of Agreement

- (a) This agreement shall terminate on the occurrence of any of the following:
 - i) written agreement of the parties hereto;
 - ii) bankruptcy, receivership or dissolution of the Corporation.

23.0 Binding on Heirs and Others

- (a) This agreement shall be binding not only on the parties hereto, but also upon their heirs, executors, administrations or assigns and the parties hereto or any amalgamated corporations that may be amalgamated in the future in the Province of Ontario with the corporations referred to herein, agree for

themselves, their heirs, executors, administrators or assigns to execute any instruments which may be necessary or proper to carry out the purpose and intent of this agreement.

24.0 Notices

- (a) All notices, demands, requests, consents and approvals which may or are required to be given or made pursuant to any provision of this Agreement shall be given or made in writing and shall be served personally or mailed by prepaid and registered mail, in the case of:

Corporation of the City of Pembroke, 1 Pembroke Street East, Box 277,
Pembroke, Ontario, K8A 6X3.

Corporation of the Village of Beachburg, Beachburg, Ontario, K0J 1C0.

Corporation of the Town of Mississippi Mills, 28 Mill Street, P.O. Box 179,
Almonte, Ontario, K0A 1A0.

Corporation of the Township of Killaloe, Hagarty and Richards (formally
Killaloe Hydro Electric Commission), 1 John Street, Box 39, Killaloe, Ontario,
K8J 2A0.

Ottawa River Power Corporation, PO Box 1087, Pembroke, Ontario
K8A 6Y6.

or to such other addresses as the parties may from time to time advise the other parties hereto by notice in writing. The date of receipt of any such notice, demand or request shall be deemed to be the date of delivery of such notice, demand or request if served personally, or if mailed as aforesaid, the third day of business following the date of such mailing.

- 25.0 The invalidity of any provision of this Agreement or any covenant herein contained on the part of any party shall not affect the validity of any provision

or covenant hereof or herein contained.

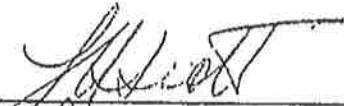
26.0 This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

27.0 Time shall be of the essence of this Agreement.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals on the date first above written.

SIGNED, SEALED AND DELIVERED
in the presence of

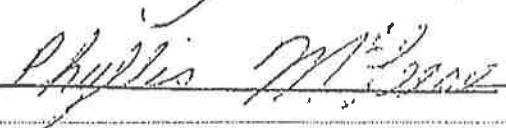
) THE CORPORATION OF THE CITY
) OF PEMBROKE

)
)
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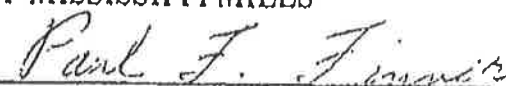
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) THE CORPORATION OF THE
) VILLAGE OF BEACHBURG

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) THE CORPORATION OF THE TOWN
) OF MISSISSIPPI MILLS

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)
) THE CORPORATION OF THE
) TOWNSHIP OF KILLALOE, HAGARTY
) AND RICHARDS (formerly KILLALOE
) HYDRO ELECTRIC COMMISSION
)

Isabel O'Reilly

Mr. L. H.

John A. Richards

) OTTAWA RIVER POWER
) CORPORATION,
)

B. J. Spence

B. J. Spence

) President
)

TAB J



Mississippi
Mills

May 15, 2003

The Corporation of the
Town of Mississippi Mills

Municipal Office
3131 Old Perth Road
RR2, P.O. Box 400
Almonte, ON
K0A 1A0

Tel: (613) 256-2064
Fax: (613) 256-4887

www.town.mississippi-mills.on.ca



Robert B. Sheppard, Q.C.
McCann & Sheppard,
Barristers and Solicitors
290 Pembroke St. E,
Pembroke ON K8A 3K3

Dear Mr. Sheppard:

Re: ORPC & ORES – Promissory Notes

With reference to your letter dated April 11, 2003, I am writing to advise you that Council has confirmed by resolution that the timing for payment of the promissory note owed to the Town by Ottawa River Energy Solutions shall be the same date that was set for the payment of the promissory note for Ottawa River Power Corporation, that being 20 years after market opening.

I trust this is satisfactory.

Yours truly,

Diane Smithson,
Chief Administrative Officer



RECEIVED APR 24 2003

MCCANN & SHEPPARD

BARRISTERS & SOLICITORS • AVOCATS & NOTAIRES

290 Pembroke Street East, Pembroke, Ontario K8A 3K3

Telephone: (613) 732-3621 • Fax: (613) 732-3594

Email: mccashed@webhart.net

TERRY McCANN, LL.B., Q.C. (RETIRED)
ROBERT B. SHEPPARD, LL.B., Q.C.

TIMOTHY S. McCANN, B.A., M.A., LL.B.
RONALD H. GERVAS, B.A., LL.B.

April 11, 2003

VIA FAX: 613-256-4887

Mississippi Mills
28 Mill Street
P.O. Box 179
Almonte, ON
K0A 1A0

Attention: Ms. Diane Smithson

VIA FAX: 735-3660

Corporation of the City of Pembroke
1 Pembroke Street East,
P.O. Box 277
Pembroke, Ontario
K8A 6X3

Attention: Ray Brazeau

**RE: OTTAWA RIVER POWER CORPORATION (ORPC) & OTTAWA RIVER
ENERGY SOLUTIONS (ORES) - Promissory Notes**

As you are aware, I am solicitor for both ORES and ORPC. At the time of closing of this transaction, there was some discussion about the timing of the payment of the Promissory Notes owed to the City and Mississippi. As you are aware, there were Notes from ORES to Mississippi and the City, and Notes from ORPC to Mississippi and the City. There was a document executed by all parties with respect to ORPC and an agreement to extend the Notes for twenty years after market opening. This document was also executed by ORES.

Page 2

I am assuming that Mississippi and the City intended that both Notes owed to them, namely the ORPC Note and ORES Note were to be extended for the twenty years after market opening. I am pleased to enclose a copy of the document executed by all parties under cover of my November 01, 2000 correspondence.

Would you please confirm my assumption that the intention by the City and Mississippi or to extend the ORES Notes for the same time period as the ORPC Notes. In the event that I have not heard back from you within ten days, I will assume my assumption is correct with respect to the ORES Notes.

Yours very truly,

A handwritten signature in dark ink, appearing to be 'R.B. Sheppard', with a long, sweeping horizontal line extending to the right.

Robert B. Sheppard, Q.C.

RBS:det
Enc.

MCCANN & SHEPPARD
BARRISTERS & SOLICITORS • AVOCATS & NOTAIRES

P.O. Box 817, 290 Pembroke Street East, Pembroke, Ontario K8A 7M5

Telephone: (613) 732-3621 • Fax: (613) 732-3594

Email: mccashed@webharn.net

TERRY McCANN, LL.B., Q.C.
ROBERT A. SHEPPARD, LL.B., Q.C.

TIMOTHY S. McCANN, B.A., M.A., LL.B.
RONALD H. GERVASIS, B.A., LL.B.

November 1, 2000

Ottawa River Power Corporation
283 Pembroke Street West
P.O. Box 1087
Pembroke, Ontario
K8A 6Y6

Attention: Murray Moore

Bell, Baker
BARRISTERS & SOLICITORS
116 Lisgar St.
Ottawa, ON
K2P 0C2

Attention: Nancy Miles

Township of Killaloe, Hagarty and Richards
R.R. # 1
Killaloe, ON
K0J 1T0

Attention: Lorna Hudder

Huckabone, Shaw, O'Brien,
Radley-Walters & Reimer
BARRISTERS & SOLICITORS
284 Pembroke St., E. Box 487
Pembroke, Ontario
K8A 6X7

Attention: Grant Radley-Walters

Page 2

Huckabone, Shaw, O'Brien,
Radley-Walters & Reimer
BARRISTERS & SOLICITORS
284 Pembroke St., E. Box 487
Pembroke, Ontario
K8A 6X7

Attention: Del O'Brien

Walsh, Stewart Scott & Co.
Chartered Accountants
217 Pembroke St. E.
Pembroke, ON
K8A 3J8

Attention: Wayne Dempsey

Roy C. Reiche
BARRISTERS & SOLICITORS
203 Nelson St.
Pembroke, Ontario
K8A 3N1

Mississippi Mills
28 Mill St. P.O. Box 179
Almonte, Ontario
K0A 1A0

Attention: Howard Allen

Mississippi Mills
28 Mill St. P.O. Box 179
Almonte, Ontario
K0A 1A0

Attention: Brian Gallagher

RE: Ottawa River Power Corporation - Promissory Note

Page 3

I wish to acknowledge our discussions with respect to the above referred to matter, Ottawa River Power Corporation is and/or will be indebted to the Corporation of the City of Pembroke, Corporation of the Village of Beachburg, Corporation of the Town of Mississippi Mills and the Corporation of the Township of Killaloe, Hagarty and Richards (formally Killaloe Hydro Electric Commission) pursuant to the transfer of their respective electrical utilities for distribution of electricity to Ottawa River Power Corporation.

The various notes provide for payment of the Note on January 01st, 2002.

It has been agreed by the parties executing the document herein that the various Notes payable to the Creditors referred to above, are not due on January 01st, 2002, but are due twenty (20) years after market opening which is currently slated for November 07th, 2000. It is, however, further agreed by the parties that interest may be changed on the Note, pursuant to regulations as enacted by the Ontario Energy Board or other regulatory bodies in the Province of Ontario for the calculation of interest on these Notes.

I trust this confirms our understanding of the agreement with respect to the Promissory Notes owed by Ottawa River Power Corporation.

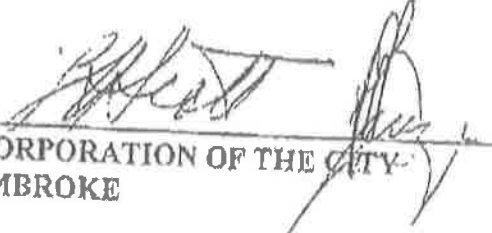
Yours very truly,

Robert B. Sheppard, Q.C.

RBS:det

READ AND APPROVED BY
, 2000.

ON THE 2nd DAY OF November


THE CORPORATION OF THE CITY
OF PEMBROKE

READ AND APPROVED BY
, 2000.

ON THE 2nd DAY OF November
Phyllis M. Goss
Phyllis M. Goss
THE CORPORATION OF THE
VILLAGE OF BEACHBURG

READ AND APPROVED BY
, 2000.

ON THE 2nd DAY OF November
Paul F. Finner
Paul F. Finner
THE CORPORATION OF THE TOWN OF
MISSISSIPPI MILLS

READ AND APPROVED BY
November, 2000.

ON THE 2nd DAY OF
A. Chhe solicitor on behalf of
THE CORPORATION OF THE
TOWNSHIP OF KILLALOE, HAGARTY AND
RICHARDS (formerly KILLALOE HYDRO
ELECTRIC COMMISSION

READ AND APPROVED BY
, 2000.

ON THE 2nd DAY OF November 2000
[Signature]
OTTAWA RIVER POWER CORPORATION

READ AND APPROVED BY
, 2000.

ON THE 2nd DAY OF November 2000
[Signature]
OTTAWA RIVER ENERGY
SOLUTIONS INC.,

TAB K

**CERTIFICATE OF PASSING OF RESOLUTION
UNDER SECTION 159.1 OF THE ELECTRICITY ACT, 1998**

Name of Municipality Corporation of the City of Pembroke

Name of Local Distribution Company Ottawa River Power Corporation

Direct and Indirect Beneficial Ownership of and Voting Rights in Local Distribution Company. Specify shareholders and % of ownership at each level of the corporate structure (see subsection 159.1 (3) of Act). If there is insufficient space on this form, attach additional page(s).

Corporation of the City of Pembroke	78.38%
Corporation of the Township of Whitewater Region	2.64%
Corporation of the Township of Killaloe, Hagarty & Richards	3.04%
Corporation of the Town of Mississippi Mills	15.94%

Attached is a copy of the resolution passed by the municipality affirming that the local distribution company should continue to operate on a for-profit basis.

The municipality affirms that the projected return on common equity to be earned by the local distribution company, on which the rates approved by the Ontario Energy Board are based, is 4.17%.

Provide details of all financial arrangement involving the municipality and the local distribution company. If there is insufficient space on this form, attach additional page(s).

Date of Arrangement	Description of Arrangement	Term	Principal Amount	Annual Interest Payable
Oct. 01, 2000	Promissory Note	20 yr (from market opening)	\$ 4,364,000	7.25%
Oct. 01, 2000	Shareholdings	N/A	4364 (shares held in the corporation)	N/A

Robert S. Pilot
Name of Mayor

Jan. 21, 2003
Date

Signature of Mayor

Raymond J. Brazeau
Name of Clerk

Jan. 21, 2003
Date

Signature of Clerk

THE CORPORATION OF THE CITY OF PEMBROKE

BY-LAW NUMBER 2003 - 06

BEING A BY-LAW TO AFFIRM THAT OTTAWA RIVER POWER CORPORATION SHOULD CONTINUE TO BE INCORPORATED AS PROVIDED FOR, PURSUANT TO SUBSECTION 142 (1) OF THE ELECTRICITY ACT, 1998.

WHEREAS the Ottawa River Power Corporation was incorporated on the 29th day of April, 1999 for the purposes of distribution of electricity in and for the Province of Ontario and is a corporation licenced to distribute electricity pursuant to the Ontario Energy Board Act;

AND WHEREAS the Corporation of the City of Pembroke has an interest, as a shareholder in the Ottawa River Power Corporation, holding four thousand, three hundred and sixty-four (4,364) shares in the said company;

AND WHEREAS the Ottawa River Power Corporation owes, to the Corporation of the City of Pembroke, the sum of four million, three hundred and sixty-four thousand dollars (\$4,364,000.00), secured by a Promissory Note from the Ottawa River Power Corporation to the City;

AND WHEREAS the Ontario Legislature has passed Bill No. 210 requiring municipalities who have shares in electric utilities to pass a resolution within ninety (90) days of the passing of the Bill affirming that the Corporation should continue to be incorporated as provided for pursuant to Section 142 (1) of the Electricity Act thereby confirming their status as "for profit" corporations;

AND WHEREAS the said legislation was passed on the 9th day of December, 2002;

AND WHEREAS, in the event the municipality fails to pass such resolution within ninety (90) days of December 9th, 2002, the Corporation status of the Ottawa River Power Corporation will be converted to a "non-profit status" with no return on equity to the City and only a return of interest on the debt portion of the monies owed by the Ottawa River Power Corporation to the City;

AND WHEREAS at the present time the maximum return available on equity for the municipality is 4.17% and the return on interest on the Promissory Note is 7.25% providing a return of equity and debt that is available in the amount of 5.71% per annum using a weighted average;

AND WHEREAS in the event an affirming By-law is not passed affirming the Corporation status and the Ottawa River Power Corporation was effectively converted to "non-profit status", then this would not allow for the said Ottawa River Power Corporation to manage its finances so as to continue to provide reliable service and, in particular, provide a rate of return sufficient to finance maintenance and upgrading of infrastructure;

AND WHEREAS the Province of Ontario has decided to maintain Hydro One and their utilities as "for profit" companies and to affirm its current status;

NOW THEREFORE the Corporation of the City of Pembroke hereby affirms that the Ottawa River Power Corporation continue to be incorporated, as provided for in Subsection 142 (1) of the Electricity Act, 1998, as a "for profit corporation" pursuant to its initially intended purpose.

This By-law shall come into force and take effect upon the final passing thereof.

READ A FIRST AND SECOND TIME THIS 21ST DAY OF JANUARY, 2003.


Chief Administrative Officer


Mayor

READ A THIRD TIME AND PASSED THIS 21ST DAY OF JANUARY, 2003.


Chief Administrative Officer


Mayor

TAB L

PROVINCE OF ONTARIO

IN THE MATTER OF missing promissory note
issued October 19, 2000 in the amount of
\$902,490.00

I, Diane Smithson, of the Corporation of the Municipality of Mississippi Mills, in the province of Ontario, do solemnly declare that:

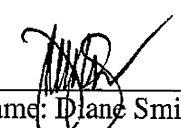
1. I am the Chief Administrative Officer of the Corporation of the Municipality of Mississippi Mills (the "Municipality").
2. The Municipality is the owner and holder of a promissory note of Ottawa River Power Corporation (the "Corporation") in the amount of \$902,490.00 (the "Missing Note") such Missing Note being evidence of a promise to pay by the Corporation.
3. The Missing Note is in the form described in Schedule F to Municipality transfer by-law 103 of 2000 made in accordance with the shareholders' agreement of the Corporation dated as of October 1, 2000 (the "Shareholders' Agreement"), and as amended under Subsection 4(h) of the Shareholders' Agreement by a financial statement dated as of September 30, 2000, and by a letter of amendment dated November 1, 2000.
4. The Missing Note and amount of \$902,490.00 which it represents, has not been sold, assigned, transferred, hypothecated, pledged, delivered as a gift or otherwise.
5. The Missing Note cannot be found or produced.
6. I request the Corporation issue a new promissory note to replace the Missing Note.

AND I make this solemn declaration conscientiously believing the same to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the *Canada Evidence Act*.

DECLARED before me at the Municipality
of Mississippi Mills, this 23rd day)
of March, 2016.)
)
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)
)


A Commissioner, etc.

Sherina Stone, Clerk
A Commissioner for taking
Affidavits - Section 1(2)
Chapter C 17 R.S.O. 1990


Name: Diane Smithson
Title: Chief Administrative Officer

INDEMNITY

TO: Ottawa River Power Corporation (the "Corporation")

RECITALS:

- A. The undersigned has tendered to the Corporation an affidavit with respect to a promissory note in the amount of \$902,490.00 dated October 19, 2000 (the "Missing Note") such Missing Note being evidence of the Corporation's promise to pay to the undersigned.
- B. The undersigned has requested the Corporation to issue a new promissory note (the "New Note") to the undersigned.

IN CONSIDERATION of the Corporation issuing the New Note to the undersigned, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the undersigned, the undersigned agrees as follows:

- 1. The undersigned shall indemnify, defend and save harmless the Corporation from and against any and all claims, actions, suits and all liabilities, losses, damages, costs, charges and expenses (including counsel fees) of every nature and character arising out of or in consequence of the inability of the undersigned to find or produce the Missing Note or the issuance and delivery of the New Note.
- 2. If at any time the Missing Note is found or comes into the possession of or under control of undersigned or under the control of any person, firm or corporation, then the undersigned will forthwith use its best efforts to obtain the Missing Note and will surrender it to the Corporation for cancellation.

DATED at Mississippi Mills, ON, on March 23, 2016.

**THE CORPORATION OF THE
MUNICIPALITY OF MISSISSIPPI
MILLS**



Name: Diane Smithson

Title: Chief Administrative Officer

TAB M

PROVINCE OF ONTARIO

IN THE MATTER OF missing promissory note
issued October 30, 2000 in the amount of
\$172,348.00

I, Lorna Hudder, of the Township of Killaloe, Hagarty and Richards, in the province
of Ontario, do solemnly declare that:

1. I am the CAO/Clerk-Treasurer of the Corporation of the Township of Killaloe,
Hagarty and Richards (the "Township").
2. The Township is the owner and holder of a promissory note of Ottawa River Power
Corporation (the "Corporation") in the amount of \$172,348.00 (the "Missing Note")
such Missing Note being evidence of a promise to pay by the Corporation.
3. The Missing Note is in the form described in Schedule C to Township transfer by-law
20-2000 made in accordance with the shareholders' agreement of the Corporation
dated as of October 1, 2000 (the "Shareholders' Agreement"), and as amended under
Subsection 4(h) of the Shareholders' Agreement by a financial statement dated as of
September 30, 2000, and by a letter of amendment dated November 1, 2000.
4. The Missing Note and amount of \$172,348.00 which it represents, has not been sold,
assigned, transferred, hypothecated, pledged, delivered as a gift or otherwise.
5. The Missing Note cannot be found or produced.
6. I request the Corporation issue a new promissory note to replace the Missing Note.

AND I make this solemn declaration conscientiously believing the same to be true
and knowing that it is of the same force and effect as if made under oath and by virtue of the
Canada Evidence Act.

DECLARED before me at the Village)
of Killaloe, this 23rd day of March,)
2016.)
)
)
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)


A Commissioner, etc.


Name: Lorna Hudder
Title: CAO/Clerk-Treasurer

INDEMNITY

TO: Ottawa River Power Corporation (the "Corporation")

RECITALS:

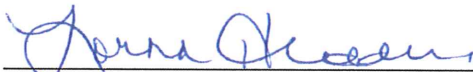
- A. The undersigned has tendered to the Corporation an affidavit with respect to a promissory note in the amount of \$172,348.00 dated October 30, 2000 (the "Missing Note") such Missing Note being evidence of the Corporation's promise to pay to the undersigned.
- B. The undersigned has requested the Corporation to issue a new promissory note (the "New Note") to the undersigned.

IN CONSIDERATION of the Corporation issuing the New Note to the undersigned, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the undersigned, the undersigned agrees as follows:

- 1. The undersigned shall indemnify, defend and save harmless the Corporation from and against any and all claims, actions, suits and all liabilities, losses, damages, costs, charges and expenses (including counsel fees) of every nature and character arising out of or in consequence of the inability of the undersigned to find or produce the Missing Note or the issuance and delivery of the New Note.
- 2. If at any time the Missing Note is found or comes into the possession of or under control of undersigned or under the control of any person, firm or corporation, then the undersigned will forthwith use its best efforts to obtain the Missing Note and will surrender it to the Corporation for cancellation.

DATED at the Village of Killaloe, ON, on March 23, 2016.

**THE CORPORATION OF THE
TOWNSHIP OF KILLALOE,
HAGARTY AND RICHARDS**



Name: Lorna Hudder

Title: CAO/Clerk-Treasurer

TAB N

PROVINCE OF ONTARIO

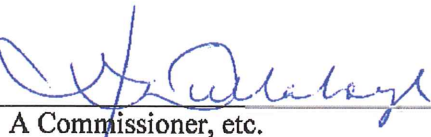
IN THE MATTER OF missing promissory note
issued June 6, 2000 in the amount of \$147,000.00

I, CHRISTINE FITZSIMONS of the TOWNSHIP of
WHITEWATER REGION, in the province of Ontario, do solemnly declare that:

1. I am the CAD/CLERK of the Corporation of the Township of Whitewater Region (the "Township").
2. The Township is the owner and holder of a promissory note of Ottawa River Power Corporation (the "Corporation") in the amount of \$147,000.00 (the "Missing Note") such Missing Note being evidence of a promise to pay by the Corporation.
3. The Missing Note is in the form described in Schedule D to Township transfer by-law 726, as amended by the shareholders' agreement of the Corporation made October 1, 2000, and a letter of amendment dated November 1, 2000.
4. The Missing Note and amount of \$147,000.00 which it represents, has not been sold, assigned, transferred, hypothecated, pledged, delivered as a gift or otherwise.
5. The Missing Note cannot be found or produced.
6. I request the Corporation issue a new promissory note to replace the Missing Note.

AND I make this solemn declaration conscientiously believing the same to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the *Canada Evidence Act*.

DECLARED before me at the Township)
of Whitewater Region, this 23 day)
of March, 2016.)
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)
)
)
)
)


A Commissioner, etc.

HOPE DILLABOUGH
Deputy-Clerk
and Commission of Oaths
Township of Whitewater Region

Name: Hope Dillabough
Title: Deputy Clerk

INDEMNITY

TO: Ottawa River Power Corporation (the "Corporation")

RECITALS:

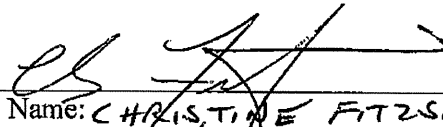
- A. The undersigned has tendered to the Corporation an affidavit with respect to a promissory note in the amount of \$147,000.00 dated June 6, 2000 (the "Missing Note") such Missing Note being evidence of the Corporation's promise to pay to the undersigned.
- B. The undersigned has requested the Corporation to issue a new promissory note (the "New Note") to the undersigned.

IN CONSIDERATION of the Corporation issuing the New Note to the undersigned, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the undersigned, the undersigned agrees as follows:

- 1. The undersigned shall indemnify, defend and save harmless the Corporation from and against any and all claims, actions, suits and all liabilities, losses, damages, costs, charges and expenses (including counsel fees) of every nature and character arising out of or in consequence of the inability of the undersigned to find or produce the Missing Note or the issuance and delivery of the New Note.
- 2. If at any time the Missing Note is found or comes into the possession of or under control of undersigned or under the control of any person, firm or corporation, then the undersigned will forthwith use its best efforts to obtain the Missing Note and will surrender it to the Corporation for cancellation.

DATED at Cobden, Ontario, on March 23, 2016.

**THE CORPORATION OF THE
TOWNSHIP OF WHITEWATER
REGION**


Name: CHRISTINE FITZSIMONS

Title: CAO / CLERK.

**Christine FitzSimons
CAO / Clerk
and Commission of Oaths
Township of Whitewater Region**

TAB O

PROVINCE OF ONTARIO

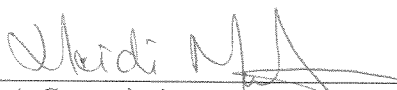
IN THE MATTER OF missing promissory note
issued June 6, 2000 in the amount of \$4,364,000.00

I, Terry Lapierre, of the City of Pembroke, in the province of Ontario, do solemnly declare that:

1. I am the Chief Administrative Officer/Clerk of the Corporation of the City of Pembroke (the "City").
2. The City is the owner and holder of a promissory note of Ottawa River Power Corporation (the "Corporation") in the amount of \$4,364,000.00 (the "Missing Note") such Missing Note being evidence of a promise to pay by the Corporation.
3. The Missing Note is in the form described in Schedule G to City transfer by-law 2000-31, as amended by the shareholders' agreement of the Corporation made October 1, 2000, and a letter of amendment dated November 1, 2000.
4. The Missing Note and amount of \$4,364,000.00 which it represents, has not been sold, assigned, transferred, hypothecated, pledged, delivered as a gift or otherwise.
5. The Missing Note cannot be found or produced.
6. I request the Corporation issue a new promissory note to replace the Missing Note.

AND I make this solemn declaration conscientiously believing the same to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the *Canada Evidence Act*.

DECLARED before me at the City)
of Pembroke, this 24 day)
of March, 2016.)
)
)
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)


A Commissioner, etc.

Heidi Martin, Deputy Clerk
Commissioner of Oaths
City of Pembroke


Name: Terry Lapierre
Title: Chief Administrative Officer

INDEMNITY

TO: Ottawa River Power Corporation (the "Corporation")

RECITALS:

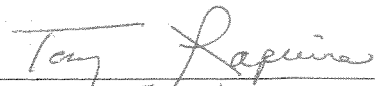
- A. The undersigned has tendered to the Corporation an affidavit with respect to a promissory note in the amount of \$4,364,000.00 dated June 6, 2000 (the "Missing Note") such Missing Note being evidence of the Corporation's promise to pay to the undersigned.
- B. The undersigned has requested the Corporation to issue a new promissory note (the "New Note") to the undersigned.

IN CONSIDERATION of the Corporation issuing the New Note to the undersigned, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the undersigned, the undersigned agrees as follows:

- 1. The undersigned shall indemnify, defend and save harmless the Corporation from and against any and all claims, actions, suits and all liabilities, losses, damages, costs, charges and expenses (including counsel fees) of every nature and character arising out of or in consequence of the inability of the undersigned to find or produce the Missing Note or the issuance and delivery of the New Note.
- 2. If at any time the Missing Note is found or comes into the possession of or under control of undersigned or under the control of any person, firm or corporation, then the undersigned will forthwith use its best efforts to obtain the Missing Note and will surrender it to the Corporation for cancellation.

DATED at Pembroke Ontario, on March 24, 2016.

**THE CORPORATION OF THE CITY
OF PEMBROKE**



Name: Terry Lapierre
Title: Chief Administrative Officer

TAB P

PROMISSORY NOTE

Maturity Date: May 1, 2022 (twenty (20) years after market opening)
Principal Amount: \$902,490.00

Reference is made to the transfer of assets identified in Transfer By-law 103 of 2000.

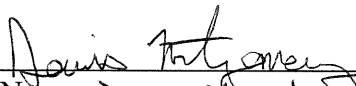
FOR VALUE RECEIVED, the Ottawa River Power Corporation (the "**Corporation**"), hereby promises to pay to or to the order of the Corporation of the Municipality of Mississippi Mills (the "**Holder**"), in lawful money of Canada, on May 1, 2022 (the "**Maturity Date**") at the principal office of the Holder, the principal amount of NINE HUNDRED AND TWO THOUSAND FOUR HUNDRED NINETY Dollars (\$902,490.00) (the "**Principal Amount**") together with interest on the unpaid Principal Amount as hereinafter provided.

1. Interest Rate. No interest shall be payable on the Principal Amount prior to May 1, 2002. Interest on the Principal Amount shall be, for the period from May 1, 2002 until the Maturity Date, equal to the lesser of: (a) seven and one quarter percent (7.25%) per annum; and (b) the maximum interest allowed by the Ontario Energy Board ("**OEB**"), based upon the OEB Handbook or any other regulation, schedule or document prepared and enacted by the OEB, any successors to the OEB or any other entity with regulatory authority for utilities in the Province of Ontario (the "**Interest Rate**"). The parties agree that they may adjust the Interest Rate at the times and in the manner as set out by the regulation, and in an amount not to exceed the maximum interest rate allowed by any schedule, statute or otherwise as enacted by the OEB or any successor in the Province of Ontario. Interest shall be calculated annually, payable quarterly and be in the form and content satisfactory to the Treasurer of the Holder.
2. Default. In the event that the Corporation is sold to a non-related entity or otherwise disposed of, the Holder at the time of such sale or disposition, shall have the option of calling for the immediate payment of the principal and any accrued interest of this Promissory Note.
3. Interest Payments Prior to Completion of Transfer By-Laws. Should any interest payments hereunder fall due prior to the final completion of all the Transfer By-Laws and all necessary documents to effect the transfer of the assets from the Holder, the Corporation of the Township of Whitewater Region, the Corporation of the City of Pembroke and the Corporation of the Township of Killaloe, Hagarty and Richards (collectively, the "**Shareholders**") to the Corporation or any other necessary approvals, such as OEB approvals, such interest payment shall be deemed to be due thirty (30) days after all necessary revisions of the shareholder agreement dated as of October 1, 2000 among the Shareholders (as the same may be amended, modified, supplemented, extended, renewed, restated or replaced from time to time) are completed and all OEB and other necessary approvals are

obtained. Any deferral of interest payments by virtue of this Section 3 shall not be deemed as a default.

IN WITNESS WHEREOF the Corporation has caused this Promissory Note to be signed under its corporate seal by its duly authorized officers as of this 23rd day of March, 2016.

OTTAWA RIVER POWER CORPORATION

By: 
Name: Denis Montgomerie
Title: President

By: _____
Name:
Title:

TAB Q

PROMISSORY NOTE

Maturity Date: May 1, 2022 (twenty (20) years after market opening)
Principal Amount: \$172,348.00

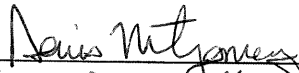
Reference is made to the transfer of assets identified in Transfer By-law 20-2000.

FOR VALUE RECEIVED, the Ottawa River Power Corporation (the "**Corporation**"), hereby promises to pay to or to the order of the Corporation of the Township of Killaloe, Hagarty and Richards (the "**Holder**"), in lawful money of Canada, on May 1, 2022 (the "**Maturity Date**") at the principal office of the Holder, the principal amount of ONE THOUSAND SEVENTY TWO THREE HUNDRED FORTY EIGHT Dollars (\$172,348.00) (the "**Principal Amount**") together with interest on the unpaid Principal Amount as hereinafter provided.

1. Interest Rate. No interest shall be payable on the Principal Amount prior to May 1, 2002. Interest on the Principal Amount shall be, for the period from May 1, 2002 until the Maturity Date, equal to the lesser of: (a) seven and one quarter percent (7.25%) per annum; and (b) the maximum interest allowed by the Ontario Energy Board ("**OEB**"), based upon the OEB Handbook or any other regulation, schedule or document prepared and enacted by the OEB, any successors to the OEB or any other entity with regulatory authority for utilities in the Province of Ontario (the "**Interest Rate**"). The parties agree that they may adjust the Interest Rate at the times and in the manner as set out by the regulation, and in an amount not to exceed the maximum interest rate allowed by any schedule, statute or otherwise as enacted by the OEB or any successor in the Province of Ontario. Interest shall be calculated annually, payable quarterly and be in the form and content satisfactory to the Treasurer of the Holder.
2. Default. In the event that the Corporation is sold to a non-related entity or otherwise disposed of, the Holder at the time of such sale or disposition, shall have the option of calling for the immediate payment of the principal and any accrued interest of this Promissory Note.
3. Interest Payments Prior to Completion of Transfer By-Laws. Should any interest payments hereunder fall due prior to the final completion of all the Transfer By-Laws and all necessary documents to effect the transfer of the assets from the Holder, the Corporation of the Township of Whitewater Region, the Corporation of the Municipality of Mississippi Mills and the Corporation of the City of Pembroke (collectively, the "**Shareholders**") to the Corporation or any other necessary approvals, such as OEB approvals, such interest payment shall be deemed to be due thirty (30) days after all necessary revisions of the shareholder agreement dated as of October 1, 2000 among the Shareholders (as the same may be amended, modified, supplemented, extended, renewed, restated or replaced from time to time) are completed and all OEB and other necessary approvals are obtained. Any deferral of interest payments by virtue of this Section 3 shall not be deemed as a default.

IN WITNESS WHEREOF the Corporation has caused this Promissory Note to be signed under its corporate seal by its duly authorized officers as of this 23rd day of March, 2016.

OTTAWA RIVER POWER CORPORATION

By: 
Name: Denis Montgomery
Title: President

By: _____
Name:
Title:

TAB R

PROMISSORY NOTE

Maturity Date: May 1, 2022 (twenty (20) years after market opening)
Principal Amount: \$147,000.00

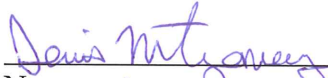
Reference is made to the transfer of assets identified in Transfer By-law 726.

FOR VALUE RECEIVED, the Ottawa River Power Corporation (the "**Corporation**"), hereby promises to pay to or to the order of the Corporation of the Township of Whitewater Region (the "**Holder**"), in lawful money of Canada, on May 1, 2022 (the "**Maturity Date**") at the principal office of the Holder, the principal amount of ONE HUNDRED FORTY SEVEN THOUSAND Dollars (\$147,000.00) (the "**Principal Amount**") together with interest on the unpaid Principal Amount as hereinafter provided.

1. Interest Rate. No interest shall be payable on the Principal Amount prior to May 1, 2002. Interest on the Principal Amount shall be, for the period from May 1, 2002 until the Maturity Date, equal to the lesser of: (a) seven and one quarter percent (7.25%) per annum; and (b) the maximum interest allowed by the Ontario Energy Board ("**OEB**"), based upon the OEB Handbook or any other regulation, schedule or document prepared and enacted by the OEB, any successors to the OEB or any other entity with regulatory authority for utilities in the Province of Ontario (the "**Interest Rate**"). The parties agree that they may adjust the Interest Rate at the times and in the manner as set out by the regulation, and in an amount not to exceed the maximum interest rate allowed by any schedule, statute or otherwise as enacted by the OEB or any successor in the Province of Ontario. Interest shall be calculated annually, payable quarterly and be in the form and content satisfactory to the Treasurer of the Holder.
2. Default. In the event that the Corporation is sold to a non-related entity or otherwise disposed of, the Holder at the time of such sale or disposition, shall have the option of calling for the immediate payment of the principal and any accrued interest of this Promissory Note.
3. Interest Payments Prior to Completion of Transfer By-Laws. Should any interest payments hereunder fall due prior to the final completion of all the Transfer By-Laws and all necessary documents to effect the transfer of the assets from the Holder, the Corporation of the City of Pembroke, the Corporation of the Municipality of Mississippi Mills and the Corporation of the Township of Killaloe, Hagarty and Richards (collectively, the "**Shareholders**") to the Corporation or any other necessary approvals, such as OEB approvals, such interest payment shall be deemed to be due thirty (30) days after all necessary revisions of the shareholder agreement dated as of October 1, 2000 among the Shareholders (as the same may be amended, modified, supplemented, extended, renewed, restated or replaced from time to time) are completed and all OEB and other necessary approvals are obtained. Any deferral of interest payments by virtue of this Section 3 shall not be deemed as a default.

IN WITNESS WHEREOF the Corporation has caused this Promissory Note to be signed under its corporate seal by its duly authorized officers as of this 23rd day of March, 2016.

OTTAWA RIVER POWER CORPORATION

By: 
Name: Denis Montgomery
Title: President

By: _____
Name: _____
Title: _____

TAB S

PROMISSORY NOTE

Maturity Date: May 1, 2022 (twenty (20) years after market opening)
Principal Amount: \$4,364,000.00

Reference is made to the transfer of assets identified in Transfer By-law 2000-31.

FOR VALUE RECEIVED, the Ottawa River Power Corporation (the "**Corporation**"), hereby promises to pay to or to the order of the Corporation of the City of Pembroke (the "**Holder**"), in lawful money of Canada, on May 1, 2022 (the "**Maturity Date**") at the principal office of the Holder, the principal amount of FOUR MILLION, THREE HUNDRED AND SIXTY FOUR THOUSAND Dollars (\$4,364,000.00) (the "**Principal Amount**") together with interest on the unpaid Principal Amount as hereinafter provided.

1. Interest Rate. No interest shall be payable on the Principal Amount prior to May 1, 2002. Interest on the Principal Amount shall be, for the period from May 1, 2002 until the Maturity Date, equal to the lesser of: (a) seven and one quarter percent (7.25%) per annum; and (b) the maximum interest allowed by the Ontario Energy Board ("**OEB**"), based upon the OEB Handbook or any other regulation, schedule or document prepared and enacted by the OEB, any successors to the OEB or any other entity with regulatory authority for utilities in the Province of Ontario (the "**Interest Rate**"). The parties agree that they may adjust the Interest Rate at the times and in the manner as set out by the regulation, and in an amount not to exceed the maximum interest rate allowed by any schedule, statute or otherwise as enacted by the OEB or any successor in the Province of Ontario. Interest shall be calculated annually, payable quarterly and be in the form and content satisfactory to the Treasurer of the Holder.
2. Default. In the event that the Corporation is sold to a non-related entity or otherwise disposed of, the Holder at the time of such sale or disposition, shall have the option of calling for the immediate payment of the principal and any accrued interest of this Promissory Note.
3. Interest Payments Prior to Completion of Transfer By-Laws. Should any interest payments hereunder fall due prior to the final completion of all the Transfer By-Laws and all necessary documents to effect the transfer of the assets from the Holder, the Corporation of the Township of Whitewater Region, the Corporation of the Municipality of Mississippi Mills and the Corporation of the Township of Killaloe, Hagarty and Richards (collectively, the "**Shareholders**") to the Corporation or any other necessary approvals, such as OEB approvals, such interest payment shall be deemed to be due thirty (30) days after all necessary revisions of the shareholder agreement dated as of October 1, 2000 among the Shareholders (as the same may be amended, modified, supplemented, extended, renewed, restated or replaced from time to time) are completed and all OEB and other necessary approvals are obtained. Any deferral of interest payments by virtue of this Section 3 shall not be deemed as a default.

IN WITNESS WHEREOF the Corporation has caused this Promissory Note to be signed under its corporate seal by its duly authorized officers as of this 23rd day of March, 2016.

OTTAWA RIVER POWER CORPORATION

By: 
Name: Denis Montgomery
Title: President

By: _____
Name:
Title: