

CAD 60,064,000

Effective as of October 22, 2018

### PROMISSORY NOTE

NOW THEREFORE FOR VALUE RECEIVED the undersigned, Oshawa PUC Networks Inc. (the "**Borrower**") hereby promises to pay to Oshawa Power & Utilities Corporation, its successors and assigns (collectively, the "**Lender**") on demand and not later than October 22<sup>nd</sup>, 2028 (the "**Due Date**") the principal sum of sixty million sixty-four thousand dollars (CAD 60,064,000) in lawful money of Canada (the "**Principal**"), together with interest on the amount of the Principal outstanding (collectively, the "**Loan**").

The Borrower is an affiliate, as such term is defined in the Ontario Energy Board's ("**OEB**") *Affiliate Relationship Code*, of the Lender. The Loan was approved by the board of directors of each of the Lender and the Borrower respectively, and was issued to the Borrower on October 22<sup>nd</sup>, 2018 at an annual fixed rate of 3.6459% (the "**Actual Rate**"). The Borrower has used and shall continue to use the Loan exclusively for the purposes of refinancing outstanding loans with TD Bank and providing additional CAPEX funding.

#### 1) Pricing

- a) The interest rate (the "**Interest Rate**") shall be equal to an annual fixed rate of 3.65%, which Interest Rate is the lesser of Actual Rate and the OEB's deemed long-term debt rate effective as at October 22<sup>nd</sup>, 2018 and published in the OEB's Cost of Capital Parameter Updates.
- b) Interest shall accrue and be calculated and payable monthly in arrears on the first business day of each month (each an "**Interest Payment Date**") both before and after demand, default and judgment.
- c) If interest is not paid on the Interest Payment Date, the Principal shall continue to bear interest at the Interest Rate and overdue interest shall bear interest at the same Interest Rate, compounded monthly, and be payable on demand.
- d) In this Promissory Note, the Interest Rate, if calculated with reference to a period (the "**deemed interest period**") that is less than the actual number of days in the calendar year of calculation is, for the purposes of the *Interest Act* (Canada), equivalent to a rate based on a calendar year calculated by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing by the number of days in the deemed interest period. Interest shall be calculated using the nominal rate of calculation, and will not be calculated using the effective rate method of calculation or any other basis that gives effect to the principle of deemed reinvestment of interest.

#### 2) Repayment terms

- a) The Borrower may, with the consent of the Lender in its sole and absolute discretion, at any time prepay any or all of the Principal outstanding under this Promissory Note, together with interest that has accrued on the prepaid amount to the prepayment date and that has not been paid prior to such date. Any prepayment will be applied first, to the payment of interest on the outstanding Principal to the date of such payment, and second, to the payment of the outstanding Principal then due.
- b) All amounts due under this Promissory Note will be payable by bank draft, cheque or wire transfer, in lawful money of Canada in accordance with the instructions provided by the Lender.

### **3) Apportionment of risk**

- a) If the Borrower fails to pay the outstanding Principal on demand or by or on the Due Date or defaults in its performance of any other term hereof, the balance of the outstanding Principal under this Promissory Note, together with any interest, shall immediately become fully due and payable upon demand by the Lender.
- b) The Borrower and the Lender hereby waive presentment, demand and notice of any kind in connection with the delivery, acceptance, performance and enforcement of this Promissory Note.

### **4) Confidentiality**

- a) The parties agree to treat this Promissory Note and all information, data, reports and other records relating to the affairs of the Borrower and the Lender as confidential and will not disclose such information to any person other than their legal advisors or accountants without the prior written consent of the other party, except as required by law, including without limitation any proceedings or applications before the Ontario Energy Board or its successor.

### **5) Dispute resolution**

- a) Where any dispute arises between the parties as to the interpretation of any provision of this Promissory Note or as to the determination of any matter hereunder and the dispute cannot be resolved by negotiation between the parties, then the matter or dispute shall be submitted to arbitration as herein provided by any party giving notice to the other party. Within fifteen (15) days of receipt of the notice requesting an arbitration, the parties will jointly appoint one arbitrator to conduct the arbitration. If the parties cannot agree on the arbitrator, such arbitrator shall be appointed by a judge of the Superior Court of Ontario upon the application of either party.
- b) The arbitration shall be governed by the *Ontario Arbitration Act (1991)*. The determination of the arbitrator shall be in writing and shall be final and binding on all parties hereto.
- c) The cost of the arbitration shall be borne by the parties on their separate account, or as directed by the arbitrator in its final decision.

## 6) General

- a) No amendment, supplement or waiver of any provision of this Promissory Note, nor any consent to any departure by the Borrower therefrom, shall in any event be effective unless it is in writing, makes express reference to the provision affected thereby and is signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.
- b) This Promissory Note shall be binding upon the Borrower and its successors and assigns and shall enure to the benefit of the Lender, its successors and assigns, provided however that the Borrower shall not assign any rights or obligations with respect to this Promissory Note without prior written consent of the Lender, acting in its sole and absolute discretion.
- c) All notices and demands provided for herein shall be in writing and shall be personally delivered, delivered by facsimile, electronic mail or mailed by prepaid registered mail to the Lender or to the Borrower in accordance with instructions provided by the respective party. Any notice or demand so personally delivered or delivered by facsimile or electronic mail shall be deemed to have been validly made and effectively given and received on the date of such delivery, provided such notice or demand was delivered prior to 5:00 PM on a business day, failing which, the notice or demand shall be deemed to have been delivered the following business day. Any notice or demand so mailed shall be deemed to have been validly and effectively given and received on the fifth day following the date of mailing.
- d) This Promissory Note constitutes the entire agreement between the parties with respect to the subject matter and supersede all prior agreements, negotiations, discussions, undertakings, representations, warranties and understandings, whether written or oral.
- e) This Promissory Note shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.

*[Signature page follows.]*

IN WITNESS WHEREOF the undersigned have duly executed this Promissory Note.

**OSHAWA PUC NETWORKS INC.**

A handwritten signature in black ink, appearing to read 'Ivano N. Labricciosa', written over a horizontal line.

Name: Ivano N. Labricciosa

Title: President and CEO

A handwritten signature in black ink, appearing to read 'Susanna Beckstead', written over a horizontal line.

Name: Susanna Beckstead.

Title: Vice President – Finance,  
Corporate and Business Services