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Renfrew Hydro Inc.
2024 Cost of Service Application
EB – 2023 – 0049

Exhibit 5: Cost of Capital & Capital Structure

Rates Effective: January 1, 2024
Date Filed: May 24, 2023

Renfrew Hydro Inc.
499 O’Brien Road, Unit B
Renfrew, Ontario
K7V 3Z3

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2.5.0 Cost of Capital and Capital Structure

2.5.1 Capital Structure

Renfrew Hydro Inc. (RHI) seeks to recover a weighted average cost of capital of 6.67% through rates in the 2024 Test Year. RHI has followed the Report of the Board on Cost of Capital for Ontario’s Regulated Utilities, October 20, 2022, in determining the cost of capital.

In calculating the cost of capital, RHI has used the OEB’s deemed capital structure of 56% long-term debt, 4% short-term debt, and 40% equity, and the Cost of Capital parameters in the OEB’s letter of October 22, 2022, for the allowed return on equity (“ROE”).

RHI understands that the OEB will most likely update the ROE for 2024 at a later date, and therefore commits to updating its application to reflect the OEB’s updated Cost of Capital Parameters for January 1, 2024, applications and as new information is issued.

RHI seeks to recover a weighted average cost of capital of 6.67% through rates in the 2024 Test Year. RHI has followed the Report of the Board on Cost of Capital for Ontario’s Regulated Utilities, October 22, 2022 (the OEB Cost of Capital Report), in determining the applicable cost of capital.

Table 5.1: Overview of Capital Structure

Particulars	Cost Rate
	(%)
Debt	
Long-term Debt	56%
Short-term Debt	4%
Total Debt	60%
Equity	
Common Equity	40%
Preferred Shares	0%
Total Equity	40%
Total	100%

The Cost of Capital parameters are consistent with the letter issued by the OEB on October 22, 2022, which sets the values as indicated below:

<u>Cost of Capital Parameter</u>	<u>Value for 2023 Applications for rate changes in 2023</u>
ROE	9.36%
Deemd LT Debt Rate	4.88%
Deemed ST Debt Rate	4.79%

1

2 Retirements of debt or preference shares and buy-back of common shares; and Short-Term Debt, Long-
3 Term Debt, preference shares as well as common share offerings do not apply to RHI as RHI has not issued
4 any preference shares and/or common equity shares since its initial corporate structure was adopted.

5 RHI has negotiated with its Shareholder, and primary lender, to set the interest rate on its most significant
6 debt instrument, a demand promissory note (Exhibit 1) issued in the year 2001, to match the OEB
7 approved deemed long term debt rate obtained its Cost-of-Service application and adjust accordingly as
8 a pass-through rate. The evidence of the Town approved renegotiated debt rate is provided in **Appendix**
9 **B.**

1 **OEB Appendix 2-OA Capital Structure / Cost of Capital**

2 **Appendix 2-OA** below presents the capital structure for the last Board Approved and Test year.

Last OEB-approved year: 2017

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$3,743,474	3.72%	\$139,257
2	Short-term Debt	4.00%	\$267,391	1.76%	\$4,706
3	Total Debt	60.0%	\$4,010,865	3.59%	\$143,963
	Equity				
4	Common Equity	40.00%	\$2,673,910	8.78%	\$234,769
5	Preferred Shares		\$ -		\$ -
6	Total Equity	40.0%	\$2,673,910	8.78%	\$234,769
7	Total	100.0%	\$6,684,775	5.67%	\$378,733

Test Year: 2024

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$5,286,833	4.88%	\$257,997
2	Short-term Debt	4.00%	\$377,631	4.79%	\$18,089
3	Total Debt	60.0%	\$5,664,464	4.87%	\$276,086
	Equity				
4	Common Equity	40.00%	\$3,776,310	9.36%	\$353,463
5	Preferred Shares		\$ -	9.36%	\$ -
6	Total Equity	40.0%	\$3,776,310	9.36%	\$353,463
7	Total	100.0%	\$9,440,774	6.67%	\$629,549

OEB Appendix 2-OB Cost of Debt Instruments

1

2 **Appendix 2-OB** below presents capital structure for all required historical years, the bridge year and the
 3 Test year.

Year

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) ²	Interest (\$) ¹	Additional Comments, if any
1	Affiliated Debt - from Shareholder	Corp. Town of Renfrew	Affiliated	Fixed Rate	1-Jan-01	Demand	\$ 2,705,168	7.25%	\$ 196,124.71	
2	Truck Loan - 2015 Dodge	Royal Bank of Canada	Third-Party	Fixed Rate	29-Dec-14	5	\$ 13,042	3.53%	\$ 460.40	
Total							\$ 2,718,211	7.23%	\$ 196,585.11	

Year

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) ²	Interest (\$) ¹	Additional Comments, if any
1	Affiliated Debt - from Shareholder	Corp. Town of Renfrew	Affiliated	Fixed Rate	1-Jan-01	Demand	\$ 2,705,168	7.25%	\$ 196,124.71	
2	Truck Loan - 2015 Dodge	Royal Bank of Canada	Third-Party	Fixed Rate	29-Dec-14	5	\$ 7,881	3.53%	\$ 278.19	
3	Truck Loan - 2018 Freightliner	Royal Bank of Canada	Third-Party	Fixed Rate	30-Apr-18	10	\$ 322,135	4.54%	\$ 9,813.16	Loan started April 30
Total							\$ 3,035,184	6.79%	\$ 206,216.06	

Year

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) ²	Interest (\$) ¹	Additional Comments, if any
1	Affiliated Debt - from Shareholder	Corp. Town of Renfrew	Affiliated	Fixed Rate	1-Jan-01	Demand	\$ 2,705,168	7.25%	\$ 196,124.71	
2	Truck Loan - 2015 Dodge	Royal Bank of Canada	Third-Party	Fixed Rate	29-Dec-14	5	\$ 2,776	3.53%	\$ 97.99	
3	Truck Loan - 2018 Freightliner	Royal Bank of Canada	Third-Party	Fixed Rate	30-Apr-18	10	\$ 300,785	4.54%	\$ 13,655.62	
4	Capital Lease - Right of Use	119871 Canada Inc	Third-Party	Fixed Rate	1-Jul-15	10	\$ 311,644	3.88%	\$ 12,091.78	
Total							\$ 3,320,373	6.69%	\$ 221,970.10	

Year

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) ²	Interest (\$) ¹	Additional Comments, if any
1	Affiliated Debt - from Shareholder	Corp. Town of Renfrew	Affiliated	Fixed Rate	1-Jan-01	Demand	\$ 2,705,168	7.25%	\$ 196,124.71	
2	Truck Loan - 2018 Freightliner	Royal Bank of Canada	Third-Party	Fixed Rate	30-Apr-18	10	\$ 273,406	4.54%	\$ 12,412.63	
3	Capital Lease - Right of Use	119871 Canada Inc	Third-Party	Fixed Rate	1-Jul-15	10	\$ 268,537	3.88%	\$ 10,419.24	
Total							\$ 3,247,112	6.74%	\$ 218,956.58	

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Year 2021

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) ²	Interest (\$) ¹	Additional Comments, if any
1	Affiliated Debt - from Shareholder	Corp. Town of Renfrew	Affiliated	Fixed Rate	1-Jan-01	Demand	\$ 2,705,168	6.08%	\$ 164,474.24	
2	Truck Loan - 2018 Freightliner	Royal Bank of Canada	Third-Party	Fixed Rate	30-Apr-18	10	\$ 243,212	4.54%	\$ 11,041.82	
3	Capital Lease - Right of Use	119871 Canada Inc	Third-Party	Fixed Rate	1-Jul-15	10	\$ 223,755	3.88%	\$ 8,681.68	
Total							\$ 3,172,135	5.81%	\$ 184,197.74	

Year 2022

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) ²	Interest (\$) ¹	Additional Comments, if any
1	Affiliated Debt - from Shareholder	Corp. Town of Renfrew	Affiliated	Fixed Rate	1-Jan-01	Demand	\$ 2,705,168	4.90%	\$ 132,553.26	
2	Truck Loan - 2018 Freightliner	Royal Bank of Canada	Third-Party	Fixed Rate	30-Apr-18	10	\$ 213,470	4.54%	\$ 9,691.53	
3	Capital Lease - Right of Use	119871 Canada Inc	Third-Party	Fixed Rate	1-Jul-15	10	\$ 177,236	3.88%	\$ 6,876.77	
Total							\$ 3,095,875	4.82%	\$ 149,121.56	

Year 2023

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) ²	Interest (\$) ¹	Additional Comments, if any
1	Affiliated Debt - from Shareholder	Corp. Town of Renfrew	Affiliated	Fixed Rate	1-Jan-01	Demand	\$ 2,705,168	3.72%	\$ 100,632.27	
2	Truck Loan - 2018 Freightliner	Royal Bank of Canada	Third-Party	Fixed Rate	30-Apr-18	10	\$ 183,276	4.54%	\$ 8,320.73	
3	Capital Lease - Right of Use	119871 Canada Inc	Third-Party	Fixed Rate	1-Jul-15	10	\$ 130,036	3.88%	\$ 5,045.38	
4	Truck Loan - 2023 Freightliner	Royal Bank of Canada	Third-Party	Fixed Rate	1-Jul-23	10	\$ 572,831	6.50%	\$ 18,885.25	1/2 Year
Total							\$ 3,591,311	3.70%	\$ 132,883.63	

Year 2024

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) ²	Interest (\$) ¹	Additional Comments, if any
1	Affiliated Debt - from Shareholder	Corp. Town of Renfrew	Affiliated	Fixed Rate	1-Jan-01	Demand	\$ 2,705,168	4.88%	\$ 132,012.22	
2	Truck Loan - 2018 Freightliner	Royal Bank of Canada	Third-Party	Fixed Rate	30-Apr-18	10	\$ 152,630	4.54%	\$ 6,929.40	
3	Capital Lease - Right of Use	119871 Canada Inc	Third-Party	Fixed Rate	1-Jul-15	10	\$ 82,034	3.88%	\$ 3,182.92	
4	Truck Loan - 2023 Freightliner	Royal Bank of Canada	Third-Party	Fixed Rate	1-Aug-23	10	\$ 545,350	6.50%	\$ 35,447.74	
Total							\$ 3,485,182	5.10%	\$ 177,572.28	

1 **2.5.2 Cost of Capital**

2 This evidence summarizes the capital structure, method and cost of financing RHI’s capital requirements
3 for the 2024 Test year.

4 **2.5.2.1 Forecasted Capital Structure**

5 The proposed cost rates for cost of capital in 2024 are previously presented on page 4. The rates shown
6 for short-term debt and return on equity are those set out in the Board’s letter of October 22, 2022, Cost
7 of Capital Parameter Updates for 2023 Cost of Service Applications.

8 The calculation of the proposed rate for long-term debt is set out as the lower of the OEB deemed long
9 term rate or the weighted average cost of debt in 2023, presented in table 5.2 below. There was
10 \$3,095,875 in outstanding debt instruments at the end of 2022.

11 RHI’s current OEB-approved capital structure for rate-making purposes is 60% debt and 40% equity. RHI
12 intends to maintain the same capital structure in the 2024 Test Year. This capital structure was confirmed
13 by the OEB in the Report of the Board on Cost of Capital for Ontario’s Regulated Utilities dated October
14 22, 2022 (The “Board Report”). The 60% debt component is comprised of 4.0% deemed short-term debt
15 and 56.0% deemed long-term debt.

1 **2.5.2.2 Weighted Average Cost of Debt**

2

3 RHI proposes a Long-Term Debt cost rate for the 2024 Test year of 4.88% which is the consistent with the
 4 OEB prescribed cost of capital parameters published in the Board’s letter of October 22, 2022, Cost of
 5 Capital Parameter Updates for 2023 Cost of Service Applications. While RHI’s weighted average cost of
 6 debt at 5.1%, as shown in Table 5.2, is currently higher than the OEB prescribed long term debt rate, RHI’s
 7 long term debt is projected to be lower than OEB prescribed 56% of rate base. RHI does expect to obtain
 8 further financing in the near future to fund infrastructure capital projects as current cash flows are not
 9 sufficient to sustain the proposed spending, and with approximately \$1.8M in actual debt versus deemed
 10 long term debt RHI has room to absorb additional financing costs within the deemed structure. RHI seeks
 11 to recover the Deemed long term debt rate of 4.88% as confirmed by the OEB in the report of the Board
 12 on Cost of Capital, to be adjusted at a later date in accordance with Board guidelines to reflect the Board’s
 13 updated Deemed long term debt rate applicable to 2024 Cost of Service Applications.

14

Table 5.2: Derivation of WAC

Description	Principal (\$)	Rate (%) ²	Interest (\$) ¹
Affiliated Debt - from Shareholder	\$ 2,705,168	4.88%	\$ 132,012.22
Truck Loan - 2018 Freightliner	\$ 152,630	4.54%	\$ 6,929.40
Capital Lease - Right of Use	\$ 82,034	3.88%	\$ 3,182.92
Truck Loan - 2023 Freightliner	\$ 545,350	6.50%	\$ 35,447.74
	\$ 3,485,182	5.10%	\$ 177,572.28

15

16 **2.5.2.3 Long Term Debt**

17 RHI’s Long Term Debt instruments are summarized below.

- 1 • **Promissory Note** - \$2,705,168 priced at the currently authorized Deemed Long Term Debt cost
2 rate of 4.88%, presented in **Appendix A** (original) and **Appendix B** (amended terms) (to be
3 updated to reflect the Deemed Long Term Debt rate for 2024 filers once released by the Board).

- 4 • **Single Bucket Truck Loan** – Average balance owing in 2024 of \$152,630. Repayment is made
5 through monthly installments of principal and interest of \$3,435.93 at an interest rate of 4.54%,
6 presented as **Appendix C**.

- 7 • **Capital Lease, Right of Use Asset** – Average balance owing in 2024 of \$82,034, payable in monthly
8 installments of principal and interest of \$4,200 at a deemed interest rate determined at time of
9 change to right of use asset at 3.88%, presented in **Appendix D**.

- 10 • **Double Bucket Truck Loan** – To be determined. Utility has estimated time of arrival of the truck
11 as July 1, 2023. The truck was ordered in July 2022 and is expected to arrive in July of 2023. RHI
12 has estimated, based on RBC latest quote in February 2023, the cost of borrowing at 6.5%. Total
13 cost is expected to be \$585,000 after signage is added on the quoted price of \$579,082 from
14 supplier, presented in **Appendix E**. While RHI has forecast the debt rate and will update that rate
15 to actual once finalized in 2023, it is RHI’s proposal to use the lower of the 2024 Deemed Long
16 Term Interest rate and the actual rate for this instrument when calculating the weighted average
17 cost of Long Term Debt for the purposes of setting rates for 2024.

18 2.5.2.4 Short Term Debt

19 RHI has used a short-term debt rate of 4.79% for the 2024 Test Year as established by the Board for cost-
20 of-service applications with a January 1, 2023 implementation date. RHI recognizes that the short-term
21 debt rate will be updated at a later date consistent with the OEB’s guidelines.

22 RHI’s Short Term Debt instruments are summarized below.

- 23 • **Revolving Line of Credit:** RHI has access to a revolving line of credit facility in the amount of
24 \$500,000 that is secured by a general security agreement over the Corporation’s assets. RHI has
25 drawn on this instrument during 2022 infrequently to ensure liquidity, Presented in **Appendix C**.

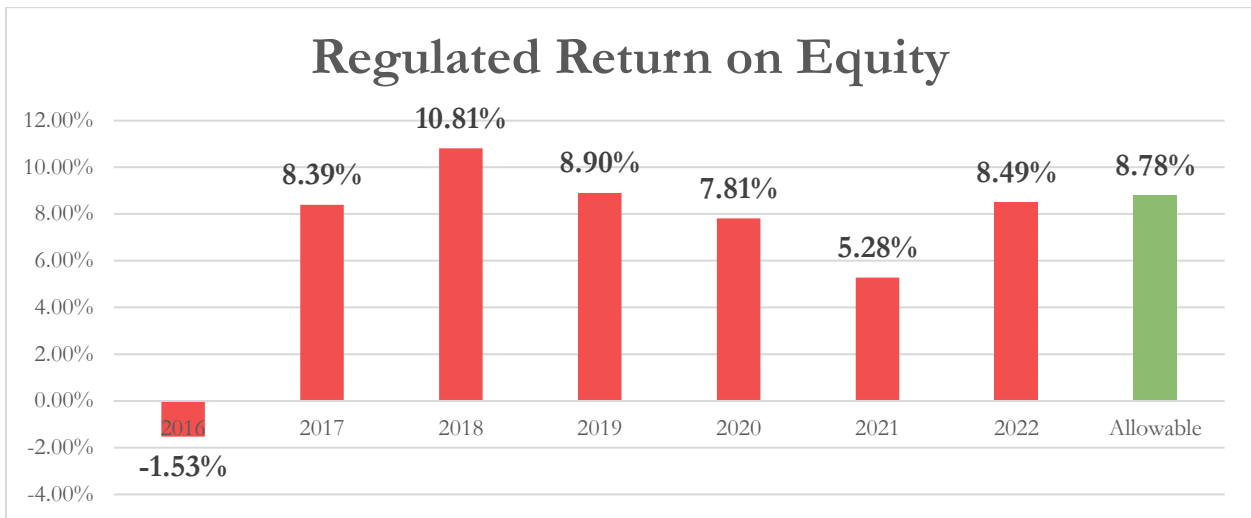
26 RHI does not forecast that it will redeem any debt and has not issued any preference shares, hence RHI
27 does not record either a profit or a loss on redemption of debt and/or preference shares. RHI is

1 forecasting new debt in the bridge year in terms of the purchase of a Double Bucket Truck and potential
2 further draw upon short term line of credit to maintain liquidity in the test year dependent on cash flow
3 needs and short term versus long term interest rates.

4 **2.5.2.5 Return on Equity**

5 RHI has used a ROE of 9.36% in the 2024 Test year as established by the Board for cost-of-service
6 applications with a January 1, 2024 implementation date. RHI recognizes that the ROE will be updated in
7 accordance with Board guidelines and as such commits to updating the cost capital parameters as new
8 information is made available. RHI’s achieved historic return on equity can be found below in Figure 5.3.

9 **Figure 5.3: RHI’s Return on Equity**



10

11

12 **2.5.3 Not for Profit**

13

14 Note that RHI is not a cooperative and as such, all requirements related to a not-for-profit organization
15 do not apply.

16

1 Appendix

2 List of Appendices

Appendix A	Promissory Note – Town of Renfrew
Appendix B	Promissory Note – Amended
Appendix C	RBC – 4.64%
Appendix D	Capital Lease – 3.88% (as calculated by Auditor)
Appendix E	Altec Quote

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Appendix A

2

PROMISSORY NOTE

\$2,705,168.48

Date: January 1, 2001

On Demand
Renfrew, Ontario

For value received Renfrew Hydro Inc. promises to pay to The Corporation of the Town of Renfrew or its order, ON DEMAND, the principal sum of \$2,705,168.48 with interest thereon to be paid at the rate of 7.25% per annum.

For value Received

RENFREW HYDRO INC.

per:-

J. Thomas Freemark
Tom Freemark - President

Jan 28th, 2002

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Appendix B

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CORPORATION OF THE TOWN OF RENFREW
BY-LAW No. 47-2021

Being a by-law to authorize the execution of a Promissory Note Amending Agreement.

WHEREAS subsection 5(3) of the Municipal Act, 2001 provides that a municipal power shall be exercised by by-law; and

WHEREAS on January 1, 2001 Renfrew Hydro Inc. executed a promissory note in favour of its shareholder, The Corporation of the Town of Renfrew, bearing interest at the rate of 7.25%, with no specific terms of repayment; and

WHEREAS Renfrew Hydro Inc. has requested the renegotiation of the promissory note terms; and

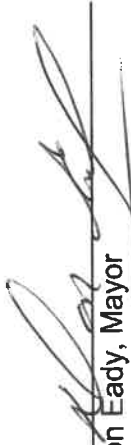
WHEREAS it is deemed expedient and in the public interest that The Corporation of the Town of Renfrew enter into a Promissory Note Amending Agreement with Renfrew Hydro Inc.

NOW THEREFORE the Council of the Corporation of the Town of Renfrew enacts as follows:


1. THAT the Mayor and Clerk for the Town of Renfrew are hereby authorized to execute the Promissory Note Amending Agreement with Renfrew Hydro Inc. attached hereto as Schedule "A" or other documents as may be necessary to effect the renegotiation of the note terms.
2. THAT this By-law shall come into force and take effect on the date of passage thereof:

Read a first and second time this 22nd day of June, 2021.

Read a third time and finally passed this 22nd day of June, 2021.



Don Eady, Mayor



Kim R. Bulmer, Clerk

Certified True Copy


Jennifer E. Charkavi, Deputy Clerk
Corporation of the Town of Renfrew
A Commissioner for Taking Affidavits
in the Province of Ontario by virtue of office

THIS IS SCHEDULE "A" TO BY-LAW NO. 47-2021

PROMISSORY NOTE AMENDING AGREEMENT

THIS PROMISSORY NOTE AMENDING AGREEMENT (the "Agreement") dated the 23rd day of June, 2021.

BETWEEN:

THE CORPORATION OF THE TOWN OF RENFREW

(hereinafter referred to as the "Town")

-and-

RENFREW HYDRO INC.

(hereinafter referred to as "RHI")

WHEREAS RHI is a *Business Corporations Act* (Ontario) corporation created under Section 142 of the *Electricity Act* (Ontario) by the Town to distribute electricity to customers then served by the Renfrew Hydro Electric Commission (the "RHEC");

AND WHEREAS the assets of the RHEC (the "Transferred Assets") were transferred to RHI pursuant to a Transfer By-law No. 52 - 2000 (the "Transfer By-law") passed by the Town on October 30, 2000;

AND WHEREAS in consideration for the Transferred Assets and in accordance with the Transfer By-law, RHI agreed to: (i) assume those liabilities set forth on Schedule "D" ("Schedule "D") of the Transfer By-law; (ii) issue to the Town 15,100 fully paid common shares of RHI having an ascribed value of 50% of the total reconciled net transfer amount of \$4,849,235.54 (the "Net Transfer Amount"); and (iii) deliver to the Town a demand promissory note having a principal amount equal to 50% of the Net Transfer Amount (the "Promissory Note") and, as stated in the Transfer By-law, "bearing interest at an effective debt rate per annum as specified by the Ontario Energy Board Market Base Rate of Return Formula" (the "OEB Formula Rate of Interest");

AND WHEREAS the Promissory Note, a copy of which is attached as Schedule "A" to this Agreement, was dated January 1, 2001;

AND WHEREAS the OEB Formula Rate of Interest in effect at January 1, 2001 was 7.25%, the Promissory Note provided for the payment of interest on the amount outstanding thereunder at a rate of interest of 7.25% per annum (the "Original Interest Rate");

AND WHEREAS the Town and RHI wish to amend the Original Interest Rate over a three (3) calendar year period, to arrive at the current OEB Formula Rate of Interest of 3.72 %, that was established during RHI's last Cost of Service Application and became effective on January 1, 2017, as follows: (i) for 2021, 6.08%; (ii) for 2022, 4.90%; and (iii) for 2023, the greater of 3.72% or the Deemed Long Term Debt Rate obtained through RHI's 2023 Cost of Service Application;

AND WHEREAS the Town and RHI intend that for years following 2023, the rate of interest charged under the Promissory Note will match future OEB established "Deemed Long Term Debt Rates" obtained through Cost of Service Applications filed by RHI and approved by the OEB (the "Deemed Long Term Debt Rates");

AND WHEREAS the Town and RHI wish to further amend the Promissory Note to provide for interest payments to be made in six (6) equal monthly instalments in the last 6 (six) months of each calendar year.

AND WHEREAS the Town and RHI have agreed to enter into this Agreement to evidence their agreement with respect to the amendment of the Promissory Note.

NOW THEREFORE IN CONSIDERATION OF the covenants and agreements set out below and other good and valuable consideration (the receipt and sufficiency of which is acknowledged by each of the parties), the parties agree as follows:


1. The parties acknowledge that the recitals to this Agreement set out above are true and accurate in all respects.
2. The parties further agree that, notwithstanding the date of this Agreement, this Agreement and the amendments to the Promissory Note set out herein shall be effective as of and from January 1, 2021.

4. The Original Interest Rate shall be amended for the calendar years 2021, 2022 and 2023, as follows: (i) for 2021, 6.08%; (ii) for 2022, 4.90%; and (iii) for 2023, the greater 3.72% or the Deemed Long Term Debt Rate obtained through RHI's 2023 Cost of Service Application.
5. For the years following 2023, the rate of interest charged under the Promissory Note will match the future Deemed Long Term Debt Rates obtained through Cost of Service Applications filed by RHI and approved by the OEB, each of which Deemed Long Term Debt Rates will remain in place and fixed during its entire effective period. The parties acknowledge that the normal effective period of Long Term Debt Rates is five (5) years .
6. The parties acknowledge that the Promissory Note continues in full force and effect and that RHI remains indebted to the Town on the same terms and conditions as set out in the Promissory Note, save and except for those matters specifically amended by this Agreement.
7. The provisions of this Agreement constitute the entire agreement between the parties with respect to its subject matter. This Agreement may not be amended or modified unless such amendment or modification is in writing and signed by both parties.
8. This Agreement may be executed by the parties in separate counterparts, each of which will be deemed to constitute an original, both of which together will constitute one and the same agreement.
9. This Agreement shall be governed by and construed in accordance with the applicable laws of the Province of Ontario and the laws of Canada.
10. This Agreement shall be binding upon and shall operate to the benefit of the parties and their respective successors and permitted assigns.

IN WITNESS WHEREOF the parties have executed this Agreement on the date first set out above but with effect as of January 1, 2021.

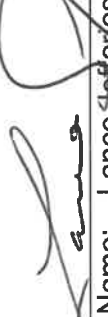
THE CORPORATION OF THE TOWN
OF RENFREW


By: 
Name: Donald Eady
Title: Mayor

By: 
Name: Kim R. Bulmer
Title: Town Clerk

We have the authority to bind the Corporation

RENFREW HYDRO INC.

By: 
Name: Lance Jefferies
Title: President

By: 
Name: MERV BECKSTEAD
Title: BOARD CHAIR

We have the authority to bind the Corporation

1

Appendix C

2

ROYAL BANK OF CANADA CREDIT AGREEMENT

DATE: January 30, 2018

BORROWER:

RENFREW HYDRO INC.

SRF:

667494033

ADDRESS (Street, City/Town, Province, Postal Code)

Unit B, 499 O'Brien Road, Renfrew, Ontario K7V 3Z3

Royal Bank of Canada (the "Bank") hereby confirms to the undersigned (the "Borrower") the following credit facilities (the "Credit Facilities"), banking services and other products subject to the terms and conditions set forth below and in the standard terms provided herewith (collectively the "Agreement"). The Credit Facilities are made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of these facilities at any time and from time to time without notice.

CREDIT FACILITIES

Facility #1 Revolving demand facility in the amount of \$500,000.00, available by way of RBP based loans, LCs.

Minimum retained balance \$0.00.

Revolved by the Bank in increments of \$5,000.00.

Interest rate: RBP + 0.00% per annum. Interest payable monthly, in arrears, on the same day each month as determined by the Bank.

LC fees to be advised on a transaction-by-transaction basis.

Margined: Yes [] No [x]

Facility #2 Fixed rate term loan (non-revolving) in the amount of \$10,111.44. Repayable by consecutive monthly blended payments of \$436.95, including interest, based on a 24 month amortization. Next blended payment is due February 29, 2018. This loan has a 12 month term and all outstanding principal and interest is payable in full December 29, 2019. Interest rate: 3.53% per annum. Amount eligible for prepayment is NIL.

Facility #3 Fixed rate term loan (non-revolving) in the amount of \$330,972.00. Repayable by consecutive monthly blended payments of \$3,435.93, including interest, based on a 120 month amortization. First blended payment is due 30 days from drawdown. Prior to the first blended payment due date, interest is payable monthly, in arrears, on the same day of each month as determined by the Bank. This loan has a 120 month term and all outstanding principal and interest is payable in full at the end of the term. Interest rate: 4.54% per annum. Amount eligible for prepayment is NIL.

OTHER FACILITIES

The Credit Facilities are in addition to the following facilities (the "Other Facilities"). The Other Facilities will be governed by this Agreement and separate agreements between the Borrower and the Bank. In the event of a conflict between this Agreement and any such separate agreement, the terms of the separate agreement will govern.

a) Credit Card to a maximum amount of \$15,000.00.

SECURITY

Security for the Borrowings and all other obligations of the Borrower to the Bank (collectively, the "Security"), shall include:

- a) General security agreement on the Bank's form 924 signed by the Borrower constituting a first ranking security interest in all personal property of the Borrower;
- b) Security agreement (chattel mortgage) on the Bank's form 927 signed by the Borrower constituting a first ranking and specific security interest in a 2000 Freightliner double bucket crane truck;
- c) Security agreement (chattel mortgage) on the Bank's form 927 signed by the Borrower constituting a first ranking and specific security interest in a 2015 White Dodge Journey.

FEES**Renewal Fee:**

If the Bank renews or extends any term facility or term loan beyond its maturity date, an additional renewal fee may be payable in connection with any such renewal in such amount as the Bank may determine and notify the Borrower.

* Registered trademark of Royal Bank of Canada.

REPORTING REQUIREMENTS

The Borrower will provide to the Bank:

- a) Annual audited financial statements for each of the Borrower and Corporation of The Town of Renfrew within 120 days of each fiscal year end;
- b) Such other financial and operating statements and reports as and when the Bank may reasonably require.

OTHER INFORMATION/REQUIREMENTS

1. No Borrowing under Facility #3 will be made available unless the Bank has received :
 - a) an environmental questionnaire in respect of the Borrower and/or site checklist(s) in respect of all applicable real property on which the Borrower has granted Security to the Bank, on the Bank's standard form(s) and containing findings acceptable to the Bank;
 - b) copies of invoices for the equipment and leasehold improvements.

BUSINESS LOAN INSURANCE PLAN

The Borrower hereby acknowledges that the Bank has offered it group creditor insurance coverage on the Borrowings under the Business Loan Insurance Plan and the Borrower hereby acknowledges that it is the Borrower's responsibility to apply for any new or increased insurance amount for the Borrowings that may be eligible.

If the Borrower decides to apply for insurance on the Borrowings, the application will be made via the Bank's Business Loan Insurance Plan application (form 3460 ENG or 53460 FRE). If the Borrower has existing uninsured Borrowings and decides not to apply for Business Loan Insurance Plan coverage on any new Borrowings, it hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for Business Loan Insurance Plan coverage on all such Borrowings, and that all such Borrowings are not insured under the Policy as at the date of acceptance of this Agreement.

If the Borrower has Business Loan Insurance Plan coverage on previously approved Borrowings, such coverage will be applied automatically to all new Borrowings eligible for Business Loan Insurance Plan coverage that share the same loan account number, up to the approved amount of Business Loan Insurance Plan coverage. This Agreement cannot be used to waive coverage on new Borrowings eligible for Business Loan Insurance Plan coverage if Business Loan Insurance Plan coverage is in effect on the Borrower's existing Borrowings. If the Borrower does not want Business Loan Insurance Plan coverage to apply to any new Borrowings, a different loan account number will need to be set up and all uninsured loans attached to it.

If the Borrower has existing Borrowings to which Business Loan Insurance Plan coverage applies, and any new Borrowings would exceed the approved amount of Business Loan Insurance Plan coverage already in place, the Borrower must apply for additional Business Loan Insurance Plan coverage (if eligible) in order for Business Loan Insurance Plan coverage to apply to any new Borrowings. If the Borrower decides not to apply for additional Business Loan Insurance Plan coverage in respect of any new Borrowings (if eligible), the Borrower hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for additional Business Loan Insurance Plan coverage on such new Borrowings and that such new Borrowings are not insured under the Policy as at the date the Borrower executes this Agreement.

If there are any discrepancies between the insurance information in this Agreement and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums (plus applicable taxes), will be taken as a separate payment, directly from the bank account associated with the loan, at the same frequency and schedule as your regular loan payments, where applicable. As premiums are based on the outstanding loan balance and the insured person's age at the time the premiums are due, the cost of Business Loan Insurance Plan coverage may increase during the term of the loan. The premium calculation is set out in the Business Loan Insurance Plan terms and conditions provided to the Borrower at the time the application for Business Loan Insurance Plan coverage was completed. Refer to the terms and conditions (form 3460 ENG or 53460 FRE) for further explanation and disclosure.

* Registered trademark of Royal Bank of Canada.

STANDARD TERMS

The following standard terms have been provided to the Borrower:

- Form 472 (01/2018) Royal Bank of Canada Credit Agreement - Standard Terms
- Form 473 (10/2017) Royal Bank of Canada Credit Agreement - Margined Accounts Standard Terms
- Form 473A (10/2017) Royal Bank of Canada Credit Agreement – RBC Covarity Terms and Conditions
- Form 473B (10/2017) Royal Bank of Canada Credit Agreement – Margined Accounts Standard Terms

ACCEPTANCE

This Agreement is open for acceptance until March 1st, 2018, after which date it will be null and void, unless extended in writing by the Bank.

ROYAL BANK OF CANADA



Per: _____
Title: Vice President

RBC Contact: James Sliter

/al

CONFIRMATION & ACCEPTANCE

The Borrower (i) confirms that it has received a copy of the Royal Bank of Canada Credit Agreement Standard Terms, Form 472, as well as all other standard terms which are hereinabove shown as having been delivered to the Borrower, all of which are incorporated in and form an integral part of this Agreement; and (ii) accepts and agrees to be bound by the terms and conditions of this Agreement including all terms and conditions contained in such standard terms.

Confirmed, accepted and agreed this 31st day of January, 2018.

RENFREW HYDRO INC.

Per: Bill Noyard
Name: Bill Noyard
Title: President & CEO

Per: Cindy Marshall
Name: Cindy Marshall
Title: Secretary Treasurer

I/We have the authority to bind the Borrower

* Registered trademark of Royal Bank of Canada.

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Appendix D

2

LEASE AGREEMENT

THIS LEASE is dated the 1st day of July, 2015.
IN PURSUANCE of the *Short Forms of Leases Act* (Ontario)

BETWEEN:

119871 CANADA INC.

(the "Landlord")

- and -

RENFREW HYDRO INC.

(the "Tenant")

THE PARTIES AGREE AS FOLLOWS:

1. SCHEDULES

1.1 The following Schedules shall form a part of this Lease:

- (a) Schedule "A" - Legal Description of Property
- (b) Schedule "B" - Outline of Property

2. DEMISE

2.1 **Premises** - The Landlord is the owner of the lands on which is situate a building known municipally as 499 O'Brien Road, Renfrew, Ontario, which is hereinafter referred to as the "Property".

2.2 **Leased Premises** - The Landlord hereby demises and leases to the Tenant that portion of the property being the warehouse space outlined in red on Schedule "B" attached hereto, having an area of approximately Ten Thousand (10,000) square feet, all of which is hereinafter referred to as the "Leased Premises".

3. TERM

3.1 **Term** - This Lease shall be for a term of ten (10) years from July 1, 2015 (the "Lease Commencement Date"). If the date of occupation by the Tenant shall be accelerated, or alternatively if the Landlord shall be delayed in delivering up possession of the Leased Premises, the Lease Commencement Date and the last day of the Term shall be adjusted accordingly to the possession day.

3.2 The Tenant shall have the option to renew this Lease for a second term of five (5) years by giving notice of such renewal in writing to the Landlord no later than six (6) months before the end of the Term hereof. The monthly rent for the renewal term shall be agreed upon by the Landlord and the Tenant not less than sixty (60) days prior to the expiry of the initial Term, failing which the amount of annual rent will be determined by binding arbitration pursuant to the Arbitration Act (Ontario) and will be determined on the basis of the fair market rental for comparable premises in the vicinity of the Premises.

4. USE OF LEASED PREMISES

4.1 Permitted Uses - During the Term of the Lease the Premises shall not be used for any purpose other than the Tenant's normal business, without the express consent of the Landlord, given in writing, which consent shall not be unreasonably withheld or delayed, which uses currently include a business office open to the public, a parts warehouse and vehicle and equipment storage.

4.2 **Conduct of Business** - The Tenant shall operate and conduct its business in an up-to-date, clean and reputable manner. The Tenant covenants that it shall not, during the operation of its business from the Leased Premises, do or perform, or omit to do or perform, any act that would cause a nuisance to, or disrupt the business operations of, other tenants located on the Premises.

5. **RENT**

5.1 **Rent** - The Tenant shall pay to the Landlord from and after the Lease Commencement Date a fixed minimum of **Fifty Thousand, Four Hundred (\$50,400.00)** Dollars per annum (the "Fixed Minimum Rent"), plus HST. This amount includes an allowance of Fourteen Thousand, Four Hundred per annum to compensate the Landlord for the office addition and building renovations. There shall be no adjustment to the Fixed Minimum Rent based on the actual area of the Leased Premises being greater than or less than Ten Thousand (10,000) square feet.

5.2 **Payment of Rent** - The Fixed Minimum Rent shall be payable by the Tenant to the Landlord in advance in equal monthly instalments of **Four Thousand, Two Hundred (\$4,200.00)**, plus HST, on the first day of each month during the Term.

5.3 **Additional Rent** - The Tenant and the Landlord agree that any money required to be paid in addition to the Fixed Minimum Rent or charges required to be paid by the Tenant (whether to the Landlord or third parties) under this Lease shall constitute additional rent ("Additional Rent") for the Leased Premises whether or not the same be designated as "Additional Rent" and the Tenant covenants to pay such Additional Rent and for the purposes herein, additional Rent and Fixed Minimum Rent shall be collectible as "Rent" and the Landlord shall have the same remedies in respect of arrears of Additional Rent as it has in respect of arrears of Rent. If such amounts or charges are not paid at the time provided in this Lease, they shall nevertheless, if not paid when due, be collectible as Additional Rent with the next installment of Rent thereafter falling due hereunder, but nothing herein contained shall be deemed to suspend or delay the payment of any amount of money or charge at the time the same becomes due and payable hereunder, or limit any other remedy of the Landlord.

5.4 **Interest on Overdue Rent** - If the Tenant fails to pay Rent when due and payable, such unpaid amounts shall bear interest from the date payment was due at any annual rate equal to the prime commercial lending rate of the Landlord's bank's plus two percent (2%).

6. **TENANT'S PAYMENTS**

6.1 The Tenant shall be responsible for and promptly pay all charges for the cost of:

- (a) All Fixed Minimum Rent reserved herein;
- (b) Insurance required to be obtained and maintained by the Tenant pursuant to the terms of this Lease;
- (c) Additional Rent: A \$400.00 per month payment towards property taxes. Each year this amount will be adjusted by the change in the total tax rates levied by the Town of Renfrew. The 2014 Total Tax Rate for Commercial Class is 0.03638937.
- (d) Utility charges in connection with the Leased Premises, excluding water and sewer, which are the responsibility of the Landlord. The Tenant is responsible for payment of electricity and gas charges, which amounts will be billed directly to the Tenant by the Utilities. The supply of telephone and internet service is the responsibility of the Tenant.

- (e) The Tenant shall not pay for any Landlord costs attributable to any maintenance of the common areas, parking lot, management fees or any costs incurred by the Landlord's ownership of the complex. The Tenant shall only pay for costs outlined in this paragraph 6.

7. MAINTENANCE AND REPAIR WORK

- 7.1 **Tenant's Acknowledgment** - The Tenant acknowledges the condition of the Leased Premises, including all heating, cooling, ventilating, mechanical, plumbing and electrical facilities, lights and loading levellers serving the Leased Premises and agrees to accept the same in the condition that exists as of the date hereof.
- 7.2 **Tenant's Maintenance Responsibility** - The Tenant shall maintain and keep, at its own expense, the Leased Premises and every part thereof in its current condition and to make all needed repairs, including all maintenance of the heating and air conditioning units, but excluding reasonable wear and tear, structural defects, damage by fire, lightning and tempest and any other risks and any other obligations of the Landlord hereby provided herein.
- 7.3 **Landlord's Maintenance Responsibility** - The Landlord shall maintain and keep the roof, foundation, outside walls, down pipes, storm drains, heating and cooling systems and the sanitary sewer pump and pipes in good substantial repair and promptly make all needed repairs and replacement of a quality and kind at least equal to the original, reasonable wear and tear excepted.

8. TRADE FIXTURES AND IMPROVEMENTS

- 8.1 **Tenant's Trade Fixtures** - The Tenant may install its trade fixtures and equipment on the Leased Premises. Upon termination of the Lease, the Tenant shall remove its trade fixtures and equipment and shall repair any damage caused to the Leased Premises as the result of such removal.
- 8.2 **Signage** - The Tenant shall not have the right to install any signage on the Leased Premises or on the pylon sign serving the Premises without the prior written consent of the Landlord. Any signage so permitted to be installed shall be installed in accordance with the applicable municipal by-laws governing the Premises.
- 8.3 **Tenant's Improvements** - The Tenant may make improvements to the Leased Premises providing the Tenant obtains the prior written consent to the Landlord. Upon termination of the Lease, the Tenant may remove any improvements made by it, providing the Tenant restores the Leased Premises to the state in which it took possession of the Leased Premises, excepting reasonable wear and tear.
- 8.4 **Construction Liens** - The Tenant shall not suffer or permit any construction or other liens to be filed or placed or exist against the Leased Premises by reason of work, labour, services or materials supplied or claimed to have been supplied to the Tenant or anyone holding the Leased Premises or any part thereof through or under the Tenant. If any construction lien shall at any time be filed against the Leased Premises, the Tenant shall cause the same to be discharged or vacated with reasonable promptitude after the date the Tenant becomes aware of the same. Nothing in this provision shall prevent the Tenant from contesting in good faith the amount and validity of any claim.
- 8.5 **Work to be Done Prior to Lease Commencement Date** - The Tenant has inspected the Leased Premises and agrees to lease the Leased Premises in its current state and condition without any additional improvement, repair or modification by the Landlord prior to the Lease Commencement Date except as may otherwise be specifically provided for in this Lease Agreement.
- 8.6 **Parking Areas** - The Tenant has the right to parking spaces for twelve (12) standard size vehicles in the parking lot area adjacent to the 100 foot length of the west wall of the Leased Premises.

9. QUIET ENJOYMENT AND ACCESS

9.1 Quiet Enjoyment - The Landlord shall:

- (a) Provide the Tenant with vacant possession and quiet enjoyment of the Leased Premises as of the Lease Commencement Date;
 - (b) Allow the Tenant and its agents free and uninterrupted access to the Leased Premises for any purpose related to the operation of the Tenant's business;
- 9.2 Changes to Leased Premises** - During the currency of this Lease the Landlord hereby reserves the right at any time to construct additions to the building or parking areas serving the Premises and to make alterations or renovations providing such additions, alterations and/or renovations do not materially impact on the Tenant's use and enjoyment of the Lease Premises.

9.3 Access by Landlord

- Providing the Landlord does not materially impact on the Tenant's use and enjoyment of the Leased Premises, the Landlord and any person authorized by the Landlord shall have the following rights to entry:

- (a) To use, install, maintain or repair pipes, wires, ducts or other installations in, under or through the Leased Premises for or in connection with the supply of any services to the Leased Premises or any other premises in the building. Such services shall include (without limiting the generality of the foregoing) gas, electricity, water, sanitation, heat, ventilation, and air conditioning.
- (b) When necessary by reason of accident or other cause or in order to make any repairs, alterations or improvements to the Leased Premises or to other portions of the building, the Landlord may cause such reasonable and temporary obstruction as may be necessary and may interrupt or suspend the supply to the Leased Premises of electricity, water and other services where necessary and until said repairs, alterations, improvements and additions shall have been completed. Subject to the proviso at the opening of this section, there shall be no abatement in Rent because of any such obstruction, interruption or suspension provided that such repairs, alterations, improvements or additions are made with reasonable dispatch.
- (c) On reasonable notice (and, without notice in the event of a *bona-fide* perceived emergency), the Landlord or its agents shall have the right to enter upon the Leased Premises at all reasonable times to view the state of repair, condition and use thereof and to make such repairs, alterations, improvements or additions as it may deem reasonable and advisable and providing such charges in respect thereof are the responsibility of the Landlord and the Landlord or its agents shall be allowed to take all material into and upon the Leased Premises that may be required therefor without the same constituting any eviction of the Tenant. Subject to the proviso at the opening of this section, the Rent hereunder shall in no way abate while such repairs, alterations, improvements or additions are being made by reason of loss or interruption of the business of the Tenant because of the prosecution of any such work.
- (d) The Landlord shall not be liable to the Tenant for any interference or inconvenience caused by any additional construction or repairs permitted hereunder, subject to the proviso at the opening of this section and provided such additional construction or repairs are carried out as expeditiously as is reasonably possible and without material impact on the Tenant's business.
- (e) During the thirty (30) days prior to the expiration of the Initial Term of this Lease or any renewal term, the Landlord may exhibit the Leased Premises to prospective tenants and may, at any time on reasonable notice, exhibit the Leased Premises to potential purchasers of the Premises.

- (f) In the event of an emergency, the Tenant's representatives shall not be personally present to open and permit any entry into the Leased Premises at any time. When for any reason an entry therein shall be necessary the Landlord or the Landlord's agent may enter the same by a master key, or may forcibly enter the same without constituting an eviction of the Tenant, without rendering the Landlord liable in any way to the Tenant and without affecting the obligations and covenants of the parties under this Lease.
- (g) Nothing in this section contained herein shall be deemed or construed to impose upon the Landlord any obligations, responsibility or liability whatsoever, for the care, maintenance or repair of the building or any part thereof, except as otherwise in this Lease specifically provided.

10. **ENVIRONMENTAL**

- 10.1 **Environmental Issues and Contaminants** - The Tenant shall not do or permit anything to be done on, around or in relation to the Leased Premises, or bring or keep anything thereon which may in any way increase or cause environmental contamination, adverse environmental effects, or which may be in contravention with the *Environmental Protection Act*, or any amendment thereto, or any other federal, provincial or municipal legislation, regulation, ordinances or rules regarding environmental protection which are currently existing or which are enacted during the currency of this Lease. The Tenant shall not cause and shall not permit to be caused, the escape, discharge, leaching, disposal, maintenance and/or the storage of any contaminants, pollutants, radioactive material, PCB, or other hazardous material on, around, or in relation to the Leased Premises. The Tenant shall be solely and totally responsible for the clean-up and repair of any environmental damage or adverse effects arising as a result of the breach of the Tenant's covenants herein contained. The Tenant hereby agrees to indemnify, defend and save the Landlord and any mortgagee harmless from any and all liability, claims, damage, expense, causes of action, suits or judgments arising from the Tenant's breach of this covenant. The indemnity referred to herein shall include, but not be limited to, claims made by third parties arising out of common law. The Tenant herein covenants to provide immediate notice to the Landlord of any breach of the covenants contained herein. The Tenant acknowledges the Landlord, or its agent, shall be permitted to enter onto the Leased Premises at any time to inspect the Leased Premises if it has reason to believe that the Tenant has breached its covenant contained in this section. The Landlord shall also be entitled to take corrective action regarding any breach of the Tenant's covenants contained herein, at the Tenant's expense.

11. **INSURANCE**

- 11.1 During the Term of this Lease, and any renewal thereof, the Landlord shall maintain with respect to the Premises, insurance coverage insuring against:
 - (a) loss or damage by fire, lightning, storm and other perils that may cause damage to the Premises or the property of the Landlord in which the Premises are located as are commonly provided for as extended perils coverage or as may be reasonably required and obtained by the Landlord and the insurance policy shall provide coverage on a replacement cost basis in an amount sufficient to cover the cost of all signs and leasehold improvements;
 - (b) liability for bodily injury or death or property damage sustained by third parties up to such limits as the Landlord in its sole discretion deems advisable;
 - (c) rental income protection insurance with respect to fire and other perils to the extent of one year's Rent payable under this Lease;

(d) the Landlord will add the Tenant, as an additional insured, under insurance policies maintained for the 'Premises';

but such insurance and any payment of the proceeds thereof to the Landlord shall not relieve the Tenant of its obligations to continue to pay rent during any period of rebuilding, replacement, repairing or restoration of the Premises, excepting as provided in the following:

- (1) If the Premises or the building in which the Premises are located are damaged or destroyed, in whole or in part, by fire or other peril, then the following provisions shall apply:
- (a) if the damage or destruction renders the Premises unfit for occupancy and impossible to repair or rebuild using reasonable diligence within 120 clear days from the happening of such damage or destruction, then the Term hereby granted shall cease from the date the damage or destruction occurred, and the Tenant shall immediately surrender the remainder of the Term and give possession of the Premises to the Landlord, and the Rent from the time of th surrender shall abate;
 - (b) if the Premises can with reasonable diligence be repaired and rendered fit for occupancy within 120 days from the happening of the damage or destruction, but the damage renders the Premises wholly unfit for occupancy, then the Rent hereby reserved shall not accrue after the day that such damage occurred, or while the process of repair is going on, and the Landlord shall repair the Premises with all reasonable speed, and the Tenant's obligation to pay Rent shall resume immediately after the necessary repairs have been completed;
 - (c) if the Leased Premises can be repaired within 120 days as aforesaid, but the damage is such that the Leased Premises are capable of being partially used, then until such damage has been repaired, the Tenant shall continue in possession and the Rent shall abate proportionately.

(2) Any question as to the degree of damage or destruction or the period of time required to repair or rebuild shall be determined by an architect retained by the Landlord.

11.2 The Tenant covenants to keep the Landlord indemnified against all claims and demands whatsoever by any person, whether in respect of damage to person or property, arising out of or occasioned by the maintenance, use or occupancy of the Premises or the subletting or assignment of same or any part thereof. And the Tenant further covenants to indemnify the Landlord with respect to any encumbrance on or damage to the Premises occasioned by or arising from the act, default, or negligence of the Tenant, its officers, agents, servants, employees, contractors, customers, invitees or licensees and the Tenant agrees that the foregoing indemnity shall survive the termination of this Lease notwithstanding any provisions of this Lease to the contrary. Notwithstanding the foregoing, this indemnity shall not apply or extend to any loss or damage that is covered by Landlord's insurance.

11.3 The Tenant shall carry insurance in his own name to provide coverage with respect to the risk of business interruption to an extent sufficient to allow the Tenant to meet his ongoing obligations to the Landlord and to protect the Tenant against loss of revenues.

11.4 The Tenant shall carry insurance in his own name insuring against the risk of damage to the Tenant's property within the Premises caused by fire or other peril and the policy shall provide for coverage on a replacement cost basis to protect the Tenant's stock-in-trade, equipment, Trade Fixtures, decorations and improvements.

11.5 The Tenant shall carry public liability and property damage insurance in which policy the Landlord shall be an additional insured and the policy shall include a cross-liability endorsement.

11.6 The Tenant shall provide the Landlord with a copy of the above policies.

12. **DISPOSITIONS**

12.1 **Assigning and Subletting** - The Tenant shall not assign this Lease or sublet the Leased Premises without the Landlord's consent, which consent shall not be unreasonably withheld.

12.2 **Expropriation** - Both the Landlord and the Tenant agree to co-operate with each other in respect of any expropriation of all or any part of the Leased Premises, so that each may receive the maximum award in the case of any expropriation to which they are respectively entitled at law.

12.3 **Successors** - All rights and liabilities shall extend to and bind the respective successors and assigns of the Landlord. No rights, however, shall enure to the benefit of any assignment of the Tenant unless the assignment to such assignee has been approved by the Landlord in writing. Upon the Landlord assigning this Lease to a purchaser of the Leased Premises, the Landlord shall be, without further act or agreement, released from all obligations hereafter existing under this Lease.

13. **HOLDING OVER AND RENEWAL**

13.1 **Holding Over** - In the event that the Tenant remains in possession of the Leased Premises after the end of the term hereof and without the execution and delivery of a notice of renewal, there shall be no tacit renewal of this Lease and the term hereby granted and the Tenant shall be deemed to be occupying the Leased Premises as a Tenant from month to month, and otherwise upon the same terms and conditions as are set forth in this Lease, so far as applicable.

14. **ACKNOWLEDGMENT OF TENANCY, ATTORNMENT, SUBORDINATION**

14.1 **Acknowledgment of Tenancy** - If acknowledgment of tenancy shall be required by the Tenant or Landlord, the other party agrees to execute and deliver, within five (5) business days of the request of the other, a certificate certifying (if such be the case) that this Lease is in full force and effect, that this Lease is unamended, or if amended that particulars thereof, the amount of the Rent, and that such Rent is paid currently without any defence or offsets thereto; that the Tenant is in possession, that there are not prepaid rents or security deposits other than those set out in this Lease, that there are not uncured defaults by either party or stating those claimed, that the Leased Premises are completed and are in good condition and repair, or such other information as the Landlord may request, and such other matters as the parties may reasonably require.

14.2 **Subordination and Attornment** - It is a condition of this Lease and the Tenant's right granted hereunder that this Lease and any renewal are subordinate to any and all mortgages, or other instruments of financing, refinancing or collateral financing, from time to time in existence against the Leased Premises. Upon request of the Landlord, the Tenant shall subordinate its rights hereunder to the lien of any mortgagee or the lien resulting from any other method of financing or refinancing, now or hereafter in force against any part of the Leased Premises and to all advances made or hereafter to be made upon the security thereof or will acknowledge the subordination or postponement of the rights hereunder in favour of such mortgage or lien. If requested, the Tenant shall attorn to the holder of any such mortgage or other lien resulting from any method of financing or refinancing or to the registered owners of the Leased Premises as the case may be. No subordination by the Tenant shall have the effect of permitting the holder of the mortgage or any financial instrument or of a lien to disturb the occupation and

possession by the Tenant, so long as the Tenant shall perform all of the terms, covenants, conditions, agreements and provisions contained in the Lease.

15. **DEFAULT, RIGHT TO RE-ENTER AND TERMINATION**

15.1 **Right of Re-entry by Landlord** - The Landlord shall have a right of re-entry in the event that the Tenant:

- (a) Defaults on any of its obligations under this Lease and such default is not cured or resolved within ten (10) days of written notice of the default being delivered by the Landlord to the Tenant, providing that if such Default reasonably requires more than ten (10) days to cure, it is sufficient if the Tenant has taken steps to cure the default within that time period and continues work diligently in that regard.
- (b) If at any time during the currency of the Lease the goods and chattels of the Tenant are seized or taken in execution or attachment by a creditor of the Tenant, or if the Tenant shall make any assignment for the benefit of creditors or any bulk sale or, become bankrupt or insolvent, or if the Tenant shall take the benefit of any Act now or hereafter in force of bankrupt or insolvent debtors or if a private or duly Court appointed Receiver, Receiver-Manager-Agent is appointed to take Receiver-Manager or Tenant's property or assets, or if any order shall be made for possession of the winding up the Tenant, then and in every such case the then current month's Rent and the next ensuing three (3) months rent shall immediately become due and be paid and the Landlord may re-enter and take possession of the Leased Premises as though the Tenant or the servants of the Tenant or any other occupant of the Leased Premises were holding over after the expiration of the said term and the said term shall, at the option of the Landlord, forthwith become forfeited and determined, and in every one of the cases above such accelerated Rent shall be recoverable by the Landlord in the same manner as the Rent hereby reserved and as if the Rent were in arrears and the said option shall be deemed to have been exercised if the Landlord or its agents have given notice to the Tenant as provided for herein.

15.2 **Right to Re-Let** - Should the Landlord elect to re-enter, as herein provided, or should it take possession pursuant to legal proceedings or pursuant to any notice provided for by law, it may either terminate this Lease or it may from time to time without terminating this Lease, make such alterations and repairs as may be necessary in order to re-let the Leased Premises, or any part thereof, as agent for the Tenant for such term (which may be for a term extending beyond the Term of this Lease) and at such rental or rentals, and upon such re-letting all rentals received by the Landlord from such re-letting shall be applied:

First, to the payment of the indebtedness other than Rent due hereunder from the Tenant to the Landlord;

Second, to the payment of any costs and expense of such re-letting, including brokerage fees and solicitor's fees and costs of such alterations and repairs; and

Third, to the payment of Rent due and unpaid hereunder and the residue, if any, shall be held by the Landlord and applied in payment of future Rent and the same may become due and payable hereunder.

If such rentals received from such re-letting during any month be less than that to be paid during that month by the Tenant hereunder, the Tenant shall pay any such deficiency to the Landlord. Such deficiency shall be calculated and paid monthly.

No such re-entry or taking possession of the Leased Premises by the Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of such intention be given to the Tenant or unless the termination thereof be decreed by a Court of competent jurisdiction. Notwithstanding any such re-letting without termination, the Landlord may at any time thereafter elect to terminate this Lease for such previous breach, in addition to any other remedies it may have, it may recover from the Tenant all damages it may incur by reason of such breach, including the cost of recovering the Leased Premises, and including the worth at the

time of such termination of the excess, if any, to the amount of rent and charges equivalent to Rent reserved in this Lease for the remainder of the term hereof over the then reasonable rental value of the Leased Premises for the remainder of the term hereof. In determining the Rent which would be payable by the Tenant hereunder, subsequent to default, the annual rent for each year of the unexpired term shall be equal to the average Rent paid by the Tenant from the Lease Commencement Date to the time of default or during the preceding one (1) year, whichever period is shorter.

15.3 **Landlord May Perform Covenants** - If the Tenant shall fail to perform any of its covenants or obligations under or in respect of this Lease, the Landlord may from time to time at its discretion, perform or cause to be performed any of such covenants or obligations, or any part thereof and for such purpose may do such things upon or in respect of the Leased Premises or any part thereof as the Landlord may consider requisite or necessary. All expenses incurred and expenditures made by or on behalf of the Landlord under this section shall be forthwith paid by the Tenant and if the Tenant fails to pay the same, the Landlord may recover the same by all remedies available to the Landlord for the recovery of Rent in arrears.

15.4 **Surrender of Premises on Termination** - Upon termination of the Lease the Tenant shall surrender to the Landlord the Leased Premises.

16. **GENERAL**

17.1 **Notices** - Any notice to be given under this Agreement shall be in writing and shall be delivered, mailed by prepaid mail or sent by facsimile as follows:

To the Landlord:

119871 Canada Inc.
1050 O'Brien Road
Renfrew, Ontario
K7V 0B4

To the Tenant:

Renfrew Hydro Inc.

All notices shall:

- (a) if delivered, be deemed to have been received upon receipt;
- (b) if transmitted by facsimile, be deemed to have been given on the next business day following the day they were sent; and
- (c) if mailed, be deemed to have been given on the seventh (7th) business day following the date they were mailed.

In the event of disruption of normal postal service, notice may be delivered by delivery or facsimile only.

17.2 **Waivers** - No waiver by either party of any breach by the other party of any of its covenants, obligations and agreements under this Lease shall be a waiver of any subsequent breach or of any other covenant, obligation or agreement, nor shall any forbearance to seek a remedy for any breach be a waiver of any rights and remedies with respect to such or any subsequent breach.

17.3 **Amendments** - This Lease may not be amended or altered except by instrument in writing signed by the parties hereto or by their respective successors and assigns.

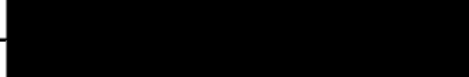
17.4 **Severability** - If any covenant, obligation or agreement of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Lease or the application of such covenant,

obligation or agreement to persons or circumstances, other than those as to which it is held invalid or unenforceable, shall be separately valid and enforceable to the fullest extent permitted by law.

- 17.5 **Headings and Marginal Notes** - The article and section headings and of this Lease have been inserted for convenience of reference only and do not form part of this Lease, nor may such be referred to in the interpretation hereof.
- 17.6 **Changes Required by Context** - This Lease shall be read with all changes of gender and number required by the context.
- 17.7 **Consents** - All consents and/or approvals required to be given under this Lease shall not be unreasonably withheld or delayed.
- 17.8 **Notice of Lease** - The Landlord shall cooperate, if requested, in the execution and registration of a Notice of Lease.
- 17.9 **Execution in Counterparts and by Electronic Means** - This Lease may be executed in one or more counterparts, each of which so executed shall constitute an original and all of which together shall constitute one and the same Agreement. The parties hereto agree that this Lease may be executed by any party with proof for execution delivered to the other party(s) by electronic or facsimile transmission and that the electronic or facsimile signature shall be considered as an original signature of that party so executing. The party receiving the Lease with an electronic or facsimile signature may then sign the Lease as received with the electronic or facsimile signature. The party sending the Lease with an electronic or facsimile signature shall maintain an original executed copy and upon demand by any party, shall provide an original copy of any executed document delivered by electronic or facsimile means.

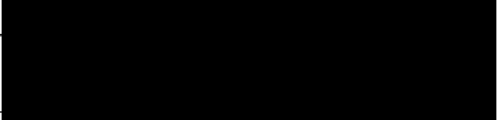
IN WITNESS WHEREOF the parties hereto have hereunder executed this Lease by affixing their corporate seals under the hands of their respective officers duly authorized in that behalf.

119871 CANADA INC.

Per: 

I have the authority to bind the Corporation

RENFREW HYDRO INC.

Per: 

(Print Name)

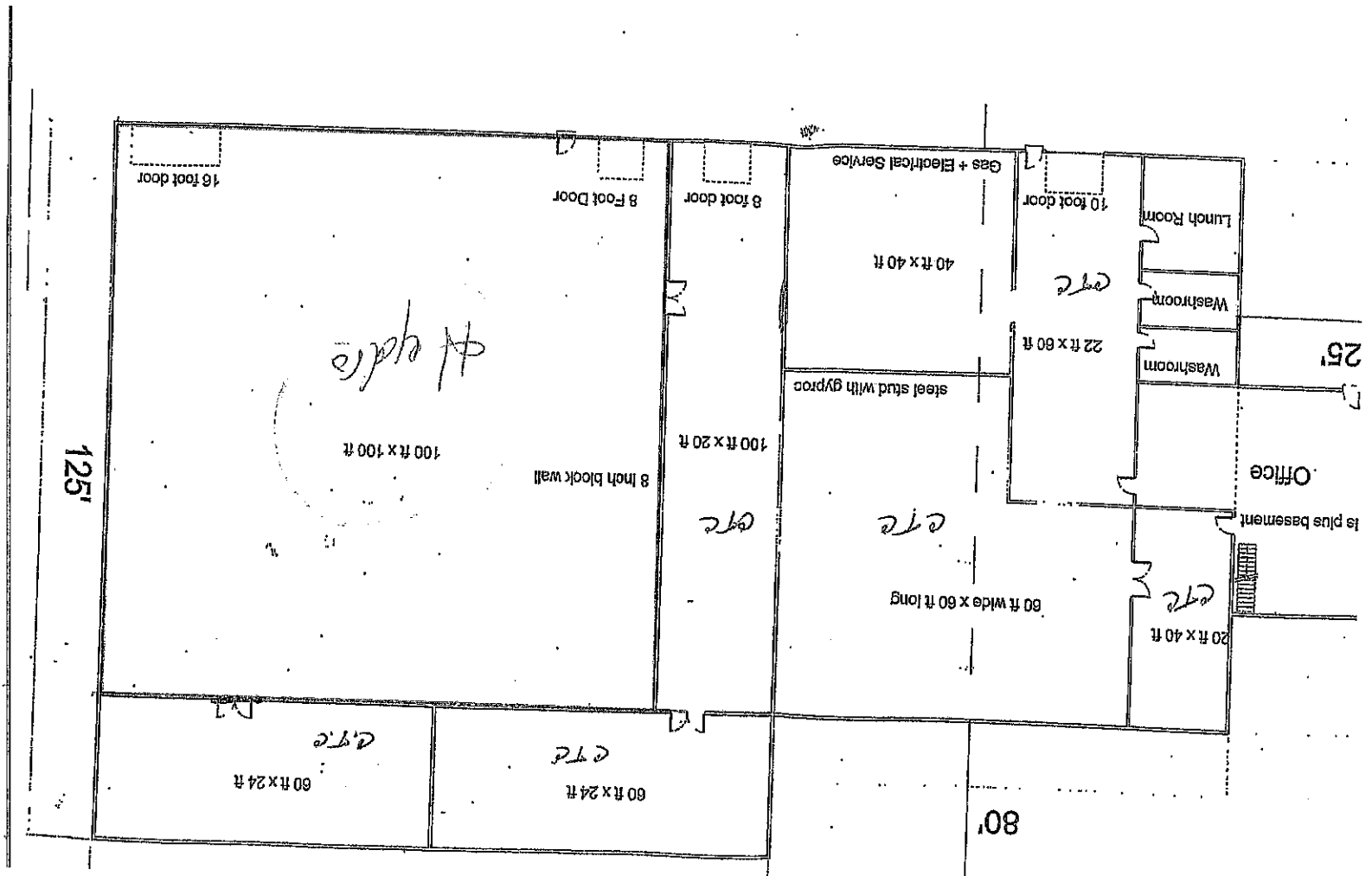
I have the authority to bind the Corporation

SCHEDULE "A"

LEGAL DESCRIPTION

PIN 57289-0080 (LT)

Part Lot 9, Concession 2, Horton, Part 1 on 49R650 and Part 1 on 49R3910, Except Part 1 on 49R8978 and Parts 1 & 2 on 49R9105, Town of Renfrew, County of Renfrew.



1

Appendix E

2



831 Nipissing Road
Milton, Ontario
L9T 4Z4, CANADA

Telephone: (905) 875-2000
Facsimile: (905) 875-2009

July, 26th, 2022

Renfrew Hydro
499 O'Brien Rd
Renfrew, ON K7V 3Z3

Attention James Riopelle,

With reference to your request, we wish to submit the following for your consideration:

One New (1) AM55E-E68 mounted on a 2023 Freightliner M2-106 6x4 with Fiberglass Line Body.

PRICE (1) AM55E-E68 (6x4) \$545,543.00

Modifications:

Item	Description	Hours	Labor	Material	Expenses	Total
1	S & I 3000W INVERTER MOUNTED SS BOTTOM OF COMPARTMENT, ADD SHELF AND GFCI OUTLET TOP OF SS2, ADD GFCI OUTLET OUTSIDE TRUCK MOUNTED CS GAP BETWEEN CAB AND BODY, INSTALL SHORE POWER PLUG CLOSE TO DRIVER DOOR	0.00	\$0.00	\$0.00	\$13,034.00	\$13,034.00
2	INSTALL TWO (2) TRANSFORMER TIE DOWNS AT REAR OF DECK EVENLY SPACED	4.00	\$556.00	\$0.00	\$133.00	\$689.00
3	INSTALL DECK LIGHTING RECESSED INTO BACK OF COMPARTMENTS (4 TOTAL) 2 PER SIDE, EVENLY SPACED, ONE IN FRONT OF WALK UP STEPS TO PLATFORM, ONE BEHIND WALKUP STEPS TO PLATFORM	8.00	\$1,112.00	\$0.00	\$1,070.65	\$2,182.65
4	INSTALL WINDOW BOX BETWEEN CAB & BODY	6.00	\$834.00	\$0.00	\$1,662.50	\$2,496.50
5	INSTALL BACK UP CAMERA, SCREEN TO REPLACE REAR VIEW MIRROR	12.00	\$1,668.00	\$1,309.70	\$0.00	\$2,977.70
6	INSTALL TWO (2) BOOT BRUSHES MOUNTED CS AND SS STEPS LEADING TO CAB	0.00	\$0.00	\$0.00	\$264.74	\$264.74
7	INSTALL FIRE EXTINGUISHER BOX	2.50	\$347.50	\$0.00	\$616.67	\$964.17
8	INSTALL GO LIGHTS MOUNTED EITHER SIDE OF BOOM TO REPLACE ALTEC RED STROBES	12.00	\$1,668.00	\$953.97	\$0.00	\$2,621.97
9	INSTALL FOUR (4) LED STROBE LIGHTS (2 REAR OF CAB AND 2 REAR OF TRUCK MOUNTED ABOVE EYE LEVEL)	12.00	\$1,668.00	\$741.08	\$0.00	\$2,409.08
10	INSTALL SCENE LIGHTING QTY FOUR (4) TWO ON EACH SIDE OF COMPARTMENT TOP BOXES	12.00	\$1,668.00	\$2,692.00	\$0.00	\$4,360.00
11	INSTALL LOWER BOOM STOW INDICATOR	1.00	\$139.00	\$0.00	\$93.10	\$232.10
12	INSTALL SHOVEL, BROOM & RAKE HOLDER	2.00	\$278.00	\$0.00	\$199.50	\$477.50
13	FREIGHT	0.00	\$0.00	\$0.00	\$630.00	\$630.00
14	SHOP SUPPLIES & ENVIRONMENTAL FEE	0.00	\$0.00	\$0.00	\$200.00	\$200.00
Totals		71.50	\$9,938.50	\$5,696.75	\$17,904.16	\$33,539.41

Total Unit Price.....\$579,082.41.00

TERMS & CONDITIONS

TAXES - Extra
FOB - 499 O'Brien Rd. Renfrew. ON
TERMS - Payment Prior to Delivery
DELIVERY - Q4, 2022

- Price does not include taxes, extra fees, levies, or environmental charges, that may be applied to the new cab and chassis supplied. Any extra charges shall be passed to the customer along with the sale of the chassis.
- Drive Service shall be utilized as the standard mode of transfer to and from Altec Industries Final Assembly
- This quotation is valid for 30 days. After 30 days please contact Altec Industries Ltd for a possible extension of quotation.
- Final Delivery subject to availability of major components (i.e. chassis, body, aerial/derrick), and to plant capacity at time of order.
- Altec will make every effort to honor this quotation, subject to the following provisions. Prices for equipment with production start dates 12 months and beyond budgetary only due to irregular cost inflation and market volatility. These prices will be reviewed based on market conditions and confirmed closer to the production date.
- For a quoted chassis model year beyond the current open order bank, chassis model year, specifications and price will be reviewed and confirmed when specific model year information becomes available for the OEM.

Altec Industries Ltd. is committed to supplying quality products and dependable service to our customers. We wish to thank you for the opportunity of quoting on this equipment and look forward to the pleasure of supplying your future requirements.

Should you require any additional information on the above, please do not hesitate to contact your account manager Phillip Petlic (905) 875-8314

Sincerely,

Phillip Petlic
ALTEC INDUSTRIES LTD.