



## EXHIBIT 5 – COST OF CAPITAL AND CAPITAL STRUCTURE

2025 Cost of Service

Lakeland Power Distribution Ltd.  
EB-2024-0039

**TABLE OF CONTENTS**

**Table of Contents..... 1**

**5.1 Capital Structure..... 3**

    5.1.1 Overview of Capital Structure.....3

    5.1.2 2025 Deemed Capital Structure.....4

**5.2 Appendix 2-OA Capital Structure / Cost of Capital..... 5**

**5.3 Appendix 2-OB Cost of Debt Instruments ..... 6**

**5.4 Cost of Capital..... 11**

    5.4.1 Return on Equity ..... 11

    5.4.2 Weighted Average Cost of Debt..... 12

    5.4.3 Long-Term Debt ..... 12

    5.4.4 Short-Term Debt..... 13

**5.5 Not For Profit Organizations..... 14**

**Appendices ..... 15**

1	<b>Table of Figures</b>	
2	Table 1 - Overview of Capital Structure.....	4
3	Table 2 - Appendix 2-OA Capital Structure/Cost of Capital.....	5
4	Table 3 - Appendix 2-OB Debt Instruments .....	6
5	Table 4 - Historical ROE's.....	11
6	Table 5 - Recalculated ROE's After PILS Impact from AIIP CCA Adjustment.....	12
7	Table 6 - Derivation of Long-Term Debt Rate .....	12
8		

## 5.1 CAPITAL STRUCTURE

### 5.1.1 OVERVIEW OF CAPITAL STRUCTURE

In this Exhibit, LPDL presents evidence regarding its capital structure, debt financing and the calculation of Return on Equity ("ROE") for the 2025 Test Year.

LPDL seeks to recover a weighted average Cost of Capital of 6.60% through rates in the 2025 Test Year. LPDL has followed the *"Report of the Board on Cost of Capital for Ontario's Regulated Utilities"*, December 11, 2009 as well as the *"Review of the Existing Methodology of the Cost of Capital for Ontario's Regulated Utilities"*, January 14, 2016, in determining the Cost of Capital.

In calculating the Cost of Capital, LPDL 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 31, 2023, for the allowed ROE. LPDL actively remains close to the deemed 60/40 split to ensure LPDL receives the benefit of lower debt rates while still retaining flexibility and debt capacity for future capital needs.

LPDL is not seeking any changes in its Capital Structure from its 2019 Board Approved Structure other than the rates which are imposed by the OEB.

LPDL understands that the OEB is expected to update the capital parameters for 2025 at a later date, and therefore commits to updating this Application to reflect the OEB's updated Cost of Capital Parameters for 2025 applications and as new information is issued.

LPDL is a wholly owned subsidiary of Lakeland Holding Ltd. which is owned by the municipalities of Bracebridge, Huntsville, Parry Sound, Sundridge, Burk's Falls and Magnetawan. No securities were issued and no assets were distributed by LPDL as part of the legal amalgamation with Parry Sound Power in 2014.

## 5.1.2 2025 DEEMED CAPITAL STRUCTURE

LPDL's Cost of Capital for 2025 has been calculated as 6.60%, as shown in Table 1 below.

**Table 1 - Overview of Capital Structure**

Deemed Capital Structure for 2025			
Description	% of Rate Base	Rate of Return	
Long Term Debt	56.00%	4.76%	
Unfunded Short Term Debt	4.00%	6.23%	
Total Debt	60.00%		
Common Share Equity	40.00%	9.21%	
Total equity	40.00%		
Total Rate Base	100.00%	6.60%	

Retirements of debt or preference shares and buy-back of common shares; and offerings of short-term debt, long-term debt, preference shares do not apply to LPDL as LPDL has not issued any preference shares.

## 5.2 APPENDIX 2-OA CAPITAL STRUCTURE / COST OF CAPITAL

Appendix 2-OA, shown in Table 2, presents the capital structure for the 2019 Board Approved and the 2025 Test year.

**Table 2 - Appendix 2-OA Capital Structure/Cost of Capital**

### Appendix 2-OA Capital Structure and Cost of Capital

This table must be completed for the last OEB-approved year and the test year.

Test Year: 2025

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	<b>Debt</b>				
1	Long-term Debt	56.00%	\$20,014,990	4.76%	\$953,140
2	Short-term Debt	4.00% (1)	\$1,429,642	6.23%	\$89,067
3	<b>Total Debt</b>	60.0%	\$21,444,632	4.86%	\$1,042,207
	<b>Equity</b>				
4	Common Equity	40.00%	\$14,296,421	9.21%	\$1,316,700
5	Preferred Shares		\$ -		\$ -
6	<b>Total Equity</b>	40.0%	\$14,296,421	9.21%	\$1,316,700
7	<b>Total</b>	100.0%	\$35,741,053	6.60%	\$2,358,907

#### Notes

(1) 4.0% unless an applicant has proposed or been approved for a different amount.

Last OEB-approved year: 2019

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	<b>Debt</b>				
1	Long-term Debt	56.00%	\$16,618,376	3.02%	\$501,875
2	Short-term Debt	4.00% (1)	\$1,187,027	2.82%	\$33,474
3	<b>Total Debt</b>	60.0%	\$17,805,403	3.01%	\$535,349
	<b>Equity</b>				
4	Common Equity	40.00%	\$11,870,268	8.98%	\$1,065,950
5	Preferred Shares		\$ -		\$ -
6	<b>Total Equity</b>	40.0%	\$11,870,268	8.98%	\$1,065,950
7	<b>Total</b>	100.0%	\$29,675,671	5.40%	\$1,601,299

#### Notes

(1) 4.0% unless an applicant has proposed or been approved for a different amount.

1

5.3 APPENDIX 2-OB COST OF DEBT INSTRUMENTS

2Appendix 2-OB, shown in Table 3, presents the cost of debt instruments for all required historical years, 2019-2023, 2024 Bridge Year and 2025

3Test Year.

4

Table 3 - Appendix 2-OB Debt Instruments

File Number:	EB-2024-0039
Exhibit:	5
Tab:	5.3
Schedule:	Table 3
Page:	
Date:	October 31, 2024

Appendix 2-OB  
Debt Instruments

Notes

- 1If financing is in place only part of the year, separately calculate the pro-rated interest in the year and input in the cell.
- 2Input actual or deemed long-term debt rate in accordance with the guidelines in *The Report of the Board on the Cost of Capital for Ontario's Regulated Utilities* , issued December 11, 2009, or with any subsequent update issued by the OEB.
- 3Add more lines above row 12 if necessary.

Year

2019

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) <sup>2</sup>	Interest (\$) <sup>1</sup>	Additional Comments, if any
1	Term Loan - 03	TD Bank	No	Fixed	15-Mar-18	5	\$ 1,162,500	0.0362	\$ 42,082.50	
2	Term Loan - 05	TD Bank	No	Fixed	3-Feb-17	2	\$ 4,000,000	0.001843	\$ 7,372.05	
3	Term Loan - 05	TD Bank	No	Fixed	3-Feb-19	3	\$ 4,000,000	0.030466	\$ 121,865.21	
4	Term Loan - 09	TD Bank	No	Fixed	24-Oct-17	5	\$ 2,325,000	0.0321	\$ 74,632.50	
5	Term Loan - 10	TD Bank	No	Fixed	14-Jul-17	5	\$ 2,698,887	0.0304	\$ 82,046.15	
6	Term Loan - 13	TD Bank	No	Fixed	22-Aug-19	5	\$ 8,000,000	0.009827	\$ 78,614.79	
7	Term Loan - 12	TD Bank	No	Fixed	18-Jul-16	3	\$ 7,403,025	0.001852	\$ 13,706.75	
8	Term Loan - 12	TD Bank	No	Fixed	18-Jul-16	3	\$ 7,382,117	0.001852	\$ 13,668.04	
9	Term Loan - 12	TD Bank	No	Fixed	18-Jul-16	3	\$ 7,361,170	0.001672	\$ 12,310.30	
10	Term Loan - 12	TD Bank	No	Fixed	18-Jul-16	3	\$ 7,338,867	0.001852	\$ 13,587.96	
11	Term Loan - 12	TD Bank	No	Fixed	18-Jul-16	3	\$ 7,317,838	0.001792	\$ 13,111.96	
12	Term Loan - 12	TD Bank	No	Fixed	18-Jul-16	3	\$ 7,296,335	0.001852	\$ 13,509.22	
13	Term Loan - 12	TD Bank	No	Fixed	18-Jul-16	3	\$ 7,275,230	0.001792	\$ 13,035.62	
14	Term Loan - 12	TD Bank	No	Fixed	18-Jul-16	3	\$ 7,253,650	0.001911	\$ 13,863.41	
15	Term Loan - 12	TD Bank	No	Fixed	18-Jul-16	3	\$ 7,253,650	0.000179	\$ 1,299.70	
16									\$ -	
Total							\$ 18,186,387	2.83%	\$ 514,706.16	

Year

2020

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) <sup>2</sup>	Interest (\$) <sup>1</sup>	Additional Comments, if any
1	Term Loan - 03	TD Bank	No	Fixed	15-Mar-18	5	\$ 1,162,500	0.036299	\$ 42,197.79	
2	Term Loan - 05	TD Bank	No	Fixed	3-Feb-19	3	\$ 4,000,000	0.033893	\$ 135,570.41	
3	Term Loan - 09	TD Bank	No	Fixed	24-Oct-17	5	\$ 2,325,000	0.032188	\$ 74,836.97	
4	Term Loan - 10	TD Bank	No	Fixed	14-Jul-17	5	\$ 2,698,887	0.030483	\$ 82,270.94	
5	Term Loan - 13	TD Bank	No	Fixed	22-Aug-19	5	\$ 8,000,000	0.029481	\$ 235,844.38	
6									\$ -	
7									\$ -	
8									\$ -	
9									\$ -	
10									\$ -	
11									\$ -	
12									\$ -	
Total							\$ 18,186,387	3.14%	\$ 570,720.50	



Year

2021

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) <sup>2</sup>	Interest (\$) <sup>1</sup>	Additional Comments, if any
1	Term Loan - 03	TD Bank	Third-Party	Fixed	15-Mar-18	5	\$ 1,162,500	0.0362	\$ 42,082.50	
2	Term Loan - 05	TD Bank	Third-Party	Fixed	3-Feb-19	3	\$ 4,000,000	0.0338	\$ 135,200.00	
3	Term Loan - 09	TD Bank	Third-Party	Fixed	16-Oct-17	5	\$ 2,325,000	0.0321	\$ 74,632.50	
4	Term Loan - 10	TD Bank	Third-Party	Fixed	14-Jul-17	5	\$ 2,698,887	0.0304	\$ 82,046.15	
5	Term Loan - 13	TD Bank	Third-Party	Fixed	22-Aug-19	5	\$ 8,000,000	0.0294	\$ 235,200.00	
6									\$ -	
7									\$ -	
8									\$ -	
9									\$ -	
10									\$ -	
11									\$ -	
12									\$ -	
Total							\$ 18,186,387	3.13%	\$ 569,161.15	

Year

2022

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) <sup>2</sup>	Interest (\$) <sup>1</sup>	Additional Comments, if any
1	Term Loan - 02	TD Bank	Third-Party	Fixed	1-Feb-22	4	\$ 4,000,000	0.024167	\$ 96,666.30	
2	Term Loan - 05	TD Bank	Third-Party	Fixed	3-Feb-19	3	\$ 4,000,000	0.00639	\$ 25,558.36	
3	Term Loan - 03	TD Bank	Third-Party	Fixed	15-Mar-18	5	\$ 1,162,500	0.0362	\$ 42,082.50	
4	Term Loan - 09	TD Bank	Third-Party	Fixed	16-Oct-17	5	\$ 2,325,000	0.027351	\$ 63,590.98	
5	Term Loan - 16	TD Bank	Third-Party	Fixed	28-Oct-22	4	\$ 2,325,000	0.00964	\$ 22,412.24	
6	Term Loan - 10	TD Bank	Third-Party	Fixed	14-Jul-17	5	\$ 2,698,887	0.015158	\$ 40,910.68	
7	Term Loan - 11	TD Bank	Third-Party	Variable	7-Jul-22	10	\$ 2,698,887	0.00256	\$ 6,909.89	
8	Term Loan - 11	TD Bank	Third-Party	Variable	7-Jul-22	10	\$ 2,698,887	0.008212	\$ 22,164.14	
9	Term Loan - 11	TD Bank	Third-Party	Variable	7-Jul-22	10	\$ 2,698,887	0.008243	\$ 22,248.14	
10	Term Loan - 11	TD Bank	Third-Party	Variable	7-Jul-22	10	\$ 2,698,887	0.007526	\$ 20,311.89	
11	Term Loan - 11	TD Bank	Third-Party	Variable	7-Jul-22	10	\$ 2,698,887	0.002564	\$ 6,920.98	
12	Term Loan - 13	TD Bank	Third-Party	Fixed	22-Aug-19	5	\$ 8,000,000	0.0294	\$ 235,200.00	
Total							\$ 18,186,387	3.33%	\$ 604,976.11	

Year

2023

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) <sup>2</sup>	Interest (\$) <sup>1</sup>	Additional Comments, if any
1	Term Loan - 02	TD Bank	Third-Party	Fixed	1-Feb-22	4	\$ 4,000,000	0.0298	\$ 119,200.00	
2	Term Loan - 03	TD Bank	Third-Party	Fixed	15-Mar-18	5	\$ 1,162,500	0.009323	\$ 10,837.68	
3	Term Loan - 14	TD Bank	Third-Party	Fixed	24-Mar-23	5	\$ 1,162,500	0.03726	\$ 43,315.07	
4	Term Loan - 05	TD Bank	Third-Party	Fixed	5-Jul-23	4	\$ 3,000,000	0.027549	\$ 82,647.95	
5	Term Loan - 13	TD Bank	Third-Party	Fixed	22-Aug-19	4	\$ 8,000,000	0.019573	\$ 156,585.21	
6	Term Loan - 13	TD Bank	Third-Party	Fixed	22-Aug-23	1	\$ 8,000,000	0.02196	\$ 175,680.00	
7	Term Loan - 16	TD Bank	Third-Party	Fixed	28-Oct-22	4	\$ 2,325,000	0.05768	\$ 134,106.00	
8	Term Loan - 11	TD Bank	Third-Party	Variable	7-Jul-22	2	\$ 2,698,887	0.006115	\$ 16,503.88	
9	Term Loan - 11	TD Bank	Third-Party	Variable	7-Jul-22	2	\$ 2,698,887	0.024493	\$ 66,104.24	
10	Term Loan - 11	TD Bank	Third-Party	Variable	7-Jul-22	2	\$ 2,698,887	0.006329	\$ 17,080.62	
11	Term Loan - 11	TD Bank	Third-Party	Variable	7-Jul-22	2	\$ 2,698,887	0.039762	\$ 107,312.19	
12									\$ -	
Total							\$ 21,186,387	4.39%	\$ 929,372.83	

Year

2024

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) <sup>2</sup>	Interest (\$) <sup>1</sup>	Additional Comments, if any
1	Term Loan - 02	TD Bank	Third-Party	Fixed	1-Feb-22	4	\$ 4,000,000	0.029882	\$ 119,526.58	
2	Term Loan - 14	TD Bank	Third-Party	Fixed	24-Mar-23	5	\$ 1,162,500	0.050137	\$ 58,284.25	
3	Term Loan - 05	TD Bank	Third-Party	Fixed	5-Jul-23	4	\$ 3,000,000	0.059663	\$ 178,989.04	
4	Term Loan - 13	TD Bank	Third-Party	Fixed	22-Aug-23	1	\$ 8,000,000	0.04464	\$ 357,120.00	
5	Term Loan - 03	TD Bank	Third-Party	Fixed	5-Sep-24	2	\$ 8,000,000	0.015356	\$ 122,849.32	
6	Term Loan - 16	TD Bank	Third-Party	Fixed	28-Oct-22	4	\$ 2,325,000	0.057838	\$ 134,473.41	
7	Term Loan - 11	TD Bank	Third-Party	Variable	7-Jul-22	2	\$ 2,698,887	0.034414	\$ 92,878.67	
8	Term Loan - 11	TD Bank	Third-Party	Variable	7-Jul-22	2	\$ 2,698,887	0.010406	\$ 28,083.39	
9	Term Loan - 11	TD Bank	Third-Party	Variable	7-Jul-22	2	\$ 2,698,887	0.001266	\$ 3,416.49	
10	Term Loan - 07	TD Bank	Third-Party	Fixed	1-Aug-24	2	\$ 2,698,887	0.021588	\$ 58,262.68	
11									\$ -	
12									\$ -	
Total							\$ 21,186,387	5.45%	\$ 1,153,883.82	

1

Year

2025

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) <sup>2</sup>	Interest (\$) <sup>1</sup>	Additional Comments, if any
1	Term Loan - 02	TD Bank	Third-Party	Fixed	1-Feb-22	4	\$ 4,000,000	0.0298	\$ 119,200.00	
2	Term Loan - 14	TD Bank	Third-Party	Fixed	24-Mar-23	5	\$ 1,162,500	0.05	\$ 58,125.00	
3	Term Loan - 05	TD Bank	Third-Party	Fixed	5-Jul-23	4	\$ 3,000,000	0.0595	\$ 178,500.00	
4	Term Loan - 03	TD Bank	Third-Party	Fixed	5-Sep-24	2	\$ 8,000,000	0.0475	\$ 380,000.00	
5	Term Loan - 16	TD Bank	Third-Party	Fixed	28-Oct-22	4	\$ 2,325,000	0.05768	\$ 134,106.00	
6	Term Loan - 07	TD Bank	Third-Party	Fixed	1-Aug-24	2	\$ 2,698,887	0.0515	\$ 138,992.66	
7									\$ -	
8									\$ -	
9									\$ -	
10									\$ -	
11									\$ -	
12									\$ -	
2	Total						\$ 21,186,387	4.76%	\$ 1,008,923.66	

## 5.4 COST OF CAPITAL

This evidence summarizes the capital structure, method and cost of financing LPDL's capital requirements for 2025 Test Year.

### 5.4.1 RETURN ON EQUITY

LPDL has used an ROE of 9.21% for 2025 Test Year as established by the Board for COS applications with a 2024 implementation date, in its letter of October 31, 2023. LPDL recognizes that the ROE will be updated for 2025 in accordance with Board guidelines and as such commits to updating the Cost of Capital parameters as new information is made available.

Table 4 shows LPDL's reported historical deemed and achieved ROE's for 2019 to 2023.

**Table 4 - Historical ROE's**

	2019	2020	2021	2022	2023
Deemed ROE	8.98%	8.98%	8.98%	8.98%	8.98%
Achieved ROE	11.51%	6.07%	12.06%	11.82%	11.02%

As further described in Exhibit 9, in preparation of this COS application LPDL discovered it had not been making annual entries into Account 1592, Accelerated CCA in accordance with the OEB guidance. Though this issue has been rectified in 2024 via a one-time principal entry into Account 1592, with corresponding interest, the lack of historical entries has an impact on LPDL's reported historical ROE; effectively including in earnings, credits to ratepayers which should have been recorded in Account 1592 and excluded from the calculation of ROE.

Table 5 illustrates what the Recalculated ROE for LPDL would have been over the 2019 to 2023 period, which reflects the credits that should have been entered into Account 1592 being excluded from earnings in the ROE calculation.

**Table 5 - Recalculated ROE's After PILS Impact from AIIP CCA Adjustment**

	2019	2020	2021	2022	2023
Adjusted Regulated Net Income per 2.1.5.6 ROE	1,381,569	752,064	1,498,001	1,516,337	1,464,569
Less: PILS Impact from AIIP CCA offset to A/C 4080	(102,232)	(43,779)	(232,961)	(184,705)	(58,953)
Recalculated Adjusted Regulated Net Income	1,279,337	708,285	1,265,040	1,331,632	1,405,616
Regulated Deemed Equity per 2.1.5.6 ROE	12,004,477	12,392,183	12,419,617	12,833,980	13,286,134
<b>Actual Achieved ROE BEFORE PILS Impact</b>	<b>11.51%</b>	<b>6.07%</b>	<b>12.06%</b>	<b>11.82%</b>	<b>11.02%</b>
<b>Recalculated ROE AFTER PILS Impact</b>	<b>10.66%</b>	<b>5.72%</b>	<b>10.19%</b>	<b>10.38%</b>	<b>10.58%</b>
<i>Change in ROE %</i>	-0.85%	-0.35%	-1.88%	-1.44%	-0.44%

#### 5.4.2 WEIGHTED AVERAGE COST OF DEBT

LPDL proposes a Long-Term Debt cost rate for the 2025 Test Year of 4.76%, which was calculated using a weighted average cost of debt as shown in Table 6.

**Table 6 - Derivation of Long-Term Debt Rate**

		Year		2025					
Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) <sup>2</sup>	Interest (\$) <sup>1</sup>
1	Term Loan - 02	TD Bank	Third-Party	Fixed	1-Feb-22	4	\$ 4,000,000	0.0298	\$ 119,200.00
2	Term Loan - 14	TD Bank	Third-Party	Fixed	24-Mar-23	5	\$ 1,162,500	0.05	\$ 58,125.00
3	Term Loan - 05	TD Bank	Third-Party	Fixed	5-Jul-23	4	\$ 3,000,000	0.0595	\$ 178,500.00
4	Term Loan - 03	TD Bank	Third-Party	Fixed	5-Sep-24	2	\$ 8,000,000	0.0475	\$ 380,000.00
5	Term Loan - 16	TD Bank	Third-Party	Fixed	28-Oct-22	4	\$ 2,325,000	0.05768	\$ 134,106.00
6	Term Loan - 07	TD Bank	Third-Party	Fixed	1-Aug-24	2	\$ 2,698,887	0.0515	\$ 138,992.66
Total							\$ 21,186,387	4.76%	\$ 1,008,923.66

#### 5.4.3 LONG-TERM DEBT

LPDL has six long-term debt instruments, all of which are held with TD Bank at the best market rates available to LPDL. All debt instruments have medium length terms, ranging from 2 to 5 years and have interest only payment terms.

The 4.76% is computed based on the weighted average of the following loans with TD Bank:

- a) Actual rate of 2.98% on a \$4,000,000 4-year term loan due February 2026
- b) Actual rate of 5.00% on a \$1,162,500 5-year term loan due March 2028
- c) Actual rate of 5.95% on a \$3,000,000 4-year term loan due July 2027
- d) Actual rate of 4.75% on a \$8,000,000 2-year term loan due September 2026
- e) Actual rate of 5.768% on a \$2,325,000 4-year term loan due October 2026
- f) Actual rate of 5.15% on a \$2,698,887 2-year term loan due August 2026

A copy of the current credit facilities Letter of Agreement with TD Bank is included in Appendix A. A letter confirming the terms of the long-term debt instruments listed above is included in Appendix B.

LPDL has no affiliated debt and is not forecasting any new debt in the bridge or test year.

#### 5.4.4 SHORT-TERM DEBT

LPDL is requesting a short-term debt rate of 6.23% for 2025 Test Year as established by the Board for COS applications with a 2024 implementation date, in its letter of October 31, 2023. LPDL understands that the Board will provide future updates to the Cost of Capital parameters applicable to 2025 COS Applications.

LPDL does not currently have any short term debt nor has it forecasted any in the bridge or test years.

LPDL is not proposing any rate that is different from the OEB guidelines, therefore no justification of the proposed rate(s) or key assumptions have been provided.

## 5.5 NOT FOR PROFIT ORGANIZATIONS

LPDL is a "for profit" utility and as such all requirements related to a not-for-profit organization do not apply.

1

APPENDICES

<b>Appendix A</b>	TD Bank Credit Facility Letter of Agreement
<b>Appendix B</b>	TD Bank Loan Summary

2



---

Appendix A

**TD Bank Credit Facility Letter of Agreement**

---

1

2



**TD Commercial Banking**  
CENTRAL ONTARIO COMMERCIAL BANKING CENTRE  
33 COLLIER STREET, 2ND FLOOR.  
BARRIE, ON  
L4M 1G5

Tel: (705) 727-4838

August 26, 2024

LAKELAND POWER DISTRIBUTION LTD.  
395 CENTRE ST N APT 200  
HUNTSVILLE ON  
P1H 2M2

Attention: Darren Bechtel

## LETTER OF AGREEMENT

We are pleased to offer the Borrower the following credit facilities (the "Facilities"), subject to the following terms and conditions.

### **BORROWER(S)**

LAKELAND POWER DISTRIBUTION LTD.  
LAKELAND HOLDING LTD

Borrower A  
Borrower B

LAKELAND POWER DISTRIBUTION LTD. and LAKELAND HOLDING LTD (collectively referred to herein as the "Borrower")

### **LENDER**

**The Toronto-Dominion Bank** (the "Bank"), through its CENTRAL ONTARIO COMMERCIAL BANKING CENTRE in BARRIE, ON

### **CREDIT LIMIT**

- |            |  |
|------------|--|
| Borrower A | 1) CAD \$5,500,000   |
| Borrower A | 2) CAD \$4,000,000 as reduced pursuant to the section headed 'Repayment and Reduction of Amount of Credit Facility'. |
| Borrower A | 3) CAD \$1,162,500 as reduced pursuant to the section headed 'Repayment and Reduction of Amount of Credit Facility'. |
| Borrower A | 4) CAD \$2,325,000 as reduced pursuant to the section headed 'Repayment and Reduction of Amount of Credit Facility'. |

Borrower A	5)	CAD \$3,000,000 as reduced pursuant to the section headed 'Repayment and Reduction of Amount of Credit Facility'.
Borrower A	6)	CAD \$2,698,887 as reduced pursuant to the section headed 'Repayment and Reduction of Amount of Credit Facility'.
Borrower A	7)	CAD \$8,000,000 as reduced pursuant to the section headed 'Repayment and Reduction of Amount of Credit Facility'.
Borrower A	9)	CAD [\$8,000,000] as reduced pursuant to the section headed 'Repayment and Reduction of Amount of Credit Facility'.

## **TYPE OF CREDIT AND BORROWING OPTIONS**

- 1) Committed Revolving Facility available at the Borrower's option by way of:
  - Term CORRA Loans in CAD ("Term CORRA Loans")
 Floating Rate Term Loan available by way of:
  - Letters of Credit in CAD ("L/Cs")
  - Prime Rate Based Loans in CAD ("Prime Based Loans")
  - Daily Compounded CORRA Loans in CAD ("Daily Compounded CORRA Loans")
- 2) Committed Reducing Term Facility available at the Borrower's option by way of:
  - Fixed Rate Term Loan in CAD
 Floating Rate Term Loan available by way of:
  - Prime Rate Based Loans in CAD ("Prime Based Loans")
- 3) Committed Reducing Term Facility available at the Borrower's option by way of:
  - Fixed Rate Term Loan in CAD
  - Term CORRA Loans in CAD ("Term CORRA Loans")
 Floating Rate Term Loan available by way of:
  - Prime Rate Based Loans in CAD ("Prime Based Loans")
  - Daily Compounded CORRA Loans in CAD ("Daily Compounded CORRA Loans")
- 4) Committed Reducing Term Facility available at the Borrower's option by way of:
  - Fixed Rate Term Loan in CAD
 Floating Rate Term Loan available by way of:
  - Prime Rate Based Loans in CAD ("Prime Based Loans")
- 5) Committed Reducing Term Facility available at the Borrower's option by way of:
  - Fixed Rate Term Loan in CAD
 Floating Rate Term Loan available by way of:
  - Prime Rate Based Loans in CAD ("Prime Based Loans")
- 6) Committed Reducing Term Facility available at the Borrower's option by way of:
  - Fixed Rate Term Loan in CAD
  - Term CORRA Loans in CAD ("Term CORRA Loans")
 Floating Rate Term Loan available by way of:
  - Prime Rate Based Loans in CAD ("Prime Based Loans")
  - Daily Compounded CORRA Loans in CAD ("Daily Compounded CORRA Loans")
- 7) Committed Reducing Term Facility available at the Borrower's option by way of:
  - Fixed Rate Term Loan in CAD
  - Term CORRA Loans in CAD ("Term CORRA Loans")
 Floating Rate Term Loan available by way of:
  - Prime Rate Based Loans in CAD ("Prime Based Loans")
  - Daily Compounded CORRA Loans in CAD ("Daily Compounded CORRA Loans")
- 9) Committed Reducing Term Facility available at the Borrower's option by way of:
  - Fixed Rate Term Loan in CAD
 Floating Rate Term Loan available by way of:
  - Prime Rate Based Loans in CAD ("Prime Based Loans")

## **PURPOSE**

- 1) To finance working capital requirements and for general corporate purposes.
- 2) Take out and refinance existing facility which refinanced capital structure.
- 3) Refinance INT Only CAPEX Term Loan bullet originally advanced to support past capital expenditures
- 4) Refinance INT Only CAPEX Term Loan bullet originally advanced to support past capital expenditures
- 5) To fund present and future CAPEX and finance working capital requirements.
- 6) To finance past capital expenditures by Parry Sound Power (re: Merger / Amalgamation July 1, 2014)
- 7) To refinance existing committed reducing term loan (Facility #9).
- 9) To refinance an existing interest only term loan originally taken out to finance the roll out of smart meters, smart grid infrastructure projects, additional capex and payment of dividends to shareholders.

## **TENOR**

- 1-7, 9) Committed

## **CONTRACTUAL TERM**

- 1) 1 years to December 31, 2025
- 2) 4 years to February 03, 2026, but never to exceed the Rate Term Maturity date, as applicable
- 3) 5 years to March 24, 2028, but never to exceed the Rate Term Maturity date, as applicable
- 4) 4 years to October 28, 2026, but never to exceed the Rate Term Maturity date, as applicable
- 5) 4 years to July 05, 2027, but never to exceed the Rate Term Maturity date, as applicable
- 6) 2 years to August 01, 2026, but never to exceed the Rate Term Maturity date, as applicable
- 7) 5 years to August 22, 2029, but never to exceed the Rate Term Maturity date, as applicable
- 9) 5 years to August 22, 2024, but never to exceed the Rate Term Maturity date, as applicable

## **RATE TERM**

- 1, 3, Fixed Rate Term Loans: 6 month, 1-5 years but never to exceed the Contractual Term Maturity Date  
6, 7) Term CORRA Loans: 1 and 3 months, but never to exceed the Contractual Term Maturity Date  
Floating Rate Term Loans: No rate term
- 2, 4, Fixed Rate Term Loans: 6 month, 1-5 years but never to exceed the Contractual Term Maturity Date  
5, 9) Floating Rate Term Loans: No rate term

## **AMORTIZATION**

- 2) 4 years to February 03, 2026
- 3) 10 years to March 12, 2033
- 4) 4 years to October 28, 2026
- 5) 4 years to July 05, 2027
- 6) 10 years to August 01, 2034
- 7) 15 years to August 22, 2039
- 9) 5 years to August 22, 2024

## **INTEREST RATES AND FEES**

Advances shall bear interest and fees as follows:

- 1) Committed Revolving Facility:  
Term CORRA Loans: 1 Month Term CORRA +1.295% per annum, 3 Month Term CORRA +1.321% per annum  
  
Floating Rate Term Loans available by way of:
  - L/Cs: As set out in the Letter of Credit Indemnity Agreement applicable to the issued L/C  
Prime Based Loans: Prime Rate +0.000% per annum  
Daily Compounded CORRA Loans: Daily Compounded CORRA +1.295% per annum
- 2) Committed Reducing Term Facility:  
Fixed Rate Term Loans: As determined by the Bank, in its sole discretion, for the Rate Term selected by the Borrower, and as set out in the Rate and Payment Terms Notice applicable to that Fixed Rate Term Loan.  
Floating Rate Term Loans available by way of:
  - Prime Based Loans: Prime Rate +0.000% per annum
- 3) Committed Reducing Term Facility:  
Fixed Rate Term Loans: As determined by the Bank, in its sole discretion, for the Rate Term selected by the Borrower, and as set out in the Rate and Payment Terms Notice applicable to that Fixed Rate Term Loan.  
Term CORRA Loans: 1 Month Term CORRA +1.295% per annum, 3 Month Term CORRA +1.321% per annum  
  
Floating Rate Term Loans available by way of:
  - Prime Based Loans: Prime Rate +0.000% per annumDaily Compounded CORRA Loans: Daily Compounded CORRA +1.295% per annum
- 4) Committed Reducing Term Facility:  
Fixed Rate Term Loans: As determined by the Bank, in its sole discretion, for the Rate Term selected by the Borrower, and as set out in the Rate and Payment Terms Notice applicable to that Fixed Rate Term Loan.  
Floating Rate Term Loans available by way of:
  - Prime Based Loans: Prime Rate +0.000% per annum
- 5) Committed Reducing Term Facility:  
Fixed Rate Term Loans: As determined by the Bank, in its sole discretion, for the Rate Term selected by the Borrower, and as set out in the Rate and Payment Terms Notice applicable to that Fixed Rate Term Loan.  
Floating Rate Term Loans available by way of:
  - Prime Based Loans: Prime Rate +0.000% per annum
- 6) Committed Reducing Term Facility:  
Fixed Rate Term Loans: As determined by the Bank, in its sole discretion, for the Rate Term selected by the Borrower, and as set out in the Rate and Payment Terms Notice applicable to that Fixed Rate Term Loan.  
Term CORRA Loans: 1 Month Term CORRA +1.295% per annum, 3 Month Term CORRA +1.321% per annum  
Floating Rate Term Loans available by way of:
  - Prime Based Loans: Prime Rate +0.000% per annumDaily Compounded CORRA Loans: Daily Compounded CORRA +1.295% per annum

- 7) Committed Reducing Term Facility:  
Fixed Rate Term Loans: As determined by the Bank, in its sole discretion, for the Rate Term selected by the Borrower, and as set out in the Rate and Payment Terms Notice applicable to that Fixed Rate Term Loan.  
Term CORRA Loans: 1 Month Term CORRA +1.295% per annum, 3 Month Term CORRA +1.321% per annum  
Floating Rate Term Loans available by way of:  
• Prime Based Loans: Prime Rate +0.000% per annum  
Daily Compounded CORRA Loans: Daily Compounded CORRA +1.295% per annum
- 9) Committed Reducing Term Facility:  
Fixed Rate Term Loans: As determined by the Bank, in its sole discretion, for the Rate Term selected by the Borrower, and as set out in the Rate and Payment Terms Notice applicable to that Fixed Rate Term Loan.  
Floating Rate Term Loans available by way of:  
• Prime Based Loans: Prime Rate +0.000% per annum

For all Facilities, interest payments will be made in accordance with Schedule 'A' attached hereto unless otherwise stated in this Letter or in the Rate and Payment Terms Notice applicable for a particular drawdown. Information on interest rate and fee definitions, interest rate calculations and payment are set out in the Schedule 'A' attached hereto.

### **COMMITMENT FEE**

- 1) CAD 0.1000% Annually

### **DISCHARGE FEE**

The Borrower shall pay, unless waived by the Bank in the Bank's sole discretion, a Discharge Fee of \$260.00 per collateral charge to prepare the documents needed to register the discharge of any collateral charge under the Bank Security, in addition to the applicable government fee(s) for registering each discharge.

### **LATE REPORTING FEE**

The Borrower shall pay, unless waived by the Bank in the Bank's sole discretion, a Late Reporting Fee of \$350.00 per occurrence, and monthly thereafter until reporting is provided to the Bank, each time financial reporting is not provided within the timelines established in the Positive Covenants and Reporting Covenants.

### **DRAWDOWN**

- 1) On a revolving basis with L/C and L/G availability up to CAD \$500,000.00.

The minimum amount of drawdown by way of Term CORRA and Daily Compounded CORRA Loan is CAD\$1,000,000.00. The Borrower shall advise the Bank of the requested contract maturity date or interest period for Term CORRA Loans and for Daily Compounded CORRA Loans under a committed facility. In no event shall the term or interest period of a Term CORRA Loan or a daily compounded CORRA Loan exceed the Contractual Term Maturity Date or Maturity Date as applicable. The Borrower shall provide the Bank with three (3) Business Days' notice of a requested Term CORRA Loan and Daily Compounded CORRA Loan.

Term CORRA Loans shall have a Rate Term of 1 or 3 months but never to exceed the Contractual Term Maturity Date.

- 2) Fully drawn in the amount of CAD \$4,000,000.00 on February 28, 2022.
- 3) Fully drawn in the amount of CAD \$1,162,500.00 on March 12, 2023.

The minimum amount of drawdown by way of Term CORRA and Daily Compounded CORRA Loan is CAD\$1,000,000.00. The Borrower shall advise the Bank of the requested contract maturity date or interest period for Term CORRA Loans and for Daily Compounded CORRA Loans under a committed facility. In no event shall the term or interest period of a Term CORRA Loan or a daily compounded CORRA Loan exceed the Contractual Term Maturity Date or Maturity Date as applicable. The Borrower shall provide the Bank with three (3) Business Days' notice of a requested Term CORRA Loan and Daily Compounded CORRA Loan.

Term CORRA Loans shall have a Rate Term of 1 or 3 months but never to exceed the Contractual Term Maturity Date.

- 4) Fully drawn in the amount of CAD \$2,325,000.00 on October 28, 2022.
- 5) Fully drawn in the amount of CAD \$3,000,000.00 on July 5, 2023.
- 6) Fully drawn in the amount of CAD \$2,698,887.00 on August 1, 2024.

The minimum amount of drawdown by way of Term CORRA and Daily Compounded CORRA Loan is CAD\$1,000,000.00. The Borrower shall advise the Bank of the requested contract maturity date or interest period for Term CORRA Loans and for Daily Compounded CORRA Loans under a committed facility. In no event shall the term or interest period of a Term CORRA Loan or a daily compounded CORRA Loan exceed the Contractual Term Maturity Date or Maturity Date as applicable. The Borrower shall provide the Bank with three (3) Business Days' notice of a requested Term CORRA Loan and Daily Compounded CORRA Loan.

Term CORRA Loans shall have a Rate Term of 1 or 3 months but never to exceed the Contractual Term Maturity Date.

- 7) Available to be drawn to fully repay Facility #9 (CAD \$8,000,000.00) on August 22, 2024.

The minimum amount of drawdown by way of Term CORRA and Daily Compounded CORRA Loan is CAD\$1,000,000.00. The Borrower shall advise the Bank of the requested contract maturity date or interest period for Term CORRA Loans and for Daily Compounded CORRA Loans under a committed facility. In no event shall the term or interest period of a Term CORRA Loan or a daily compounded CORRA Loan exceed the Contractual Term Maturity Date or Maturity Date as applicable. The Borrower shall provide the Bank with three (3) Business Days' notice of a requested Term CORRA Loan and Daily Compounded CORRA Loan.

Term CORRA Loans shall have a Rate Term of 1 or 3 months but never to exceed the Contractual Term Maturity Date.

- 9) Fully drawn in the amount of \$8,000,000.00 on August 22, 2019

Notice periods, minimum amounts of draws, interest periods, contract maturity and interest payment dates for Term SOFR Loans, Term CORRA Loans, Daily Simple SOFR Loans and Daily Compounded CORRA loans and other similar details are set out in the Schedule "A" attached hereto and within the notice delivered by the Bank to the Borrower in respect of a specific drawdown under those availment options.

### **BUSINESS CREDIT SERVICE**

The Borrower will have access to the Operating Loan (Facility 1) via Loan Account [REDACTED] (the 'Loan Account') up to the Credit Limit of the Operating Loan by withdrawing funds from the

Borrower's Current Account [REDACTED] (the 'Current Account'). The Borrower agrees that each advance from the Loan Account will be in an amount equal to \$10,000 (the 'Transfer Amount') or a multiple thereof. If the Transfer Amount is NIL, the Borrower agrees that an advance from the Borrower's Loan Account may be in an amount sufficient to cover the debits made to the Current Account.

The Borrower agrees that:

- a) all other overdraft privileges which have governed the Borrower's Current Account are hereby canceled.
- b) all outstanding overdraft amounts under any such other agreements are now included in indebtedness under this Facility.

The Bank may, but is not required to, automatically advance the Transfer Amount or a multiple thereof or any other amount from the Loan Account to the Current Account in order to cover the debits made to the Current Account if the amount in the Current Account is insufficient to cover the debits. The Bank may, but is not required to, automatically and without notice apply the funds in the Current Account in amounts equal to the Transfer Amount or any multiple thereof or any other amount to repay the outstanding amount in the Loan Account.

## **REPAYMENT AND REDUCTION OF AMOUNT OF CREDIT FACILITY**

- 1) On demand. If the Bank demands repayment, the Borrower will pay to the Bank all amounts outstanding under the Operating Loan, including without limitation, the amount of all Term CORRA Loans and Term SOFR Loans before the maturity of any applicable interest rate period and the amount of all drawn and undrawn L/Gs and L/Cs. All costs to the Bank and all loss suffered by the Bank in re-employing the amounts so repaid will be paid by the Borrower. Interest on Daily Simple SOFR Loans and Daily Compounded CORRA Loans is payable in accordance with the provisions set out in Schedule "A".

- 2) Interest only with bullet repayment at maturity.

Facilities may be extended without penalty at the Borrower's request and Lender's option.

- 3) Interest only with bullet repayment at maturity.

Facilities may be extended without penalty at the Borrower's request and Lender's option.

CORRA: Notwithstanding the foregoing, drawdowns by Term CORRA Loan will not be repaid in periodic instalments as set out above, but rather will be repaid, including any accrued interest for Term CORRA Loans, at the end of the interest period or contract maturity of the Term CORRA Loan. Interest on Daily Compounded CORRA Loans is payable monthly/quarterly in arrears on the interest payment date(s) as set out in the notice delivered by the Bank to the Borrower applicable to a specific drawdown.

- 4) Interest only with bullet repayment at maturity.

Facilities may be extended without penalty at the Borrower's request and Lender's option.

- 5) Interest only with bullet repayment at maturity.

Facilities may be extended without penalty at the Borrower's request and Lender's option.

- 6) Interest only with bullet repayment at maturity.

Facilities may be extended without penalty at the Borrower's request and Lender's option.



CORRA: Notwithstanding the foregoing, drawdowns by Term CORRA Loan will not be repaid in periodic instalments as set out above, but rather will be repaid, including any accrued interest for Term CORRA Loans, at the end of the interest period or contract maturity of the Term CORRA Loan. Interest on Daily Compounded CORRA Loans is payable monthly/quarterly in arrears on the interest payment date(s) as set out in the notice delivered by the Bank to the Borrower applicable to a specific drawdown.

- 7) Interest only for 5 year contractual term. Payments of principal and interest payments thereafter to effect a 10 year amortization period ending Aug 22, 2039.

CORRA: Notwithstanding the foregoing, drawdowns by Term CORRA Loan will not be repaid in periodic instalments as set out above, but rather will be repaid, including any accrued interest for Term CORRA Loans, at the end of the interest period or contract maturity of the Term CORRA Loan. Interest on Daily Compounded CORRA Loans is payable monthly/quarterly in arrears on the interest payment date(s) as set out in the notice delivered by the Bank to the Borrower applicable to a specific drawdown.

- 9) Interest only with bullet repayment at maturity.

Facilities may be extended without penalty at the Borrower's request and Lender's option.

Prior to the Maturity Date for any of the above Facilities, the Borrower may request and the Bank may agree, at its option, to renew one or more of the Facilities by providing a Rate and Payment Terms Notice to the Borrower which sets out, among other things, the new Maturity Date for any such Facility.

## **PREPAYMENT**

- 2) Floating Rate: Permitted without penalty.

Fixed Rate: Subject to standard prepayment penalties.

- 3) Floating Rate: Permitted without penalty.

Fixed Rate: Subject to standard prepayment penalties.

CORRA: As per Section 4 of Schedule A.

- 4) Floating Rate: Permitted without penalty.

Fixed Rate: Subject to standard prepayment penalties. The Borrower has the option of selecting the 10% Prepayment Option and accordingly, if selected, Fixed Rate Term Loans under this Facility may be prepaid in accordance with Section 4a) and 4b) of Schedule A.

- 5) Floating Rate: Permitted without penalty.

Fixed Rate: Subject to standard prepayment penalties.

- 6) Floating Rate: Permitted without penalty.

Fixed Rate: Subject to standard prepayment penalties.

CORRA: As per Section 4 of Schedule A.

- 7) Floating Rate: Permitted without penalty.

Fixed Rate: Subject to standard prepayment penalties.

CORRA: As per Section 4 of Schedule A.

9) Floating Rate: Permitted without penalty.

Fixed Rate: Subject to standard prepayment penalties.

## **SECURITY**

The following security shall be provided, shall, unless otherwise indicated, support all present and future indebtedness and liability of the Borrower and the grantor of the security to the Bank including without limitation indebtedness and liability under guarantees, foreign exchange contracts, cash management products, and derivative contracts, shall be registered in first position, and shall be on the Bank's standard form, supported by resolutions (where applicable) and solicitor's opinion, all acceptable to the Bank:

- a) General Security Agreement ('GSA') from LAKELAND POWER DISTRIBUTION LTD. representing a First charge on all its present and after acquired personal property.
- b) Evidence of Business Insurance, including General Liability Insurance, issued to
  - LAKELAND ENERGY LTD
  - LAKELAND HOLDING LTD
  - LAKELAND POWER DISTRIBUTION LTD.
  - BRACEBRIDGE GENERATION LTD.

All persons and entities required to provide a guarantee shall be referred to in this Agreement individually as a "Surety" and/or "Guarantor" and collectively as the "Guarantors".

All of the above security and guarantees listed above, along with further security and guarantees as may be required by the Bank in the future, shall be referred to collectively in this Agreement as "Bank Security".

## **DISBURSEMENT CONDITIONS**

The obligation of the Bank to permit any drawdown hereunder is subject to the Standard Disbursement Conditions contained in Schedule 'A' and the following additional drawdown conditions:

<b>Seq #</b>	<b>Description</b>	<b>Facility #</b>
1)	All security and documentation to be on hand and satisfactory to the Bank.	7
2)	Borrower to be onside with all Bank and Regulator covenants and conditions.	7

## **REPRESENTATIONS AND WARRANTIES**

All representations and warranties shall be deemed to be continually repeated so long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect. The Borrower makes the Representations and Warranties set out in Schedule 'A'.

## **POSITIVE COVENANTS**

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will and will ensure that its subsidiaries and each of the Guarantors will observe the Standard Positive Covenants set out in Schedule 'A' and in addition will:

<b>Seq #</b>	<b>Description</b>	<b>Facility #</b>
1)	Annual OEB rate submission and QSI (if applicable).	ALL
2)	Compliance with all applicable environmental regulations at all times.	ALL
3)	Compliance with all contractual obligations and laws, including payment of taxes.	ALL
4)	Borrower remains in the regulated business of electricity distribution and maintaining all requisite licenses to do so.	ALL
5)	Maintain adequate insurance.	ALL
6)	File all OEB rate submissions as outlined in three year business plan.	ALL
7)	Compliance with Affiliate Relationship Code.	ALL
8)	Compliance with all terms of all licenses and immediately advise the Bank if OEB shall notify the Borrower of a default under a license or if the license is amended, cancelled, suspended or revoked (any of such circumstances will also constitute an event of default).	ALL

## **REPORTING COVENANTS**

<b>Seq #</b>	<b>Description</b>	<b>Facility #</b>
1)	Annual audited financial statements within 120 calendar days of fiscal year end	ALL
2)	The Borrower to provide annual 3 year business plan including income statement and capital expenditure schedule within 120 days of each fiscal year end.	ALL
3)	The Borrower to provide unaudited quarterly financial statements with 45 days of quarter end. All quarterly financial statements to be accompanied by a Certificate of No Default setting out compliance calculations	ALL

## **NEGATIVE COVENANTS**

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will and will ensure that its subsidiaries and each of the Guarantors will observe the Negative Covenants set out in Schedule 'A' and in addition will not:

<b>Seq #</b>	<b>Description</b>	<b>Facility #</b>
1)	No material third party guarantees without the Bank's prior consent.	ALL
2)	No change in ownership/control of the Borrower.	ALL
3)	No further material outside investments, mergers, amalgamations or consolidations without the Lenders prior consent.	ALL
4)	Limitations on additional debt, subject to PMSI interests up to a maximum of \$500,000.	ALL
5)	No change in status of the borrower as a Limited Distribution Company.	ALL
6)	Distributions limited to excess Free Cashflow - interest costs and principal payments (if applicable) providing Interest Coverage Ratio (ICR) as defined in financial covenant a) to be in compliance and no other default has occurred. Free Cashflow is defined as EBITDA less cash taxes less unfinanced CAPEX (net of contributed capital) less principal, if any. To be tested on an annual basis.	ALL

7)	No repayment of shareholder debt, inter-company debt (principal or interest), beyond the permitted distributions outlined above, without the Bank's prior written consent.	ALL
----	--	-----

## **PERMITTED LIENS**

Permitted Liens as referred to in Schedule 'A' are:

Seq #	Description	Facility #
1)	<p>Purchase Money Security Interests in equipment which exists on the date of this Agreement ("Existing PMSIs") which are known to the Bank and all future Purchase Money Security Interests on equipment acquired to replace the equipment under Existing PMSIs.</p> <p>Purchase Money Security Interests, not to exceed at any time:</p> <p>i) For the Borrower: \$500,000 in the aggregate.</p>	ALL

## **FINANCIAL COVENANTS**

The Borrower agrees at all times to:

Seq #	Description	Facility #
1)	Maintain a maximum Debt to Capitalization of 0.60x where Debt is defined as all interest bearing debt and non-interest bearing debt not subordinated to the above noted credit facilities. Capitalization is defined as the sum of total Debt, shareholder's equity, contributed capital, preference share capital net of any goodwill. To be tested quarterly.	ALL
2)	<p>Maintain a Debt Service Coverage Ratio (DSC) of not less than 1.20x to be maintained at all times. To be tested quarterly on a rolling 4 quarter basis.</p> <p>The DSC is calculated as follows:</p> <p>EBITDA - 40% of CAPEX (net of contributed capital) - Cash Taxes / P* + I.</p> <p>* to include Notional principal payments based on the amounts required to amortize term facilities over a 25 - year amortization period.</p>	ALL

## **EVENTS OF DEFAULT**

The Bank may accelerate the payment of principal and interest under any committed credit facility hereunder and cancel any undrawn portion of any committed credit facility hereunder, at any time after the occurrence of any one of the Standard Events of Default contained in Schedule 'A' attached hereto and after any one of the following additional Events of Default:

Seq #	Description	Facility #
1)	<p>a) Customary for a transaction of this nature including without limitation any material adverse change in legislation or regulation of the electrical distribution business in Ontario.</p> <p>b) Loss of OEB license.</p> <p>c) Default on any of these terms and conditions.</p>	ALL

## **ANCILLARY FACILITIES**

As at the date of this Agreement, the following uncommitted ancillary products are made available. These products may be subject to other agreements.

Borrower A

8) TD Visa Business card (or cards) for an aggregate amount CAD \$130,000.00

Borrower B

## **AVAILABILITY OF OPERATING LOAN**

The Operating Loan or Farm Property Line of Credit is uncommitted, made available at the Bank's discretion, and is not automatically available upon satisfaction of the terms and conditions, conditions precedent, or financial tests set out herein.

The occurrence of an Event of Default is not a precondition to the Bank's right to accelerate repayment and cancel the availability of the Operating Loan or Farm Property Line of Credit.

## **SCHEDULE "A" - STANDARD TERMS AND CONDITIONS**

Schedule "A" sets out the Standard Terms and Conditions ("Standard Terms and Conditions") which apply to these credit facilities. The Standard Terms and Conditions, including the defined terms set out therein, form part of this Agreement, unless this letter states specifically that one or more of the Standard Terms and Conditions do not apply or are modified.

We trust you will find these Facilities helpful in meeting your ongoing financing requirements. We ask that if you wish to accept this offer of financing (which includes the Standard Terms and Conditions), please do so by signing and returning the attached duplicate copy of this letter to the undersigned. This offer will expire if not accepted in writing and received by the Bank on or before **September 27, 2024**.

Yours truly,

**THE TORONTO-DOMINION BANK**



Tony Catallo

Senior Relationship Manager



Jason Fairhead

Senior Manager Commercial Credit

**TO THE TORONTO-DOMINION BANK:**

**LAKELAND POWER DISTRIBUTION LTD.**

The Borrower acknowledges and agrees to the terms and conditions of this Agreement, including those of Schedule "A" attached hereto. The following persons have the power to bind the Borrower. The Borrower confirms that, except as provided above, the credit facility(ies) provided herein will not be used by or on behalf of any third party.



Signature

Darren Bechtel, CFO

Print Name & Position

Sep 5, 2024

Date



Signature

Chris Litschko, CEO

Print Name & Position

September 5, 2024

Date

**LAKELAND HOLDING LTD**

The Borrower acknowledges and agrees to the terms and conditions of this Agreement, including those of Schedule "A" attached hereto. The following persons have the power to bind the Borrower. The Borrower confirms that, except as provided above, the credit facility(ies) provided herein will not be used by or on behalf of any third party.



Signature

Darren Bechtel, CFO

Print Name & Position

Sep 5, 2024

Date

Signature

Print Name & Position

Date

## **SCHEDULE "A" - STANDARD TERMS AND CONDITIONS**

### **1. INTEREST RATE DEFINITIONS**

A Term CORRA rate expressed as an annual rate for the purposes of the *Interest Act* (Canada) is equivalent to such determined rate multiplied by the number of days in the calendar year in which the same is to be ascertained and divided by three hundred and sixty-five (365).

A Term SOFR rate expressed as an annual rate for the purposes of the *Interest Act* (Canada) is equivalent to such determined rate multiplied by the number of days in the calendar year in which the same is to be ascertained and divided by three hundred and sixty (360).

Interest rates will never be less than zero. If Prime Rate, Daily Compounded CORRA, Term CORRA, Daily Simple SOFR, Term SOFR, USBR or any other applicable base rate changes, resulting in a variable or floating annual interest rate that is a negative number, the interest rate will be 0.00%. Notwithstanding the foregoing, if a Floating Rate Loan with an interest rate based on Daily Compounded CORRA, Term CORRA, Daily Simple SOFR, or Term SOFR has been hedged in its entirety with an interest rate swap with the Bank (the "Swap") and the Swap does not include a negative interest rate floor, the foregoing negative interest rate floor shall not apply. However, for purposes of certainty, if the Swap is subsequently terminated or novated the restriction that interest rates shall never be less than 0.00% shall apply.

Any interest rate based on a period less than a year expressed as an annual rate for the purposes of the *Interest Act* (Canada) is equivalent to such determined rate multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in the period upon which it was based.

The Bank does not warrant or accept responsibility for, and shall not have any liability with respect to the continuation of, administration of, submission of, calculation of or any other matter related to Term CORRA, Daily Compounded CORRA, Daily Simple SOFR, Term SOFR or any component definition thereof or rates referred to in the definition thereof, or any alternative, successor or replacement rate thereto, including whether the composition or characteristics of any such alternative, successor or replacement rate will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, Term CORRA, Daily Compounded CORRA, Daily Simple SOFR, Term SOFR or any other benchmark prior to its discontinuance or unavailability. The Bank and its affiliates or other related entities may engage in transactions that affect the calculation of the Prime Rate, Term CORRA, Daily Compounded CORRA, Daily Simple SOFR, Term SOFR, any alternative, successor or replacement rate or any relevant adjustments thereto, in each case, in a manner adverse to the Borrower. The Bank may select information sources or services in its reasonable discretion to ascertain Term CORRA, Daily Compounded CORRA, Daily Simple SOFR, Term SOFR or any other benchmark, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

### **2. INTEREST CALCULATION AND PAYMENT**

Interest on Prime Based Loans and USBR Loans is calculated daily (including February 29 in a leap year) and payable monthly in arrears based on the number of days the subject loan is outstanding unless otherwise provided in the Rate and Payment Terms Notice. Interest is charged on February 29 in a leap year.

Interest on Daily Compounded CORRA Loans and Daily Simple SOFR Loans is calculated daily (including February 29 in a leap year) and payable on the interest payment date in arrears based on the number of days the subject loan is outstanding unless otherwise provided in the Rate and Payment

Terms Notice or other form of notice provided by the Bank to the Borrower. Interest is charged on February 29 in a leap year.

Interest on Term SOFR Loans and Term CORRA Loans is calculated and payable at the end of the interest period or contract maturity in arrears, for the number of days in the Term SOFR or Term CORRA interest period, as applicable.

L/C and L/G fees are payable at the time set out in the Letter of Credit Indemnity Agreement applicable to the issued L/C or L/G.

Interest on Fixed Rate Term Loans is compounded monthly and payable monthly in arrears unless otherwise provided in the Rate and Payment Terms Notice.

Interest is payable both before and after maturity or demand, default and judgment.

Each payment under this Agreement shall be applied first in payment of costs and expenses, then interest and fees and the balance, if any, shall be applied in reduction of principal.

For loans not secured by real property, all overdue amounts of principal and interest and all amounts outstanding in excess of the Credit Limit shall bear interest from the date on which the same became due or from when the excess was incurred, as the case may be, until the date of payment or until the date the excess is repaid at the Bank's standard rate charged from time to time for overdrafts, or such lower interest rate if the Bank agrees to a lower interest rate in writing. Nothing in this clause shall be deemed to authorize the Borrower to incur loans in excess of the Credit Limit.

If any provision of this Agreement would oblige the Borrower to make any payment of interest or other amount payable to the Bank in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by the Bank of "interest" at a "criminal rate" (as such terms are construed under the Criminal Code (Canada)), then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by applicable law or so result in a receipt by the Bank of "interest" at a "criminal rate", such adjustment to be effected, to the extent necessary (but only to the extent necessary), as follows: first, by reducing the amount or rate of interest, and, thereafter, by reducing any fees, commissions, costs, expenses, premiums and other amounts required to be paid to the Bank which would constitute interest for purposes of section 347 of the Criminal Code (Canada).

### **3. DRAWDOWN PROVISIONS**

#### **Prime Based and USBR Loans**

There is no minimum amount of drawdown by way of Prime Based Loans and USBR Loans, except as stated in this Agreement. The Borrower shall provide the Bank with 3 Business Days' notice of a requested Prime Based Loan or USBR Loan over \$1,000,000.

#### **Daily Compounded CORRA Loans and Daily Simple SOFR Loans**

Except as otherwise stated in this Agreement or agreed to by the Bank, the minimum amount of a drawdown by way of Daily Compounded CORRA Loans is CAD\$1,000,000 and the minimum amount of a drawdown by way of Daily Simple SOFR Loans is USD\$1,000,000. For committed facilities, the Borrower shall advise the Bank of the requested Daily Compounded CORRA Loan or Daily Simple SOFR Loan contract maturity or interest period. In no event shall the term of the Daily Compounded CORRA Loan or Daily Simple SOFR Loan contract under a committed facility exceed the Contractual Term Maturity Date or Maturity Date, as applicable. The Borrower shall provide the Bank with 3 Business Days' notice of a requested Daily Compounded CORRA Loans and Daily Simple SOFR Loans.

#### **Term SOFR Loans and Term CORRA Loans**

Except as otherwise stated in this Agreement or agreed to by the Bank, the minimum amount of a drawdown by way of Term CORRA Loans is CAD\$1,000,000 and the minimum amount of a drawdown



by way of Term Simple SOFR Loans is USD\$1,000,000. The Borrower shall advise the Bank of the requested Term SOFR Loan or Term CORRA Loan contract maturity or interest period. In no event shall the term or interest period of a Term SOFR Loan or Term CORRA Loan exceed the Contractual Term Maturity Date or Maturity Date, as applicable. The Borrower will provide the Bank with 3 Business Days' notice of a requested Term SOFR Loan or a Term CORRA Loan.

#### **L/C and/or L/G**

The Bank shall have the discretion to restrict the maturity date of L/Gs or L/Cs.

#### **SOFR and CORRA - Conversion**

Any portion of any Term CORRA Loan or Daily Compounded CORRA Loan that is not repaid, rolled over or converted in accordance with the applicable notice requirements hereunder shall be converted by the Bank to a Prime Based Loan effective as of the last day in the interest period or on the interest payment date, as applicable, of the Term CORRA Loan or the Daily Compounded CORRA Loan. The Bank may charge interest on the amount of the Prime Based Loan at the rate of 115% of the rate applicable to Prime Based Loans for the 3 Business Day period immediately following such maturity. Thereafter, the rate shall revert to the rate applicable to Prime Based Loans.

Any portion of any Term SOFR Loan or Daily Simple SOFR Loan that is not repaid, rolled over or converted in accordance with the applicable notice requirements hereunder shall be converted by the Bank to a USBR Loan effective as of the last day in the interest period or on the interest payment date, as applicable, of the Term SOFR Loan or the Daily Simple SOFR Loan. The Bank may charge interest on the amount of the USBR Loan at the rate of 115% of the rate applicable to USBR Loans for the 3 Business Day period immediately following such maturity. Thereafter, the rate shall revert to the rate applicable to USBR Loans.

The Borrower will advise the Bank at least 3 Business Days prior to the maturity of an interest rate period for a Term CORRA Loan or Term SOFR Loan under the Operating Loan as to whether the Term CORRA Loan or Term SOFR Loan will be (i) rolled over for an additional interest rate period of the same duration or (ii) converted to another borrowing option under this Agreement. If the Borrower fails to do so, the Term CORRA Loan or Term SOFR Loan will automatically be converted to a Prime Based Loan for Term CORRA Loans or USBR Loan for Term SOFR Loans at the end of the interest rate period.

#### **SOFR and CORRA – Market Disruption, Benchmark Cessation**

If the Bank determines, in its sole discretion, that (i) a normal market in Canada for the making of any or all tenors of Term CORRA Loans or Term SOFR Loans, or for the making of Daily Compounded CORRA Loans or Daily Simple SOFR Loans, does not exist, (ii) Term CORRA, Daily Compounded CORRA, Daily Simple SOFR or Term SOFR cannot be determined in accordance with the definition thereof on any given day, (iii) Term CORRA, Daily Compounded CORRA, Daily Simple SOFR or Term SOFR for any requested interest period with respect to a proposed Term CORRA Loan or Term SOFR Loan does not adequately and fairly reflect the cost to the Bank of making and maintaining such Term CORRA Loan, Daily Compounded CORRA Loan, Daily Simple SOFR Loan or Term SOFR Loan, as applicable, or (iv) a Benchmark Replacement Date has occurred with respect to Term CORRA, Daily Compounded CORRA, Daily Simple SOFR or Term SOFR, any right of the Borrower to request a drawdown (including any rollover or conversion) under the applicable borrowing option shall be suspended until the Bank advises otherwise. Any such drawdown (including any rollover or conversion) request during the suspension period for (i) Term CORRA Loans or Daily Compounded CORRA Loans, as applicable, shall be deemed to be a drawdown notice requesting a Prime Based Loan in an equivalent amount, or (ii) Term SOFR Loans or Daily Simple SOFR Loans, as applicable, shall be deemed to be a drawdown notice requesting a USBR Loan in an equivalent amount.

#### **Cash Management**

The Bank may, and the Borrower hereby authorizes the Bank to, drawdown under the Operating Loan or Farm Property Line of Credit to satisfy any obligations of the Borrower to the Bank in connection with any

cash management service provided by the Bank to the Borrower. The Bank may drawdown under the Operating Loan or Farm Property Line of Credit even if the drawdown results in amounts outstanding in excess of the Credit Limit.

#### **Notice**

Prior to each drawdown under a Fixed Rate Term Loan, other than a Long Term Farm Loan, an Agriculture Term Loan, a Canadian Agricultural Loans Act Loan, a Dairy Term Loan or a Poultry Term Loan and at least 10 days prior to the maturity of each Rate Term, the Borrower will advise the Bank of its selection of drawdown options from those made available by the Bank. The Bank will, after each drawdown, other than drawdowns by way of Daily Compounded CORRA or Daily Simple SOFR Loan or under the operating loan, send a Rate and Payment Terms Notice to the Borrower.

At least 10 days prior to the contract maturity or the last day of the interest period for a Term CORRA Loan, Daily Compounded CORRA Loan, Term SOFR Loan or Daily Simple SOFR Loan, the Borrower will advise the Bank of its election to repay the loan in full; roll over the loan by electing to continue such loan for an additional interest period for the same tenor as the initial period, and thereafter, each successive period, (subject to availability hereunder); or convert the loan to another interest rate type and term available under this Letter Agreement. In no event shall the term of any Term CORRA Loan, Daily Compounded CORRA Loan, Term SOFR Loan or Daily Simple SOFR Loan exceed the Contractual Term Maturity Date or Maturity Date, as applicable. The Bank will, after each drawdown or election hereunder with respect to a Term CORRA Loan, Daily Compounded CORRA Loan, Term SOFR Loan or Daily Simple SOFR Loan, send a Rate and Payment Terms Notice or other noticed delivered by the Bank to the Borrower.

#### **4. PREPAYMENT**

##### **Fixed Rate Term Loans**

##### **10% Prepayment Option Chosen.**

- (a) Once, each calendar year, ("Year"), the Borrower may, provided that an Event of Default has not occurred, prepay in one lump sum, an amount of principal outstanding under a Fixed Rate Term Loan not exceeding 10% of the original amount of the Fixed Rate Term Loan, upon payment of all interest accrued to the date of prepayment without paying any prepayment charge. If the prepayment privilege is not used in one Year, it cannot be carried forward and used in a later Year.
- (b) Provided that an Event of Default has not occurred, the Borrower may prepay more than 10% of the original amount of a Fixed Rate Term Loan in any Year, upon payment of all interest accrued to the date of prepayment and an amount equal to the greater of:
  - i) three months' interest on the amount of the prepayment (the amount of prepayment is the amount of prepayment exceeding the 10% limit described in Section 4(a)) using the interest rate applicable to the Fixed Rate Term Loan being prepaid; and
  - ii) the Yield Maintenance, being the difference between:
    - a. the current outstanding principal balance of the Fixed Rate Term Loan; and
    - b. the sum of the present values as of the date of the prepayment of the future payments to be made on the Fixed Rate Term Loan until the last day of a Rate Term, plus the present value of the principal amount of the Fixed Rate Term Loan that would have been due on the maturity of the Rate Term, when discounted at the Government of Canada bond yield rate with a term which has the closest maturity to the unexpired term of the Fixed Rate Term Loan.

**10% Prepayment Option Not Chosen.**

- (c) The Borrower may, provided that an Event of Default has not occurred, prepay all or any part of the principal then outstanding under a Fixed Rate Term Loan upon payment of all interest accrued to the date of prepayment and an amount equal to the greater of:
- i) three months' interest on the amount of the prepayment using the interest rate applicable to the Fixed Rate Term Loan being prepaid; and
  - ii) the Yield Maintenance, being the difference between:
    - a. the current outstanding principal balance of the Fixed Rate Term Loan; and
    - b. the sum of the present values as of the date of the prepayment of the future payments to be made on the Fixed Rate Term Loan until the last day of the Rate Term, plus the present value of the principal amount of the Fixed Rate Term Loan that would have been due on the maturity of the Rate Term when discounted at the Government of Canada bond yield rate with a term which has the closest maturity to the unexpired term of the Fixed Rate Term Loan.

**Term CORRA Loans and Term SOFR Loans**

The Borrower may prepay the whole or any part the principal outstanding under a Term CORRA Loan or Term SOFR Loan at any time upon payment of all interest accrued to the date of the prepayment, all costs to the Bank in unwinding the Term CORRA Loan or Term SOFR Loan and any loss suffered by the Bank in re-employing the amounts so repaid.

**Floating Rate Term Loans**

The Borrower may prepay the whole or any part of the principal outstanding under a Floating Rate Term Loan, other than Daily Compounded CORRA Loans and Daily Simple SOFR Loans, at any time upon payment of all accrued interest to the date of the prepayment without the payment of prepayment charges.

The Borrower may prepay the whole or any part of the principal outstanding under a Daily Compounded CORRA Loan and Daily Simple SOFR Loan at any time upon payment of all accrued interest to the date of the prepayment, costs to the Bank of unwinding the Daily Compounded CORRA Loan or Daily Simple SOFR Loan and any loss suffered by the Bank in re-employing amounts repaid.

**5. STANDARD DISBURSEMENT CONDITIONS**

The obligation of the Bank to permit any drawdowns hereunder at any time is subject to the following conditions precedent:

- a) The Bank shall have received the following documents which shall be in form and substance satisfactory to the Bank:
- i) A copy of a duly executed resolution of the Board of Directors of the Borrower empowering the Borrower to enter into this Agreement;
  - ii) A copy of any necessary government approvals authorizing the Borrower to enter into this Agreement;
  - iii) All of the Bank Security and supporting resolutions and solicitors' letter of opinion required hereunder;
  - iv) The Borrower's compliance certificate certifying compliance with all terms and conditions hereunder;
  - v) All operation of account documentation; and
  - vi) For drawdowns under the Facility by way of L/C or L/G, the Bank's standard form Letter of Credit Indemnity Agreement

- b) The representations and warranties contained in this Agreement are correct.
- c) No event has occurred and is continuing which constitutes an Event of Default or would constitute an Event of Default, but for the requirement that notice be given or time elapse or both.
- d) The Bank has received the arrangement fee payable hereunder (if any) and the Borrower has paid all legal and other expenses incurred by the Bank in connection with the Agreement or the Bank Security.

## **6. STANDARD REPRESENTATIONS AND WARRANTIES**

The Borrower hereby represents and warrants, which representations and warranties shall be deemed to be continually repeated so long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, that:

- a) The Borrower is a duly incorporated corporation, a limited partnership, partnership, or sole proprietorship, duly organized, validly existing and in good standing under the laws of the jurisdiction where the Branch/Centre is located and each other jurisdiction where the Borrower has property or assets or carries on business and the Borrower has adequate corporate power and authority to carry on its business, own property, borrow monies and enter into agreements therefore, execute and deliver the Agreement, the Bank Security, and documents required hereunder, and observe and perform the terms and provisions of this Agreement.
- b) There are no laws, statutes or regulations applicable to or binding upon the Borrower and no provisions in its charter documents or in any by-laws, resolutions, contracts, agreements, or arrangements which would be contravened, breached, violated as a result of the execution, delivery, performance, observance, of any terms of this Agreement.
- c) No Event of Default has occurred nor has any event occurred which, with the passage of time or the giving of notice, would constitute an Event of Default under this Agreement or which would constitute a default under any other agreement.
- d) There are no actions, suits or proceedings, including appeals or applications for review, or any knowledge of pending actions, suits, or proceedings against the Borrower and its subsidiaries, before any court or administrative agency which would result in any material adverse change in the property, assets, financial condition, business or operations of the Borrower.
- e) All material authorizations, approvals, consents, licenses, exemptions, filings, registrations and other requirements of governmental, judicial and public bodies and authorities required to carry on its business have been or will be obtained or effected and are or will be in full force and effect.
- f) The financial statements and forecasts delivered to the Bank fairly present the present financial position of the Borrower, and have been prepared by the Borrower and its auditors in accordance with the International Financial Reporting Standards or GAAP for Private Enterprises.
- g) All of the remittances required to be made by the Borrower to the federal government and all provincial and municipal governments have been made, are currently up to date and there are no outstanding arrears. Without limiting the foregoing, all employee source deductions (including income taxes, Employment Insurance and Canada Pension Plan), sales taxes (both provincial and federal), corporate income taxes, corporate capital taxes, payroll taxes and workers' compensation dues are currently paid and up to date.
- h) If the Bank Security includes a charge on real property, the Borrower or Guarantor, as applicable, is the legal and beneficial owner of the real property with good and marketable title in fee simple thereto, free from all easements, rights-of-way, agreements, restrictions, mortgages, liens, executions and other encumbrances, save and except for those approved by the Bank in writing.

- i) All information that the Borrower has provided to the Bank is accurate and complete respecting, where applicable:
  - i) the names of the Borrower's directors and the names and addresses of the Borrower's beneficial owners;
  - ii) the names and addresses of the Borrower's trustees, known beneficiaries and/or settlors; and
  - iii) the Borrower's ownership, control and structure.

## **7. STANDARD POSITIVE COVENANTS**

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will, and will ensure that its subsidiaries and each of the Guarantors will:

- a) Pay all amounts of principal, interest and fees on the dates, times and place specified herein, under the Rate and Payment Terms Notice, and under any other agreement between the Bank and the Borrower.
- b) Advise the Bank of any change in the amount and the terms of any credit arrangement made with other lenders or any action taken by another lender to recover amounts outstanding with such other lender.
- c) Advise promptly after the happening of any event which will result in a material adverse change in the financial condition, business, operations, or prospects of the Borrower or the occurrence of any Event of Default or default under this Agreement or under any other agreement for borrowed money.
- d) Do all things necessary to maintain in good standing its corporate existence and preserve and keep all material agreements, rights, franchises, licenses, operations, contracts or other arrangements in full force and effect.
- e) Take all necessary actions to ensure that the Bank Security and its obligations hereunder will rank ahead of all other indebtedness of and all other security granted by the Borrower.
- f) Pay all taxes, assessments and government charges unless such taxes, assessments, or charges are being contested in good faith and appropriate reserves shall be made with funds set aside in a separate trust fund.
- g) Provide the Bank with information and financial data as it may request from time to time, including, without limitation, such updated information and/or additional supporting information as the Bank may require with respect to any or all the matters in the Borrower's representation and warranty in Section 6(i).
- h) Maintain property, plant and equipment in good repair and working condition.
- i) Inform the Bank of any actual or probable litigation and furnish the Bank with copies of details of any litigation or other proceedings, which might affect the financial condition, business, operations, or prospects of the Borrower.
- j) Provide such additional security and documentation as may be required from time to time by the Bank or its solicitors.
- k) Continue to carry on the business currently being carried on by the Borrower its subsidiaries and each of the Guarantors at the date hereof.
- l) Maintain adequate insurance on all of its assets, undertakings, and business risks.

- m) Permit the Bank or its authorized representatives full and reasonable access to its premises, business, financial and computer records and allow the duplication or extraction of pertinent information therefrom.
- n) Comply with all applicable laws.

## **8. STANDARD NEGATIVE COVENANTS**

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will not and will ensure that its subsidiaries and each of the Guarantors will not:

- a) Create, incur, assume, or suffer to exist, any mortgage, deed of trust, pledge, lien, security interest, assignment, charge, or encumbrance (including without limitation, any conditional sale, or other title retention agreement, or finance lease) of any nature, upon or with respect to any of its assets or undertakings, now owned or hereafter acquired, except for those Permitted Liens, if any, set out in the Letter.
- b) Create, incur, assume or suffer to exist any other indebtedness for borrowed money (except for indebtedness resulting from Permitted Liens, if any) or guarantee or act as surety or agree to indemnify the debts of any other Person.
- c) Merge or consolidate with any other Person, or acquire all or substantially all of the shares, assets or business of any other Person.
- d) Sell, lease, assign, transfer, convey or otherwise dispose of any of its now owned or hereafter acquired assets (including, without limitation, shares of stock and indebtedness of subsidiaries, receivables and leasehold interests), except for inventory disposed of in the ordinary course of business.
- e) Terminate or enter into a surrender of any lease of any property mortgaged under the Bank Security.
- f) Cease to carry on the business currently being carried on by each of the Borrower, its subsidiaries, and the Guarantors at the date hereof.
- g) Permit any change of ownership or change in the capital structure of the Borrower.

## **9. ENVIRONMENTAL**

The Borrower represents and warrants (which representation and warranty shall continue throughout the term of this Agreement) that the business of the Borrower, its subsidiaries and each of the Guarantors is being operated in compliance with applicable laws and regulations respecting the discharge, omission, spill or disposal of any hazardous materials and that any and all enforcement actions in respect thereto have been clearly conveyed to the Bank.

The Borrower shall, at the request of the Bank from time to time, and at the Borrower's expense, obtain and provide to the Bank an environmental audit or inspection report of the property from auditors or inspectors acceptable to the Bank.

The Borrower hereby indemnifies the Bank, its officers, directors, employees, agents and shareholders, and agrees to hold each of them harmless from all loss, claims, damages and expenses (including legal and audit expenses) which may be suffered or incurred in connection with the indebtedness under this Agreement or in connection with the Bank Security.

## **10. STANDARD EVENTS OF DEFAULT**

The Bank may accelerate the payment of principal and interest under any committed credit facility hereunder and cancel any undrawn portion of any committed credit facility hereunder, at any time after the occurrence of any one of the following Events of Default:

- a) Non-payment of principal outstanding under this Agreement when due or non-payment of interest or fees outstanding under this Agreement within 3 Business Days of when due.
- b) If any representation, warranty or statement made hereunder or made in connection with the execution and delivery of this Agreement or the Bank Security is false or misleading at any time.
- c) If any representation or warranty made or information provided by the Guarantor to the Bank from time to time, including without limitation, under or in connection with the Personal Financial Statement and Privacy Agreement provided by the Guarantor, is false or misleading at any time.
- d) If there is a breach or non-performance or non-observance of any term or condition of this Agreement or the Bank Security and, if such default is capable to being remedied, the default continues unremedied for 5 Business Days after the occurrence.
- e) If the Borrower, any one of its subsidiaries, or, if any of the Guarantors makes a general assignment for the benefit of creditors, files or presents a petition, makes a proposal or commits any act of bankruptcy, or if any action is taken for the winding up, liquidation or the appointment of a liquidator, trustee in bankruptcy, custodian, curator, sequestrator, receiver or any other officer with similar powers or if a judgment or order shall be entered by any court approving a petition for reorganization, arrangement or composition of or in respect of the Borrower, any of its subsidiaries, or any of the Guarantors or if the Borrower, any of its subsidiaries, or any of the Guarantors is insolvent or declared bankrupt.
- f) If there exists a voluntary or involuntary suspension of business of the Borrower, any of its subsidiaries, or any of the Guarantors.
- g) If action is taken by an encumbrancer against the Borrower, any of its subsidiaries, or any of the Guarantors to take possession of property or enforce proceedings against any assets.
- h) If any final judgment for the payment of monies is made against the Borrower, any of its subsidiaries, or any of the Guarantors and it is not discharged within 30 days from the imposition of such judgment.
- i) If there exists an event, the effect of which with lapse of time or the giving of notice, will constitute an event of default or a default under any other agreement for borrowed money in excess of the Cross Default Threshold entered into by the Borrower, any of its subsidiaries, or any of the Guarantors.
- j) If the Borrower, any one of its subsidiaries, or any of the Guarantors default under any other present or future agreement with the Bank or any of the Bank's subsidiaries, including without limitation, any other loan agreement, forward foreign exchange transactions, interest rate and currency and/or commodity swaps.
- k) If the Bank Security is not enforceable or if any party to the Bank Security shall dispute or deny any liability or any of its obligations under the Bank Security, or if any Guarantor terminates a guarantee in respect of future advances.
- l) If, in the Bank's determination, a material adverse change occurs in the financial condition, business operations or prospects of the Borrower, any of the Borrower's subsidiaries, or any of the Guarantors.
- m) If the Borrower or a Guarantor is an individual, the Borrower or such Guarantor dies or is found by a court to be incapable of managing his or her affairs.

## **11. ACCELERATION**

If the Bank accelerates the payment of principal and interest hereunder, the Borrower shall immediately pay to the Bank all amounts outstanding hereunder, including without limitation, the amount of unmatured Term CORRA Loans, Daily Compounded CORRA Loans, Term SOFR Loans and Daily Simple SOFR Loans and the amount of all drawn and undrawn L/Gs and L/Cs. All cost to the Bank of unwinding Term CORRA Loans and Term SOFR Loans and all loss suffered by the Bank in re-employing amounts repaid will be paid by the Borrower.

The Bank may demand the payment of principal and interest under the Operating Loan or Farm Property Line of Credit (and any other uncommitted facility) hereunder and cancel any undrawn portion of the Operating Loan or Farm Property Line of Credit (and any other uncommitted facility) hereunder, at any time whether or not an Event of Default has occurred.

## **12. INDEMNITY**

The Borrower agrees to indemnify the Bank from and against any and all claims, losses and liabilities arising or resulting from this Agreement. USD loans must be repaid with USD and CAD loans must be repaid with CAD and the Borrower shall indemnify the Bank for any loss suffered by the Bank if USD loans are repaid with CAD or vice versa, whether such payment is made pursuant to an order of a court or otherwise. In no event will the Bank be liable to the Borrower for any direct, indirect or consequential damages arising in connection with this Agreement.

## **13. TAXATION ON PAYMENTS**

All payments made by the Borrower to the Bank will be made free and clear of all present and future taxes (excluding the Bank's income taxes), withholdings or deductions of whatever nature. If these taxes, withholdings or deductions are required by applicable law and are made, the Borrower, shall, as a separate and independent obligation, pay to the Bank all additional amounts as shall fully indemnify the Bank from any such taxes, withholdings or deductions.

## **14. REPRESENTATION**

No representation or warranty or other statement made by the Bank concerning any of the Facilities shall be binding on the Bank unless made by it in writing as a specific amendment to this Agreement.

## **15. CHANGING THE AGREEMENT**

- a) The Bank may, from time to time, unilaterally change the provisions of this Agreement where (i) the provisions of the Agreement relate to the Operating Loan or Farm Property Line of Credit (and any other uncommitted facility), including changing or adding fees that may be charged in connection therewith, or (ii) such change is for the benefit of the Borrower, or made at the Borrower's request, including without limitation, decreases to fees or interest payable hereunder or (iii) where such change makes compliance with this Agreement less onerous to the Borrower, including without limitation, release of security. These changes can be made by the Bank providing written notice to the Borrower of such changes in the form of a specific waiver or a document constituting an amending agreement. The Borrower is not required to execute such waiver or amending agreement, unless the Bank requests the Borrower to sign such waiver or amending agreement. A change in the Prime Rate and USBR is not an amendment to the terms of this Agreement that requires notification to be provided to the Borrower.



- b) Changes to the Agreement, other than as described in a) above, including changes to covenants and fees payable by the Borrower, are required to be agreed to by the Bank and the Borrower in writing, by the Bank and the Borrower each signing an amending agreement.
- c) The Bank is not required to notify a Guarantor of any change in the Agreement, including any increase in the Credit Limit.

#### **16. ADDED COST**

If the introduction of or any change in any present or future law, regulation, treaty, official or unofficial directive, or regulatory requirement, (whether or not having the force of law) or in the interpretation or application thereof, relates to:

- i) the imposition or exemption of taxation of payments due to the Bank or on reserves or deemed reserves in respect of the undrawn portion of any Facility or loan made available hereunder; or,
- ii) any reserve, special deposit, regulatory or similar requirement against assets, deposits, or loans or other acquisition of funds for loans by the Bank; or,
- iii) the amount of capital required or expected to be maintained by the Bank as a result of the existence of the advances or the commitment made hereunder;

and the result of such occurrence is, in the sole determination of the Bank, to increase the cost of the Bank or to reduce the income received or receivable by the Bank hereunder, the Borrower shall, on demand by the Bank, pay to the Bank that amount which the Bank estimates will compensate it for such additional cost or reduction in income and the Bank's estimate shall be conclusive, absent manifest error.

#### **17. EXPENSES**

The Borrower shall pay, within 5 Business Days following notification, any fees and expenses (including but not limited to all legal fees) incurred by the Bank in connection with the preparation, registration, ongoing administration, and discharge of this Agreement and the Bank Security and with the enforcement of the Bank's rights and remedies under this Agreement and the Bank Security whether or not any amounts are advanced under the Agreement. These fees and expenses shall include, but not be limited to, any outside counsel fees and expenses, and any all in-house legal fees and expenses (if in-house counsel are used), and any outside professional advisory fees and expenses, and any registration, renewal and discharge fees in connection with the Bank Security, including but not limited to, as applicable, land registry, intellectual property registry, Personal Property Security Act, and Le Registre des droits personnels et réels mobiliers fees as established by the applicable federal, provincial and/or territorial government(s) from time to time. The Borrower shall pay interest on unpaid amounts due pursuant to this paragraph at the All-In Rate plus 2% per annum.

Without limiting the generality of Section 25, the Bank or the Bank's agent, is authorized to debit any of the Borrower's accounts with the amount of the fees and expenses owed by the Borrower hereunder, including any registration, renewal and discharge fee as described in this section in connection with the Bank Security, even if that debiting creates an overdraft in any such account. If there are insufficient funds in the Borrower's accounts to reimburse the Bank or its agent for payment of the fees and expenses owed by the Borrower hereunder, the amount debited to the Borrower's accounts shall be deemed to be a Prime Based Loan under the Operating Loan or Farm Property Line of Credit.

The Borrower will, if requested by the Bank, sign a Pre-Authorized Payment Authorization in a format acceptable to the Bank to permit the Bank's agent to debit the Borrower's accounts as contemplated in this Section.

## **18. NON WAIVER**

Any failure by the Bank to object to or take action with respect to a breach of this Agreement or any Bank Security or upon the occurrence of an Event of Default shall not constitute a waiver of the Bank's right to take action at a later date on that breach. No course of conduct by the Bank will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of this Agreement and the Bank Security or the Bank's rights thereunder.

## **19. EVIDENCE OF INDEBTEDNESS**

The Bank shall record on its records the amount of all loans made hereunder, payments made in respect thereto, and all other amounts becoming due to the Bank under this Agreement. The Bank's records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement.

The Borrower will sign the Bank's standard form Letter of Credit Indemnity Agreement for all L/Cs and L/Gs issued by the Bank.

With respect to chattel mortgages taken as Bank Security, this Agreement is the Promissory Note referred to in same chattel mortgage, and the indebtedness incurred hereunder is the true indebtedness secured by the chattel mortgage.

## **20. ENTIRE AGREEMENTS**

This Agreement replaces any previous letter agreements dealing specifically with terms and conditions of the credit facilities described in the Letter. Agreements relating to other credit facilities made available by the Bank continue to apply for those other credit facilities. This Agreement, and if applicable, the Letter of Credit Indemnity Agreement, are the entire agreements relating to the Facilities described in this Agreement.

## **21. NON-MERGER**

Notwithstanding the execution, delivery or registration of the Bank Security and notwithstanding any advances made pursuant thereto, this Agreement shall continue to be valid, binding and enforceable and shall not merge as a result thereof. Any default under this Agreement shall constitute concurrent default under the Bank Security. Any default under the Bank Security shall constitute concurrent default under this Agreement. In the event of an inconsistency between the terms of this Agreement and the terms of the Bank Security, the terms of this Agreement shall prevail and the inclusion of any term in the Bank Security that is not dealt with in this Agreement shall not be an inconsistency.

## **22. ASSIGNMENT**

The Bank may assign or grant participation in all or part of this Agreement or in any loan made hereunder without notice to and without the Borrower's consent.

The Borrower may not assign or transfer all or any part of its rights or obligations under this Agreement.

## **23. RELEASE OF INFORMATION**

The Borrower hereby irrevocably authorizes and directs the Borrower's accountant, (the "Accountant") to deliver all financial statements and other financial information concerning the Borrower to the Bank and agrees that the Bank and the Accountant may communicate directly with each other.

## **24. FX CLOSE OUT**

The Borrower hereby acknowledges and agrees that in the event any of the following occur: (i) Default by the Borrower under any forward foreign exchange contract ("FX Contract"); (ii) Default by the Borrower in payment of monies owing by it to anyone, including the Bank; (iii) Default in the performance of any other obligation of the Borrower under any agreement to which it is subject; or (iv) the Borrower is adjudged to be or voluntarily becomes bankrupt or insolvent or admits in writing to its inability to pay its debts as they come due or has a receiver appointed over its assets, the Bank shall be entitled without advance notice to the Borrower to close out and terminate all of the outstanding FX Contracts entered into hereunder, using normal commercial practices employed by the Bank, to determine the gain or loss for each terminated FX contract. The Bank shall then be entitled to calculate a net termination value for all of the terminated FX Contracts which shall be the net sum of all the losses and gains arising from the termination of the FX Contracts which net sum shall be the "Close Out Value" of the terminated FX Contracts. The Borrower acknowledges that it shall be required to forthwith pay any positive Close Out Value owing to the Bank and the Bank shall be required to pay any negative Close Out Value owing to the Borrower, subject to any rights of set-off to which the Bank is entitled or subject.

## **25. SET-OFF**

In addition to and not in limitation of any rights now or hereafter granted under applicable law, the Bank may at any time and from time to time without notice to the Borrower or any other Person, any notice being expressly waived by the Borrower, set-off and compensate and apply any and all deposits, general or special, time or demand, provisional or final, matured or unmatured, in any currency, and any other indebtedness or amount payable by the Bank (irrespective of the place of payment or booking office of the obligation), to or for the credit of or for the Borrower's account, including without limitation, any amount owed by the Bank to the Borrower under any FX Contract or other treasury or derivative product, against and on account of the indebtedness and liability under this Agreement notwithstanding that any of them are contingent or unmatured or in a different currency than the indebtedness and liability under this Agreement.

When applying a deposit or other obligation in a different currency than the indebtedness and liability under this Agreement to the indebtedness and liability under this Agreement, the Bank will convert the deposit or other obligation to the currency of the indebtedness and liability under this Agreement using the exchange rate determined by the Bank at the time of the conversion.

## **26. SEVERABILITY**

In the event any one or more of the provisions of this Agreement shall for any reason, including under any applicable statute or rule of law, be held to be invalid, illegal or unenforceable, that part will be severed from this Agreement and will not affect the enforceability of the remaining provisions of this Agreement, which shall remain in full force and effect.

## **27. MISCELLANEOUS**

- i) The Borrower has received a signed copy of this Agreement;
- ii) If more than one Person, firm or corporation signs this Agreement as the Borrower, each party is jointly and severally liable hereunder, and the Bank may require payment of all amounts payable under this Agreement from any one of them, or a portion from each, but the Bank is released from any of its obligations by performing that obligation to any one of them;
- iii) Accounting terms will (to the extent not defined in this Agreement) be interpreted in accordance with accounting principles established from time to time by the Canadian Institute of Chartered Accountants (or any successor) consistently applied, and all financial statements and information provided to the Bank will be prepared in accordance with those principles;

- iv) This Agreement is governed by the law of the Province or Territory where the Branch/Centre is located;
- v) Unless stated otherwise, all amounts referred to herein are in Canadian dollars.
- vi) If the Borrower qualifies as an Eligible Enterprise and the facility/ies hereunder are not secured by a mortgage on real property, the Borrower has the right to cancel this Agreement without incurring a cancellation charge until the end of the third Business Day after the day on which this Agreement is entered into and may be entitled to the refund of certain fees other than (i) any amounts related to the use of the product or service prior to its cancellation; and (ii) any expense that the Bank has reasonably incurred in providing the product or service. Eligible Enterprise, as defined in the Bank Act, means a business with authorized credit of less than CAD\$1,000,000, fewer than 500 employees and annual revenues of less than CAD\$50,000,000.
- vii) If any payment hereunder becomes due and payable on a day which is not a Business Day, the due date of such payment shall be extended to the next succeeding Business Day on which such payment shall be due and payable. Notwithstanding the foregoing, if a payment with respect to a Term CORRA Loan, Daily Compounded CORRA Loan, Term SOFR Loan or Daily Simple SOFR Loan becomes due and payable on a day which is not a Business Day and the next succeeding Business Day is in a succeeding calendar month, the due date of such payment shall be the immediately preceding Business Day.

## **28. CUSTOMER RESOLUTION PROCESS**

Tell us about your problem or concern in the way that is most convenient for you. You may contact a Customer Service Representative at your Branch or Business Unit that handles your account, call us toll free at 1-833-259-5980, contact us by mail at Customer Service, TD Centre, P.O. Box 193, Toronto, Ontario, M5K 1H6, by fax at 1-877-983-2932 or by e-mail at [customer.service@td.com](mailto:customer.service@td.com). As a next step, if your concern remains unresolved, the Manager will offer to elevate your problem to a representative of the Senior Management Office. Alternatively, if you prefer to elevate the problem yourself, you may contact the Manager, or one of our telephone banking specialists at the toll-free number above, and they will assist you.

If your concern remains unresolved, you may contact the Senior Customer Complaints Office by email at [td.scco@td.com](mailto:td.scco@td.com), by mail at P.O. Box 1, TD Centre, Toronto, Ontario, M5K 1A2, or toll free at 1-888-361-0319. If your concern still remains unresolved, you may then contact the ADR Chambers Banking Ombuds Office (ADRBO) by mail at 31 Adelaide Street East, P.O. Box 1066, Toronto, Ontario, M5C 1K9 or telephone: 1-800-941-3655 or toll free fax: 1-877-307-5127 and at [www.bankingombuds.ca](http://www.bankingombuds.ca) or [contact@bankingombuds.ca](mailto:contact@bankingombuds.ca). For a more detailed overview please obtain a copy of our "If You Have a Problem or Concern" brochure from any branch or from our website at [www.td.com](http://www.td.com).

Financial Consumer Agency of Canada (FCAC) - If you have a complaint regarding a potential violation of a consumer protection law, a public commitment, or an industry code of conduct, you can contact the FCAC in writing at: 6th Floor, Enterprise Building, 427 Laurier Ave. West, Ottawa, Ontario K1R 1B9. The FCAC can also be contacted by telephone at 1-866-461-3222 (en français 1-866-461-2232) or through its website at [www.fcac-acfc.gc.ca](http://www.fcac-acfc.gc.ca). Please note that the FCAC does not become involved in matters of redress or compensation - all such requests must follow the process set out above.

## **29. CONSENT TO TD HANDLING OF YOUR PERSONAL INFORMATION AND PRIVACY POLICY**

In this Section 29 and elsewhere in this Agreement, where applicable, "you" and "your" means the Borrower and "we", "our" and "us" means the Bank.

**You consent to Our Privacy Policy.** You agree that the Bank (which includes The Toronto- Dominion Bank and affiliated companies) may handle your personal information as we set out in our Privacy Policy. You can find our Privacy Policy online at [td.com/privacy](http://td.com/privacy).

**You have choices.** The Privacy Policy outlines your options, where available, to refuse or withdraw your consent.

**Here is a summary of our Privacy Policy.**

***We collect, use, share and retain your information to:***

- Identify you
- Process your application
- Provide you ongoing service
- Communicate with you
- Personalize our relationship with you
- Improve TD products and services
- Protect against fraud, financial abuse and error
- Manage and assess our risks
- Meet legal and regulatory obligations

***We collect information (for the purposes set out above) from you and others including:***

- Payment card networks
- Lenders
- Insurers
- Fraud prevention agencies and registries
- Any other people you have allowed us to contact
- From your interactions with us, including on your mobile device or the internet, cameras at our property and records of your use of our products and services

***We may share your information (for the purposes set out above) with these parties. Some of them may be located outside your province/territory or outside Canada:***

- TD affiliates
- Fraud prevention agencies and registries
- Lenders
- Companies that we work with to provide products or services
- Insurers
- Payment card networks

***We retain your information:***

We keep your information for as long as we reasonably need it for the purposes set out above.

***We may communicate with you:***

We may communicate with you about your application. And about your existing and other products and services that may be of interest to you. We may contact you by mail, phone at the number(s) you have provided, text, email or other electronic methods. You can opt out of receiving offers or choose how we contact you for marketing campaign purposes. To do so, visit a TD branch or call us at 1-866-222-3456.

## **Application of Privacy Policy to Related Parties**

If:

- a) there are changes to the signing authorities of the Borrower; or
- b) at the time of obtaining a product or service from us, the Borrower, if a corporation, has any individual who owns or controls, directly or indirectly, 25 per cent or more of the shares of the corporation, or has any director, where such individual or director is not, at such time, either a signing authority of the corporation or a personal banking customer of the Bank; or
- c) at the time of obtaining a product or service from us, the Borrower, if other than a corporation, has any individual who owns or controls, directly or indirectly, 25 per cent or more of the Borrower, where such individual is not, at such time, either a signing authority of the Borrower or a personal banking customer of the Bank;

then the Borrower agrees to make such signing authorities and any such individual or director aware of the Privacy Policy, advise them that they are subject to such policy and inform them that a copy of such policy is available at any TD Canada Trust branch or online at [td.com](http://td.com).

The above sections b) and c) shall not apply where the Borrower is a public body, or a corporation that has minimum net assets of \$75 million on its last audited balance sheet and whose shares are traded on a Canadian stock exchange or a stock exchange that is prescribed by section 3201 of the Income Tax Regulations, as may be amended from time to time, and operates in a country that is a member of the Financial Action Task Force.

### **30. CONSENT TO THE COLLECTION AND/OR DISCLOSURE OF INFORMATION – BORROWER (OTHER THAN AN INDIVIDUAL)**

In addition to any rights the Bank may have regarding the collection and disclosure of the Borrower's information, the Borrower authorizes the Bank to obtain information about the Borrower from, and disclose information about the Borrower to, TD, other lenders, credit reporting or credit rating agencies, credit bureaus, auditors, governmental and regulatory authorities, references provided by the Borrower and any supplier, agent or other party that performs services for the Borrower or for the Bank.

### **31. DEFINITIONS**

Capitalized Terms used in this Agreement shall have the following meanings:

*"Agreement"* means the agreement between the Bank and the Borrower set out in the Letter and this Schedule "A" - Standard Terms and Conditions, as amended from time to time in accordance with Section 15 of this Schedule "A".

*"All-In Rate"* means the greater of the interest rates that the Borrower pays for Floating Rate Loans or the highest fixed rate paid for Fixed Rate Term Loans.

*"Available Tenor"* means, with respect to the applicable then-current Benchmark, (x) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement or (y) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark pursuant to this Agreement.

*"Business Day"* means any day (other than a Saturday or Sunday) that the Branch/Centre is open for business, provided that when used in connection with Term SOFR loans, the term Business Day shall exclude any day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

*"Branch/Centre"* means The Toronto-Dominion Bank branch or banking centre noted on the first page of the Letter, or such other branch or centre as may from time to time be designated by the Bank.

*"Benchmark"* means the Term SOFR Reference Rate, Daily Simple SOFR, Term CORRA Reference Rate, or Daily Compounded CORRA, as the case may be.

*"Benchmark Administrator"* means, with respect to a Benchmark, the administrator of such Benchmark (or the published component used in the calculation thereof).

*"Benchmark Replacement Date"* means, with respect to a Benchmark, a date and time determined by the Bank, which date shall be no later than the earliest to occur of: (a) in the case of clause (x) of the definition of "Benchmark Transition Event," the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the Benchmark Administrator permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or (b) in the case of clause (y) of the definition of "Benchmark Transition Event," the first date on which the regulatory supervisor for the Benchmark Administrator announces that such Benchmark is non-representative, even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

*"Benchmark Transition Event"* means the occurrence of a public statement or publication of information (x) by (i) or on behalf of the Benchmark Administrator, (ii) the regulatory supervisor for the Benchmark Administrator, (iii) the Bank of Canada, (iv) an insolvency official with jurisdiction over the Benchmark Administrator, (v) a resolution authority with jurisdiction over the Benchmark Administrator, or (vi) a court or an entity with similar insolvency or resolution authority over the Benchmark Administrator, announcing that the Benchmark Administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or (y) by the regulatory supervisor for the Benchmark Administrator announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

*"Contractual Term Maturity Date"* means the last day of the Contractual Term period. If the Letter does not set out a specific Contractual Term period but rather refers to a period of time up to which the Contractual Term Maturity Date can occur, the Bank and the Borrower must agree on a Contractual Term Maturity Date before first drawdown, which Contractual Term Maturity Date will be set out in the Rate and Payments Terms Notice.

*"CORRA"* means the Canadian Overnight Repo Rate Average administered and published by the CORRA Administrator.

*"CORRA Administrator"* the Bank of Canada (or any successor administrator).

*"Cross Default Threshold"* means the cross default threshold set out in the Letter. If no such cross default threshold is set out in the Letter it will be deemed to be zero.

*"Daily Compounded CORRA"* means, for any day (a *"CORRA Rate Day"*), CORRA with interest accruing on a compounded daily basis, with the methodology and conventions for this rate (which will include compounding in arrears with a lookback) being established by the Bank in accordance with the methodology and conventions for this rate selected or recommended by the Bank of Canada, or a committee officially endorsed or convened by the Bank of Canada, or any successor thereto, for determining compounded CORRA for business loans; provided that if the Bank decides that any such convention is not administratively feasible for the Bank, then the Bank may establish another convention in its reasonable discretion; and provided that if the administrator has not provided or published CORRA and a Benchmark Replacement Date with respect to CORRA has not occurred, then, in respect of any day for which CORRA is required, references to CORRA will be deemed to be references to the last provided or published CORRA. Notwithstanding the foregoing, if a loan with an interest rate based on Daily Compounded CORRA has been hedged in its entirety with an interest rate swap with the Bank, the lookback period in the methodology for the calculation of Daily Compounded CORRA shall be two (2) business days."

For the avoidance of doubt, from the date hereof until such date that the Bank determines that the methodology and conventions described above have changed, CORRA, as used in the definition of Daily Compounded CORRA, shall mean, for any CORRA Rate Day, a rate per annum equal to the greater of (a) CORRA for the day (such day, a *"CORRA Determination Day"*) that is five (5) Business Days prior to

(i) if such CORRA Rate Day is a Business Day, such CORRA Rate Day or (ii) if such CORRA Rate Day is not a Business Day, the Business Day immediately preceding such CORRA Rate Day, in each case, as such CORRA is published by the CORRA Administrator on the CORRA Administrator's Website, and (b) zero percent. If by 5:00 p.m. (Toronto time) on the second (2nd) Business Day immediately following any CORRA Determination Day, CORRA in respect of such CORRA Determination Day has not been published on the CORRA Administrator's Website and a Benchmark Replacement Date with respect to the Daily Compounded CORRA has not occurred, then CORRA for such CORRA Determination Day will be CORRA as published in respect of the first preceding Business Day for which such CORRA was published on the CORRA Administrator's Website; provided that any CORRA determined pursuant to this sentence shall be utilized for purposes of calculation of Daily Compounded CORRA for no more than three (3) consecutive CORRA Rate Days.

*"Daily Simple SOFR"* means, for any day (a *"SOFR Rate Day"*), SOFR with interest accruing on a simple daily basis, with the methodology and conventions for this rate (which will include a lookback) being established by the Bank in accordance with the methodology and conventions for this rate selected or recommended by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate), or any successor thereto, for determining daily simple SOFR for business loans; provided that if the Bank decides that any such convention is not administratively feasible for the Bank, then the Bank may establish another convention in its reasonable discretion; and provided that if the administrator has not provided or published SOFR and a Benchmark Replacement Date with respect to SOFR has not occurred, then, in respect of any day for which SOFR is required, references to SOFR will be deemed to be references to the last provided or published SOFR. Any change in Daily Simple SOFR due to a change in SOFR shall be effective from and including the effective date of such change in SOFR without notice to the Borrower.

For the avoidance of doubt, from the date hereof until such date that the Bank determines that the methodology and conventions described above have changed, Daily Simple SOFR shall mean, for any SOFR Rate Day, a rate per annum equal to the greater of (a) SOFR for the day (such day, a *"SOFR Determination Day"*) that is five (5) Business Days prior to (i) if such SOFR Rate Day is a Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not a Business Day, the Business Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator's Website, and (b) zero percent. If by 5:00 p.m. (New York City time) on the second (2nd) Business Day immediately following any SOFR Determination Day, SOFR in respect of such SOFR Determination Day has not been published on the SOFR Administrator's Website and a Benchmark Replacement Date with respect to the Daily Simple SOFR has not occurred, then SOFR for such SOFR Determination Day will be SOFR as published in respect of the first preceding Business Day for which such SOFR was published on the SOFR Administrator's Website; provided that any SOFR determined pursuant to this sentence shall be utilized for purposes of calculation of Daily Simple SOFR for no more than three (3) consecutive SOFR Rate Days.

*"Face Amount"* means, in respect of a L/C or L/G, the maximum amount payable to the beneficiary specified therein or any other Person to whom payments may be required to be made pursuant to such L/C or L/G.

*"Fixed Rate Term Loan"* means any drawdown in Canadian dollars under a Facility at an interest rate which is fixed for a Rate Term at such rate as is determined by the Bank at its sole discretion.

*"Floating Rate Loan"* means any loan drawn down, converted or extended under a Facility at an interest rate which is referenced to a variable rate of interest, such as the Prime Rate.



*"Inventory Value"* means, at any time of determination, the total value (based on the lower of cost or market) of the Borrower's inventories that are subject to the Bank Security (other than (i) those inventories supplied by trade creditors who at that time have not been fully paid and would have a right to repossess all or part of such inventories if the Borrower were then either bankrupt or in receivership, (ii) those inventories comprising work in process and (iii) those inventories that the Bank may from time to time designate in its sole discretion) minus the total amount of any claims, liens or encumbrances on those inventories having or purporting to have priority over the Bank.

*"Letter"* means the letter from the Bank to the Borrower to which this Schedule "A" - Standard Terms and Conditions is attached.

*"Letter of Credit"* or *"L/C"* means a documentary letter of credit or similar instrument in form and substance satisfactory to the Bank.

*"Letter of Guarantee"* or *"L/G"* means a stand-by letter of guarantee or similar instrument in form and substance satisfactory to the Bank.

*"Maturity Date"* for a Facility, means the date on which all amounts outstanding under such Facility are due and payable to the Bank.

*"Person"* includes any individual, sole proprietorship, corporation, partnership, joint venture, trust, unincorporated association, association, institution, entity, party, or government (whether national, federal, provincial, state, municipal, city, county, or otherwise and including any instrumentality, division, agency, body, or department thereof).

*"Prime Rate"* means the rate of interest per annum (based on a 365 day year) established and reported by the Bank to the Bank of Canada from time to time as the reference rate of interest for determination of interest rates that the Bank charges to customers of varying degrees of creditworthiness in Canada for Canadian dollar loans made by it in Canada.

*"Purchase Money Security Interest"* means a security interest on an asset which is granted to a lender or to the seller of such asset in order to secure the purchase price of such asset or a loan incurred to acquire such asset, provided that the amount secured by the security interest does not exceed the cost of the asset and provided that the Borrower provides written notice to the Bank prior to the creation of the security interest, and the creditor under the security interest has, if requested by the Bank, entered into an inter-creditor agreement with the Bank, in a format acceptable to the Bank.

*"Rate Term"* means that period of time as selected by the Borrower from the options offered to it by the Bank, during which a Fixed Rate Term Loan will bear a particular interest rate. If no Rate Term is selected, the Borrower will be deemed to have selected a Rate Term of 1 year.

*"Rate and Payment Terms Notice"* means the written notice sent by the Bank to the Borrower setting out the interest rate and payment terms for a particular drawdown.

*"Receivable Value"* means, at any time of determination, the total value of those of the Borrower's trade accounts receivable that are subject to the Bank Security other than (i) those accounts then outstanding for 90 days, (ii) those accounts owing by Persons, firms or corporations affiliated with the Borrower, (iii) those accounts that the Bank may from time to time designate in its sole discretion, (iv) those accounts subject to any claim, liens, or encumbrance having or purporting to have priority over the Bank, (v) those accounts which are subject to a claim of set-off by the obligor under such account, MINUS the total amount of all claims, liens, or encumbrances on those receivables having or purporting to have priority over the Bank.

*"Receivables/Inventory Summary"* means a summary of the Borrower's trade account receivables and inventories, in form as the Bank may require and certified by a senior officer/representative of the Borrower.

*"SOFR"* means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org> (or any successor source for the secured overnight financing rate identified as such by the administrator of the secured financing rate from time to time), on the immediately succeeding Business Day.

*"SOFR Administrator"* means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

*"Term CORRA"* means, for the applicable corresponding interest period of a Term CORRA Loan, the Term CORRA Reference Rate for an interest period comparable to the applicable selected interest period on the day (such day, the "Periodic Term CORRA Determination Day") that is two (2) Business Days prior to the first day of such selected period, as such rate is published by the Term CORRA Administrator; provided, however, if as of 1:00 P.M. (Toronto time) on any Periodic Term CORRA Determination Day the Term CORRA Reference Rate for the applicable interest period has not been published by the Term CORRA Administrator and a Benchmark Replacement Date with respect to Term CORRA has not occurred, then Term CORRA will be the Term CORRA Reference Rate for such interest period as published by the Term CORRA Administrator on the first preceding Business Day for which such Term CORRA Reference Rate for such interest period was published by the Term CORRA Administrator so long as such first preceding Business Day is not more than three (3) Business Days prior to such Periodic Term CORRA Determination Day.

*"Term CORRA Administrator"* means Candeal Benchmark Administration Services Inc., TSX Inc. (or a successor administrator of the Term CORRA Reference Rate selected by the Bank in its reasonable discretion).

*"Term CORRA Reference Rate"* means, for the applicable corresponding interest period, the forward-looking term rate based on CORRA.

*"Term SOFR"* means, for the applicable corresponding interest period of a Term SOFR Loan, the Term SOFR Reference Rate for an interest period comparable to the applicable selected interest period on the day (such day, the "Periodic Term SOFR Determination Day") that is two (2) Business Days prior to the first day of such selected period, as such rate is published by the Term SOFR Administrator; provided, however, if as of 5:00 P.M. (New York City time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable interest period has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to Term SOFR has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such interest period as published by the Term SOFR Administrator on the first preceding Business Day for which such Term SOFR Reference Rate for such interest period was published by the Term SOFR Administrator so long as such first preceding Business Day is not more than three (3) Business Days prior to such Periodic Term SOFR Determination Day.

*"Term SOFR Administrator"* means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Bank in its reasonable discretion).

*"Term SOFR Reference Rate"* means, for the applicable corresponding interest period, the forward-looking term rate based on SOFR.

*"USBR"* means the rate of interest per annum (based on a 365 day year) established by the Bank from time to time as the reference rate of interest for the determination of interest rates that the Bank charges to customers of varying degrees of creditworthiness for US dollar loans made by it in Canada.

*"USD" or "USD Equivalent"* means, on any date, the equivalent amount in United States Dollars after giving effect to a conversion of a specified amount of Canadian Dollars to United States Dollars at the exchange rate determined by the Bank at the time of the conversion.

---

Appendix B

**TD Bank Loan Summary**

---

**TD Commercial Banking**

33 Collier St., 2<sup>nd</sup> Floor  
Barrie, Ontario  
L4M 6E2

October 28, 2024

Lakeland Power Distribution Ltd.  
395 Centre St. Suite 200  
Huntsville, ON P1H

Attn: Darren Bechtel

Dear Mr. Bechtel

Please find below, a summary of the details for the outstanding credit facilities with TD Commercial Banking.

Loan	Start Date	Term (yrs)	Amount	Rate
-02	Feb 1/22	4	\$4,000,000	2.98%
-14	Mar 24/23	5	\$1,162,500	5.00%
-05	July 5/23	4	\$3,000,000	5.95%
-13	Closed - replaced with -03			
-16	Oct 28/22	4	\$2,325,000	5.768%
-11	Closed - replaced with -07			
-07	Aug 1/24	2	\$2,698,887	5.15%
-03	Sep 5/24	2	\$8,000,000	4.75%

Should you have any questions, do not hesitate to contact the undersigned.

Sincerely,

Tony Catallo  
Senior Relationship Manager