

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

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

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

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

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

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

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

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

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

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

Don Eady, Mayor

Kim R. Bulmer, Clerk

PROMISSORY NOTE AMENDING AGREEMENT

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

BETWEEN:

THE CORPORATION OF THE TOWN OF RENFREW
(hereinafter referred to as the "Town")

-and-

RENFREW HYDRO INC.
(hereinafter referred to as "RHI")

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

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

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

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

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

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

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

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

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

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

1. The parties acknowledge that the recitals to this Agreement set out above are true and accurate in all respects.
2. The parties further agree that, notwithstanding the date of this Agreement, this Agreement and the amendments to the Promissory Note set out herein shall be effective as of and from January 1, 2021.
3. The intention of the parties in entering into this Agreement is to amend the terms of the Promissory Note as specifically provided in this Agreement and in part to better reflect the original intention of the parties. Nothing in this Agreement shall be read to novate, void, supersede, replace or restate the Promissory Note or the debt evidenced thereby created pursuant to the Transfer By-law.

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

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

THE CORPORATION OF THE TOWN
OF RENFREW

RENFREW HYDRO INC.

By: _____
Name: Donald Eady
Title: Mayor

By: _____
Name: Lance Jefferies
Title: President

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

By: _____
Name:
Title:

We have the authority to bind the Corporation

We have the authority to bind the Corporation