



# Highlights from the Council Chamber

## Special Council re Orillia Power Corporation Generation Opportunity – July 10, 2020

Below is a snapshot of what Council approved at its meeting held on Friday, July 10, 2020. Please note: The wording below does not represent the exact wording of the motion and is meant as highlights.

- WHEREAS Orillia Power Generation Corporation (“GenCo”) has identified, investigated and negotiated an investment opportunity as more fully described in the confidential memorandum that was delivered to City Council and discussed by City Council in Closed Session (the “Proposed Acquisition”);

AND WHEREAS GenCo’s management are in the final stages of negotiating the terms and conditions that will apply to the Proposed Acquisition;

AND WHEREAS the By-laws and/or the Articles of Incorporation of GenCo and the governing legislation establishing GenCo empowers GenCo’s Board of Directors (the “Board”) or person(s) authorized by the Board to enter into agreements and to bind GenCo to agreements as may be authorized by the Board from time to time;

AND WHEREAS Orillia Power Corporation (“OPC”) is the sole shareholder of GenCo, and has enacted a unanimous shareholder declaration in respect of GenCo dated November 1, 2000 (the “OPC Declaration”);

AND WHEREAS the OPC Declaration restricts the Board’s authority to manage or supervise the management of the business and affairs of GenCo and confirms that OPC shall have all the rights, powers, duties and liabilities to manage or supervise the management of the business and affairs of GenCo;

AND WHEREAS the City of Orillia is the ultimate beneficial owner of both OPC and GenCo, and has enacted a unanimous shareholder declaration and direction in respect of, among others, OPC and GenCo, as contained in and pursuant to By-law 2000-144 of the City of Orillia (the “City Declaration”);

AND WHEREAS the City of Orillia has, by By-law, made certain amendments to the City Declaration, including by By-law 2001-48 of the City of Orillia;

AND WHEREAS Clause 11(e)(1) of the City Declaration requires GenCo to obtain the approval of the City of Orillia in order to incur capital expenditures, make acquisitions, enter into strategic alliances or joint ventures which would involve an amount in an aggregate value, in any fiscal year, equal to 30% or greater of the consolidated net book value (Shareholder's equity) of OPC, as reflected in OPC's most recent audited consolidated financial statement;

AND WHEREAS the Proposed Acquisition will involve a capital expenditure on an acquisition in respect of which the value is equal to 30% or greater of the consolidated net book value (Shareholder's equity) of OPC, as reflected in OPC's most recent audited consolidated financial statement;

AND WHEREAS Clause 11(f) of the City Declaration requires GenCo to obtain the approval of the City of Orillia in order to enter into any agreement, commitment or investment that provides recourse to the assets of GenCo or creates any Liens (as defined in the City Declaration) in favour of any third party in such assets in priority to the City of Orillia except in certain circumstances.

AND WHEREAS the Proposed Acquisition will involve (a) the assumption by GenCo of certain existing secured loan obligations and (b) Liens (as defined in the City Declaration) against the shares in the capital of the entity to be acquired as part of the Proposed Acquisition (the "Acquired Shares") in favour of a third party, and there exist none of the circumstances enumerated in the City Declaration that would exclude the application of Clause 11(f) to the Transaction;

AND WHEREAS it is deemed expedient to approve GenCo to enter into and complete the Proposed Acquisition, subject to OPC approving the Proposed Acquisition in accordance with the OPC Declaration and its other corporate governance processes.

NOW THEREFORE BE IT RESOLVED THAT:

Approval of Transaction Documents

1. GenCo is hereby authorized to negotiate the definitive terms of the Proposed Acquisition and such ancillary documentation as may be required in connection therewith (the "Transaction Documents") and to enter into the Proposed Acquisition pursuant to the terms and subject to the conditions as may be approved by OPC, such approval to be conclusively evidenced by the execution of the Transaction Documents by GenCo;
2. GenCo is hereby authorized to execute, deliver and perform its obligations under the Transaction Documents, substantially on the terms and subject to the conditions of the Proposed Acquisition, with such changes thereto as OPC may approve, such approval to be conclusively evidenced by the execution of the Transaction Documents by GenCo;

Grant of Security Interest

3. GenCo is hereby authorized to grant a security interest in the Acquired Shares in connection with the Proposed Acquisition; and

General

4. Any and all actions heretofore or hereafter taken by any officer or director of GenCo within the terms of any of the foregoing resolutions are hereby ratified and confirmed as the act and deed of GenCo.

The full agenda for the July 10, 2020 meeting, which includes the full detailed reports, is available on the City's website at [orillia.ca](http://orillia.ca).