

## Summary of Financial Requirements

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<b>Affordability Price</b>	The Affordability Price was defined in the RFP to meet the Project Affordability Threshold. The Affordability Price of the recommended Preferred Proponent is \$106.5 Million net present value (“NPV”), \$2.5 Million lower than the established Project Affordability Threshold.
<b>The Recommended Preferred Proponent</b>	The Harbour City Solutions (‘HCS’) consortium has been established for the delivery of the Project under the terms of the DBFOM Project Agreement, and has the following ownership interests (collectively the ‘HCS Partners’): <ul style="list-style-type: none"><li>• Synagro Technologies;</li><li>• Maple Reinders PPP; and</li><li>• Bird Capital.</li></ul>
<b>Payment Terms During Construction</b>	The Substantial Completion Payment is not made by the City until the Project has been constructed and is fully commissioned for Operations.
<b>Substantial Completion Payment</b>	The City will be contractually obliged to make a Substantial Completion Payment of approximately 50% of all eligible capital costs incurred during the construction period as follows: <ul style="list-style-type: none"><li>• The City will fund the entire 50% Substantial Completion Payment;</li><li>• City will recover approximately 25% of the Substantial Completion Payment through PPP Canada’s funding contribution the final amount subject to confirmation of all eligible capital costs, and will be provided to the City by PPP Canada as per the terms of the PPP Canada Financial Agreement.</li></ul>
<b>Financing Structure</b>	The recommended Preferred Proponent has both short-term and long-term financing as well as Equity contributions. At Financial Close, both the short-term and long-term funds will be secured/available for the Project, and a letter of credit will be provided as security to the lenders for the equity contribution. Equity is injected into the Project approximately 3 months prior to Substantial Completion.
<b>Financial Close Process</b>	Once Council has approved the Preferred Proponent, the City and HCS will work to execute the DBFOM Project Agreement. A key step will be to finalize the interest rates related to financing which may result in adjustments to the proposal price as bid / submitted by HCS. The methodology to set the final debt financing interest rates will follow a benchmarking process that has been defined in the RFP. This process also follows market accepted procedures developed by Infrastructure Ontario.

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**Payments During Operations**

Over the 30 year operating term of the DBFOM Project Agreement, the City is projected to make monthly service payments ('MSPs') as follows:

- for the recovery of the Capital, which remains constant through the Term;
- for costs related to operate and maintain the Project over the 30 year period ('OMR Cost');
- monthly payments may be adjusted in accordance with the DBFOM Project Agreement for items such as but not limited to Inflation and biosolids feedstock tonnage volumes supplied by the City and processed by HCS ('Annual Feedstock Tonnage'); and
- A monthly amount for insurance which is renewed on an annual basis.

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**Financial Performance Regime During the Term**

The recommended Preferred Proponent will be required to accept the Annual Feedstock Tonnage provided by the City in an amount up to 60,000 tonnes per year.

In any year, the recommended Preferred Proponent must process a minimum of 90% of the Annual Feedstock Tonnage and will be allowed to divert up to 10% of the Annual Feedstock Tonnage ('Annual Diversion Tonnage') to allow for scheduled maintenance periods. If the Annual Diversion Tonnage exceeds 10%, the recommended Preferred Proponent will be subject to financial deductions against the MSPs which, under extreme cases, may equal 100% of the MSP.

The recommended Preferred Proponent will also be required to comply with Key Performance Indicators outlined in the DBFOM Project Agreement on a monthly basis, each of which has a financial deduction that will be applied against each MSP for non-compliance.

All financial deductions applied to the recommended Preferred Proponent will be accumulated and upon achievement of defined threshold could warrant replacement of sub-contractors and ultimately default.

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**Consumption of Utilities**

The City will supply all water, electricity and natural gas. As part of its bid, the recommended Preferred Proponent committed to a consumption rate for each of the City supplied utilities for which the City pays. At the end of each year, the City will confirm that recommended Preferred Proponent has met its committed consumption rate for each utility, and the City will apply financial adjustments when consumption rate have been exceeded.

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**Design and Bid Fee**

Each of the other two Proponents have qualified for a \$250,000 Design and Bid Fee (for a total of \$500,000) which will be paid by recommended Preferred Proponent at Financial Close.

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