

HAMILTON RENEWABLE POWER INC. BOARD MEETING

September 16, 2019



HRPI



Hamilton Renewable Power Inc.

Agenda

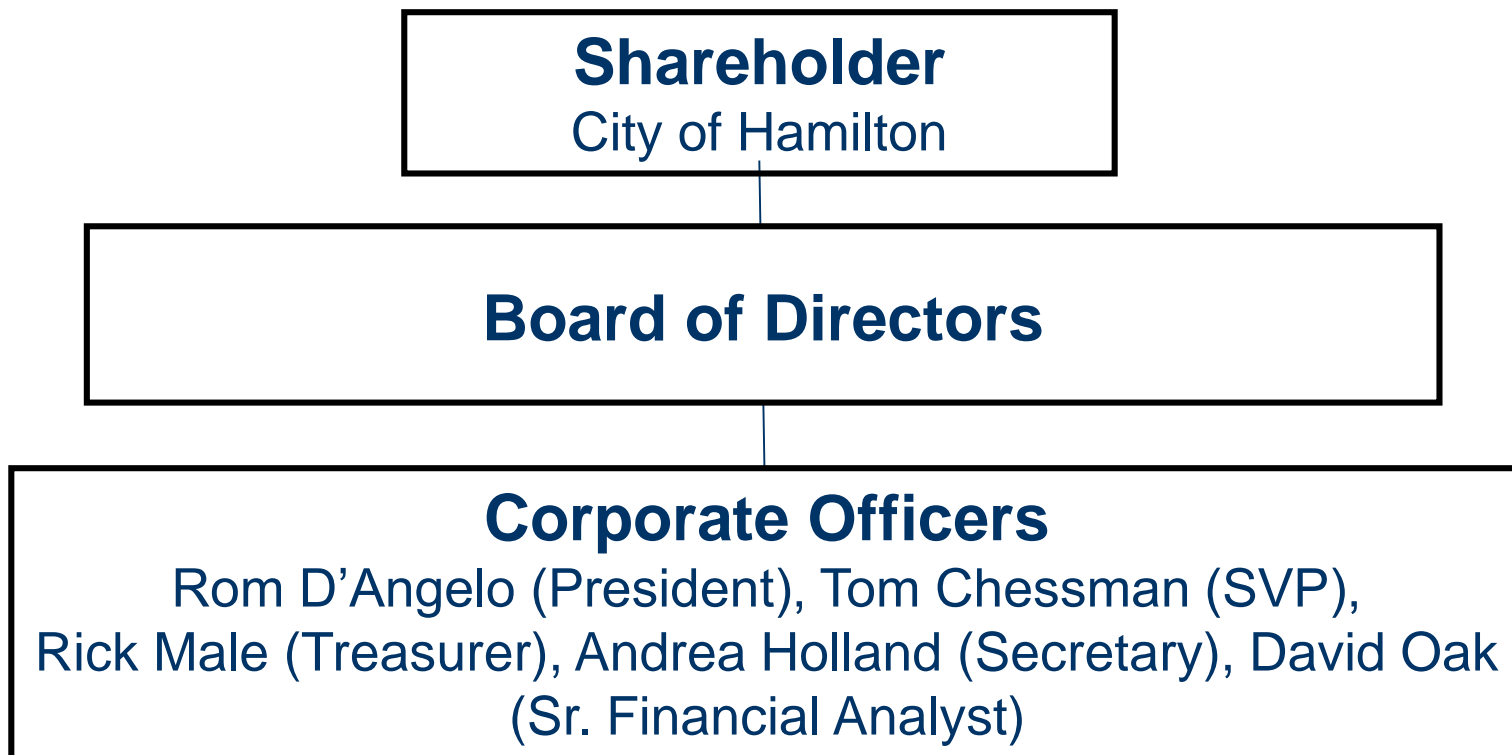
1. Operations Update
2. Financial Update
3. Proposals



Hamilton Renewable Power Inc.

Operational Update 2019

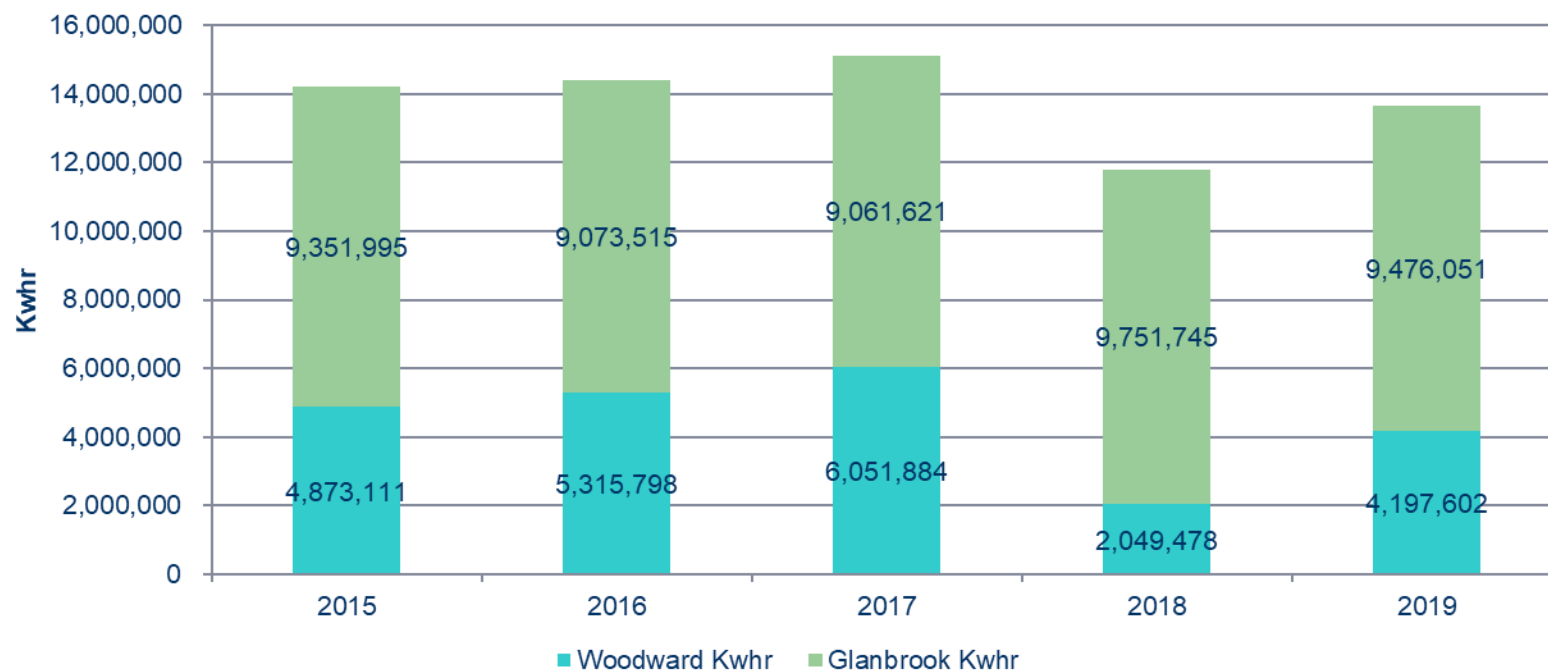
Corporate Structure





Hamilton Renewable Power Inc.

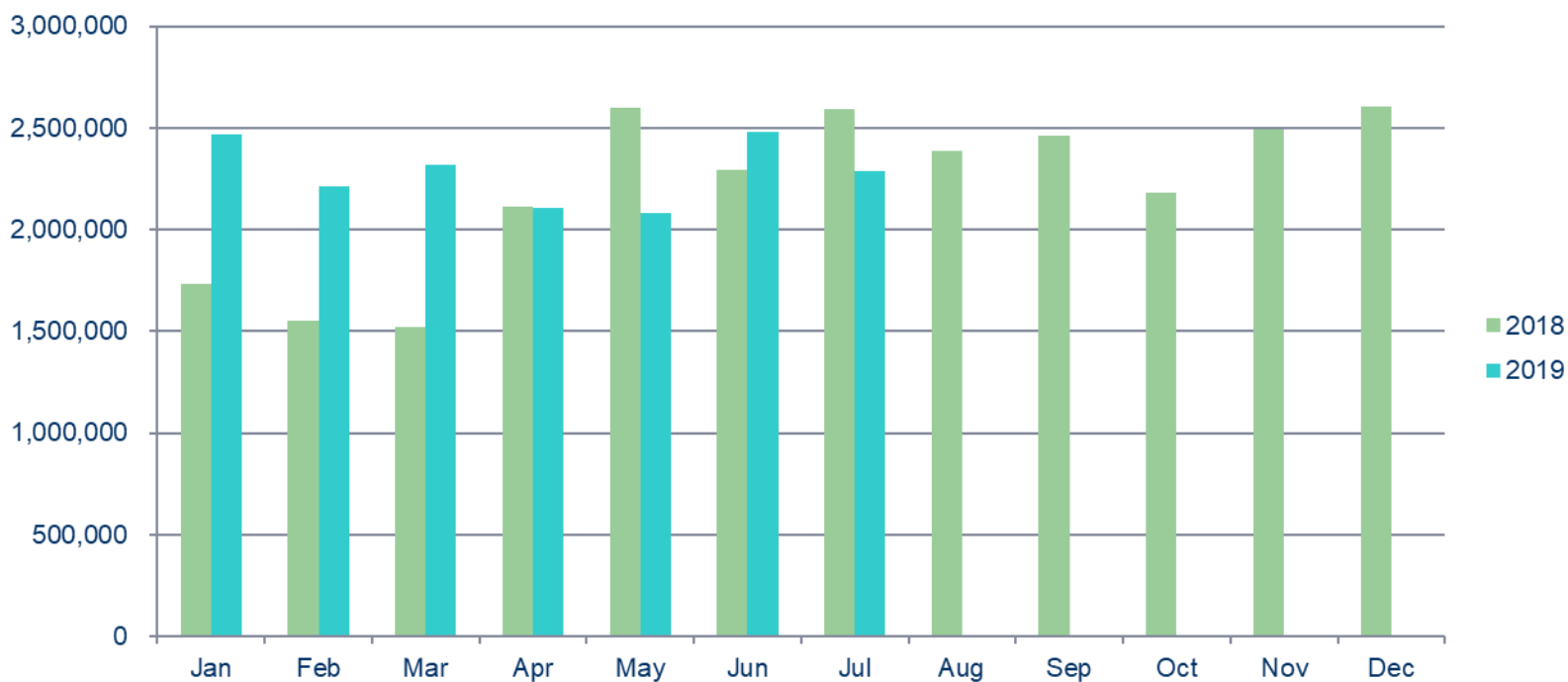
Q1 & Q2 Production (kWh)





Hamilton Renewable Power Inc.

Monthly Energy Production (kWh)





Hamilton Renewable Power Inc.

- Glanbrook O&M Agreement with Toromont renewed for 5 years.
- Mitigating communications costs:
 - Finalizing agreement with HCE Telecom to reduce dark fibre costs at Woodward.
 - Developing plans to enhance communication service at remote Glanbrook site by using HRPI owned tower. Wireless solution could benefit City owned site, local residents and HRPI operations.



Hamilton Renewable Power Inc.

Financial Update 2019

1. 2018 Overview / Financial Statements
2. 2019 Budget
3. 2019 YTD Actuals / FY Forecast
4. Financial Trends



2018 Financial Overview

Audit Findings

- 2018 Financial Statements audited by KPMG
 - no adjustments or restatements
- GST/HST audit conducted by CRA for period July 2014 to May 2018
 - disallowed input tax credits for methane gas and insurance

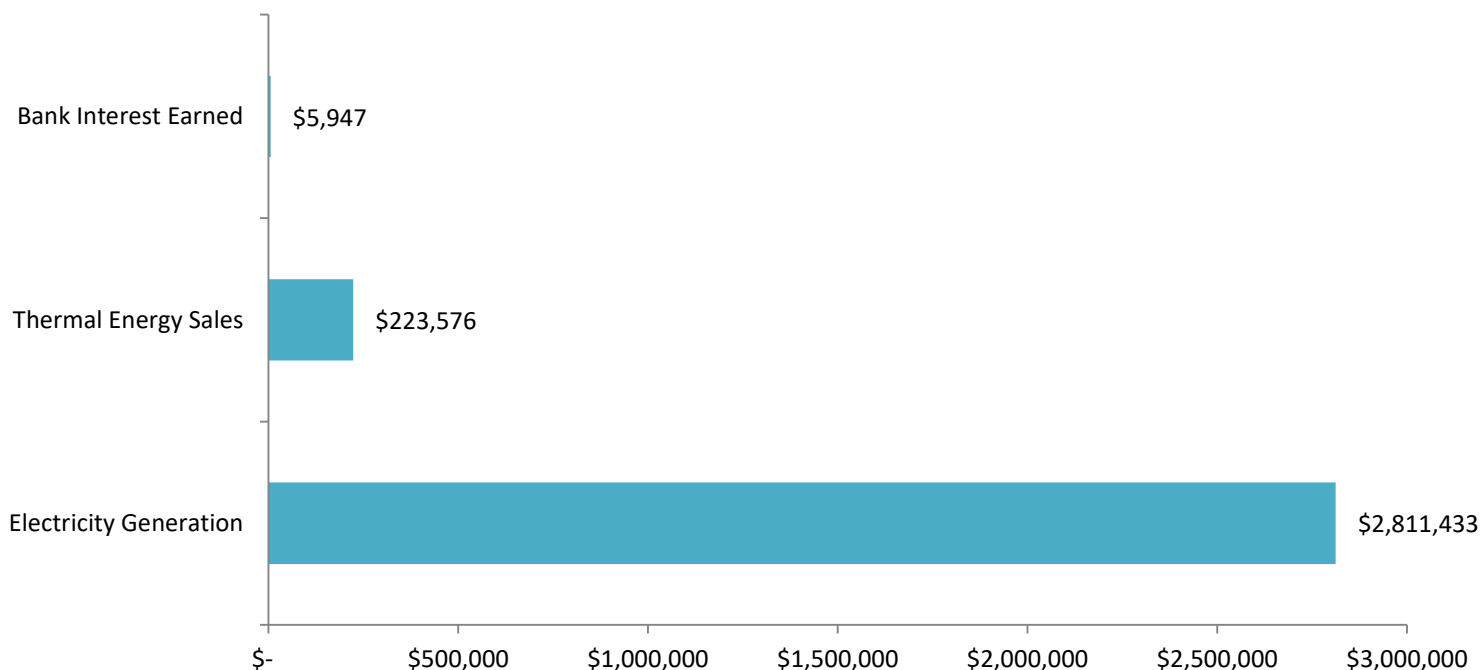


2018 Financial Overview

- Net income earned totalled \$133,711, a \$4,890 or 3.8% increase over the previous year (2017 = \$128,821)
- Woodward co-gen shutdown net loss estimated to be \$64,000 for Jan to Apr period
- Payments issued to the City amounted to \$1,728,509
- Outstanding debt reduced by \$529,649



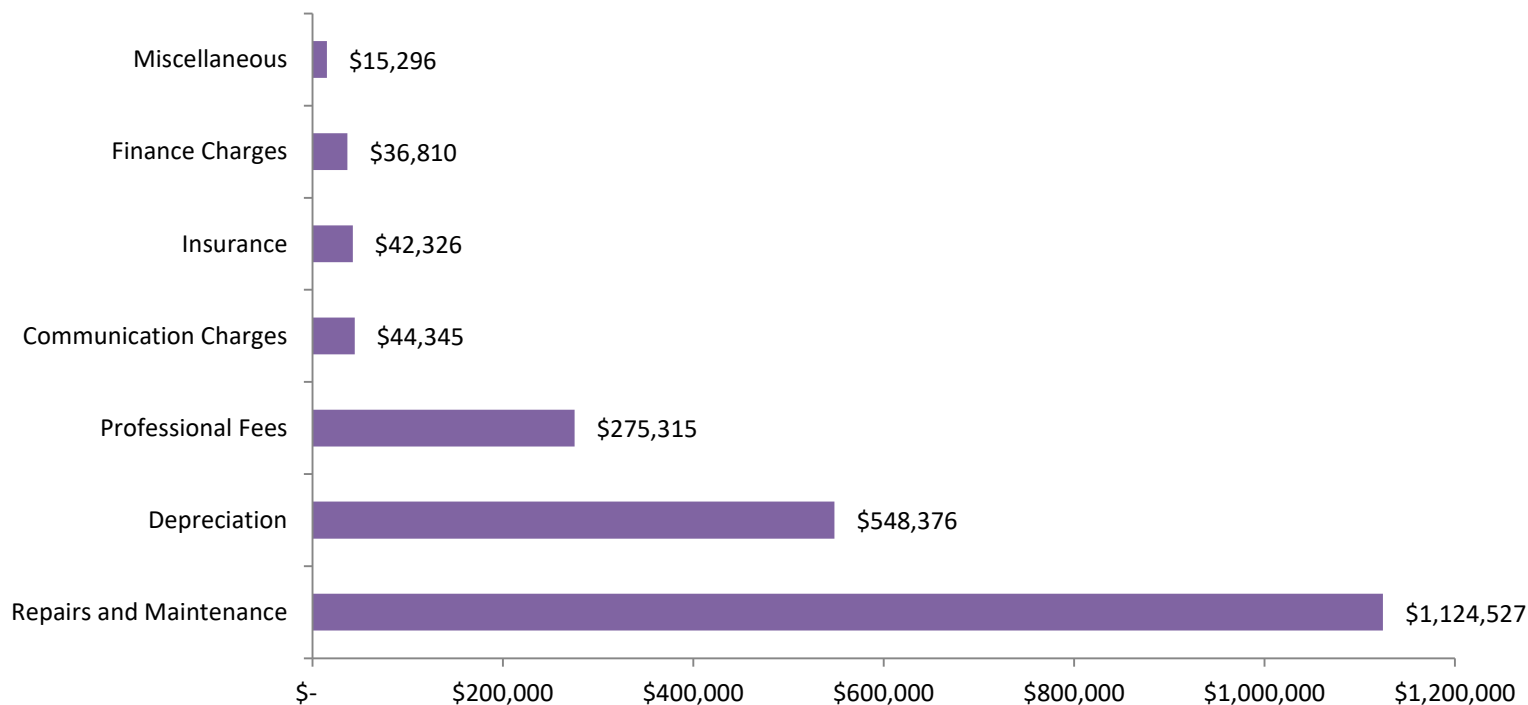
2018 Financial Statements



2018 Actual Revenues = \$3,040,956



2018 Financial Statements



2018 Actual Expenses = \$2,086,995



2018 Financial Statements

2018 Income Statement – Audited

	Budget	Actual	Variance
Revenues	\$2,814,398	\$3,040,956	\$226,558
Methane Cost	\$786,540	\$771,480	\$15,060
Expenses	\$2,127,720	\$2,086,995	\$40,725
PILs	(\$35,278)	\$48,770	(\$84,048)
Net Income (Loss)	(\$64,584)	\$133,711	\$198,295



2018 Financial Statements

2018 Net Earnings Distribution

HRPI ALLOCATION (20%)

- Retained Earnings \$26,741

CITY ALLOCATION (80%)

- Unallocated Capital Reserve \$53,484
 - Closed Landfill Reserve \$26,743
 - Wastewater Capital Reserve \$26,743
- \$106,970
\$133,711

2018 Financial Statements

2018 Balance Sheet – Audited

Current Assets	\$850,359
Fixed Assets	\$6,218,574
Total Assets	\$7,068,933
Current Liabilities	\$995,338
Non-Current Liabilities	\$375,122
Equity	\$5,698,473
Total Liabilities & Equity	\$7,068,933

2018 Financial Statements

	CURRENT ASSETS	FIXED ASSETS	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	EQUITY
CASH	\$ 461,865				
ACCOUNTS RECEIVABLE	\$ 388,288				
PREPAID EXPENSES	\$ 206				
SECURITY DEPOSIT		\$ 32,000			
BUILDING		\$ 206,943			
GENERATING EQUIPMENT		\$ 4,008,101			
INTERCONNECT TO GRID		\$ 1,277,989			
PIPELINE		\$ 693,541			
ACCOUNTS PAYABLE			\$ 623,944		
PILs TAX PAYABLE			\$ 74,010		
HST PAYABLE			\$ 19,079		
CAPITAL LOAN - CURRENT			\$ 278,305		
DEFERRED PILs PROVISION				\$ 375,122	
COMMON SHARES					\$ 6,000,010
RETAINED EARNINGS (DEFICIT)					-\$ 301,537
TOTAL	\$ 850,359	\$ 6,218,574	\$ 995,338	\$ 375,122	\$ 5,698,473



2018 Financial Statements

2018 Net Benefit to City – Audited

	Budget	Actual	Variance
Dividend	\$103,057	\$103,057	\$0
Methane Gas	\$786,540	\$771,480	(\$15,060)
Loan Interest	\$41,506	\$36,810	(\$4,696)
Professional Services	\$237,360	\$236,875	(\$485)
Opportunity Cost	(\$18,447)	(\$16,360)	\$2,087
Total Benefit to City	\$1,150,016	\$1,131,862	(\$18,154)



2019 Budget

2019 Income Statement – Budget

	Budget
Revenues	\$3,220,250
Methane Cost	\$835,790
Expenses	\$2,193,060
PILs	\$50,720
Net Income	\$140,680
Net Cash Flow	\$468,630



2019 Budget

2019 Net Benefit to City – Budget

	Budget
Dividend	\$106,970
Methane Gas	\$835,790
Loan Interest	\$4,700
Professional Fees	\$240,500
Opportunity Cost	(\$2,090)
Benefit to City	\$1,185,870



2019 Year-To-Date Actuals

Income Statement – to June 30

	YTD Budget	YTD Actuals	Variance
Revenues	\$1,596,126	\$1,635,110	\$38,984
Methane Cost	\$414,463	\$408,118	\$6,345
Expenses	\$1,095,266	\$1,050,304	\$44,962
PILs	\$22,490	\$45,000	(\$22,510)
Net Income	\$63,907	\$131,688	\$67,781



2019 Full Year Forecast

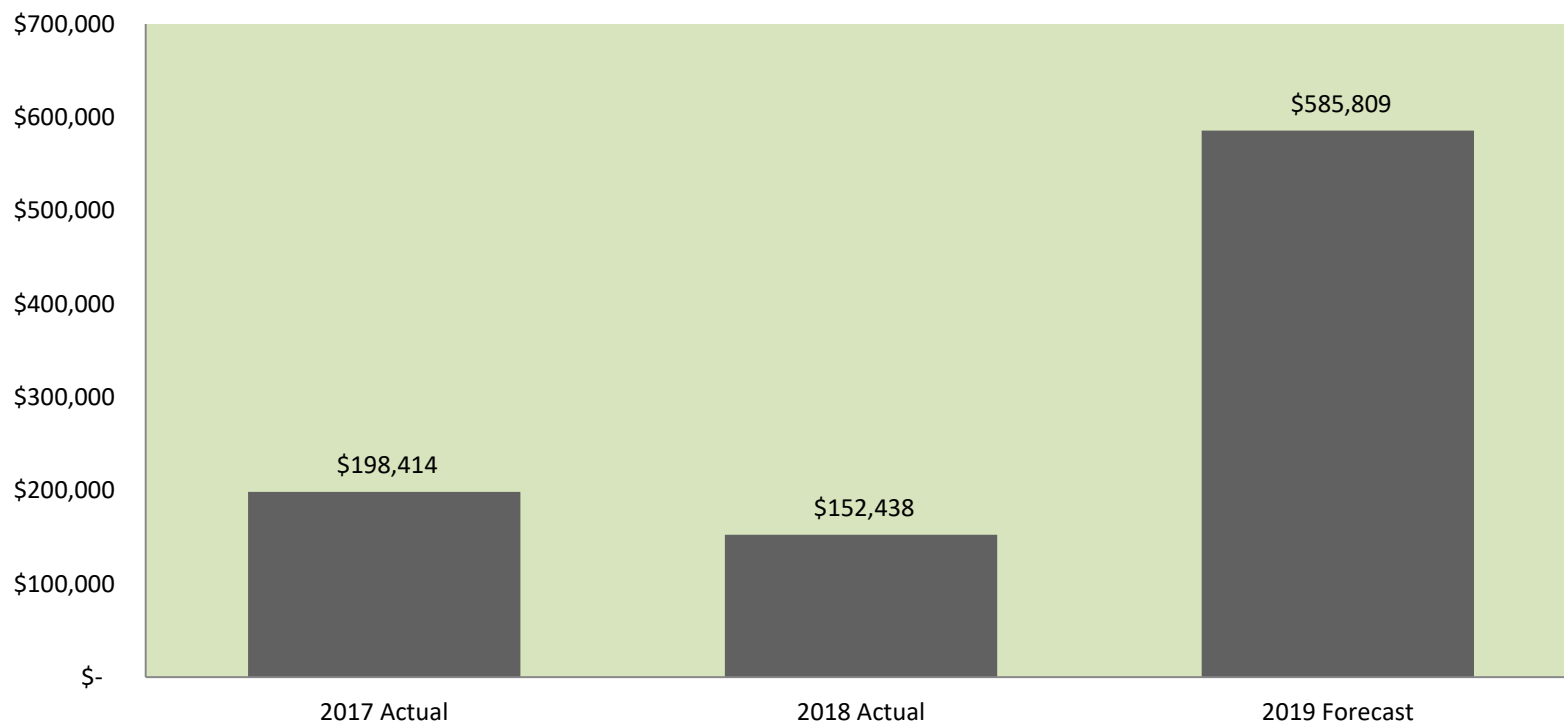
Income Statement – to December 31

	FY Budget	FY Forecast	Variance
Revenues	\$3,220,250	\$3,270,221	\$49,971
Methane Cost	\$835,790	\$816,237	\$19,553
Expenses	\$2,193,060	\$2,111,114	\$81,946
PILs	\$50,720	\$84,187	(\$33,467)
Net Income	\$140,680	\$258,683	\$118,003



2019 Full Year Forecast

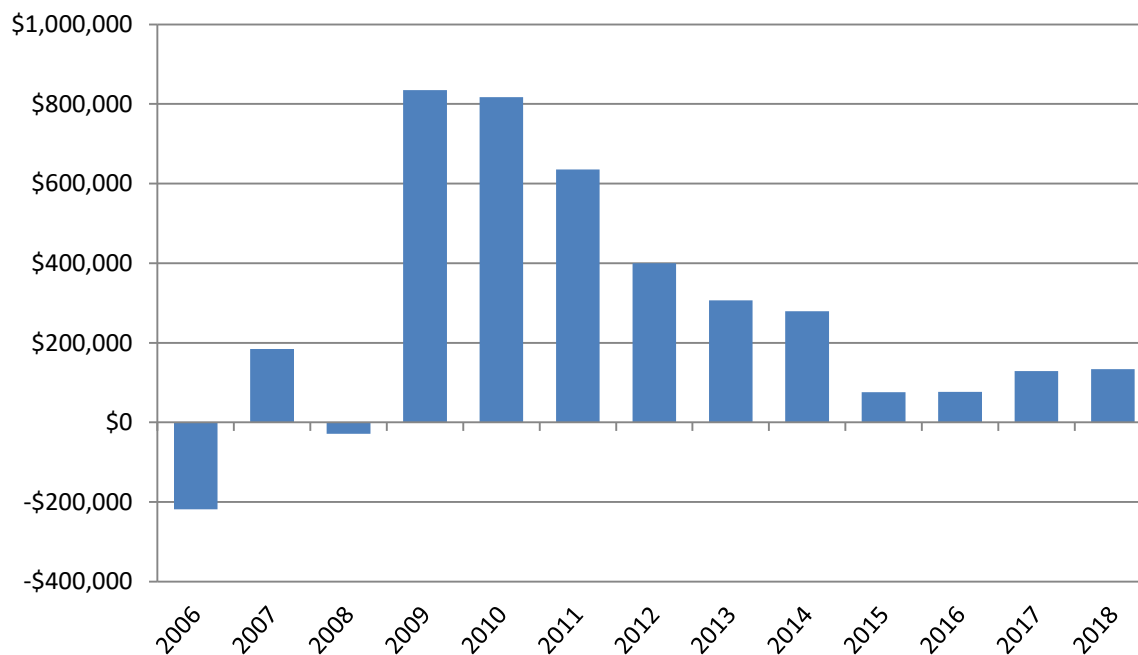
Net Cash Flow



Financial Trends

Net Income Earned

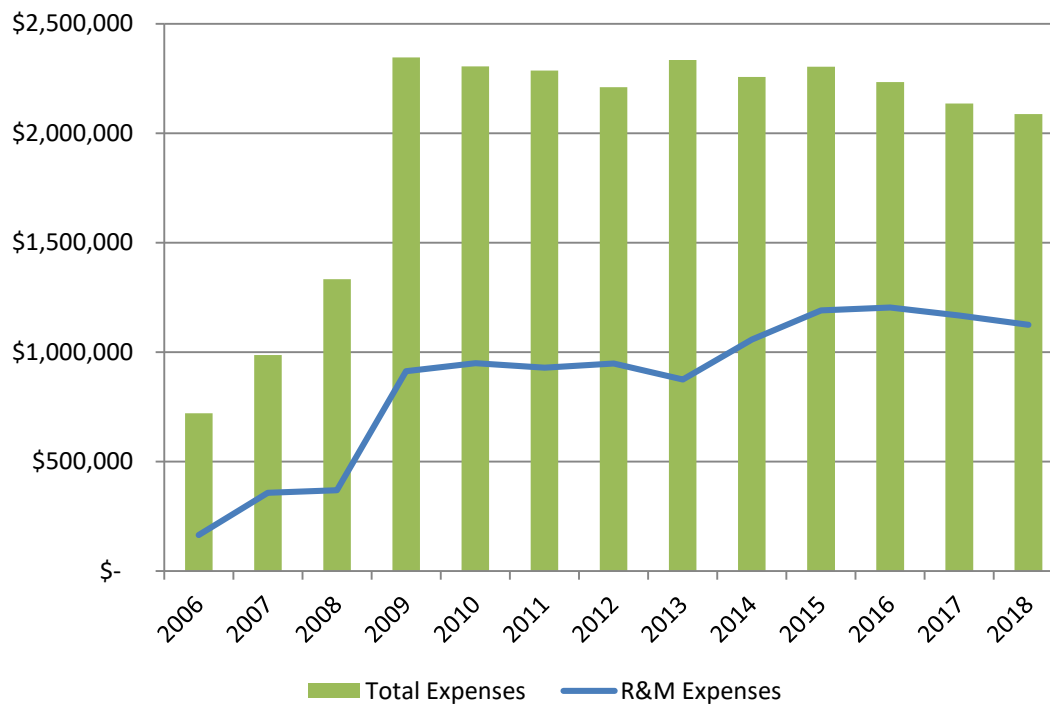
Year	Net Income
2006	(\$ 218,363)
2007	\$ 184,301
2008	(\$ 28,544)
2009	\$ 834,850
2010	\$ 816,973
2011	\$ 635,185
2012	\$ 399,710
2013	\$ 306,585
2014	\$ 279,202
2015	\$ 75,935
2016	\$ 76,892
2017	\$ 128,821
2018	\$ 133,711



Financial Trends

Repairs & Maintenance Expenses

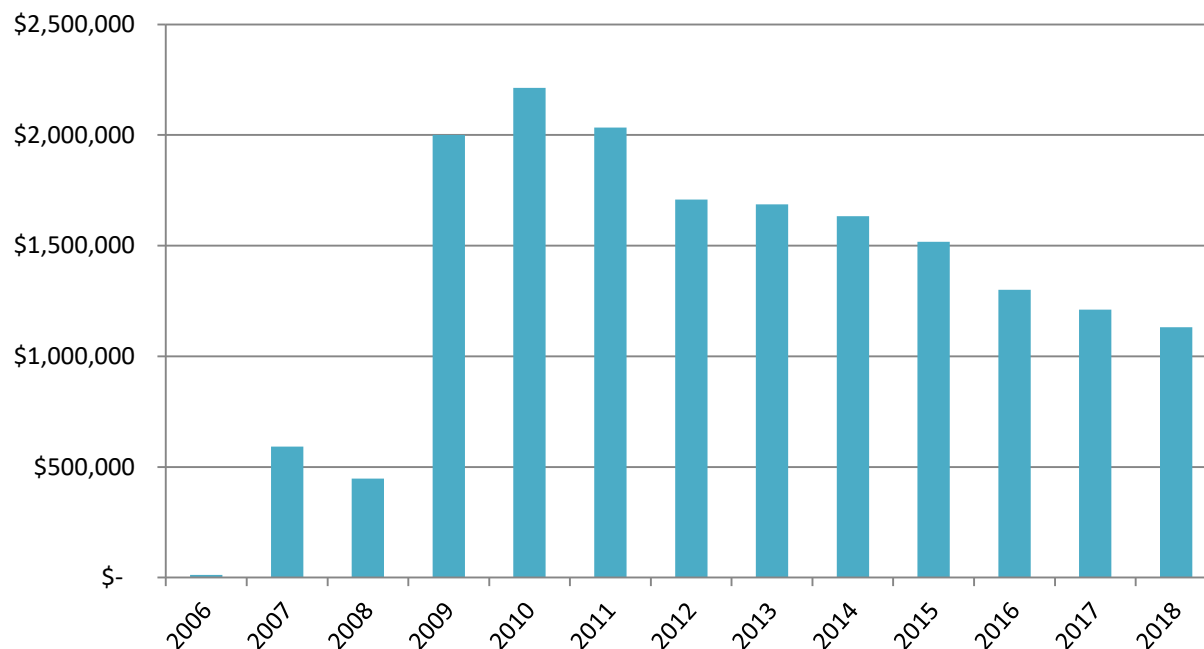
Year	Total Expenses	R&M Expenses	% of Total Expenses
2006	\$ 720,566	\$ 165,303	22.9%
2007	\$ 987,513	\$ 357,710	36.2%
2008	\$ 1,332,808	\$ 370,068	27.8%
2009	\$ 2,346,141	\$ 913,425	38.9%
2010	\$ 2,305,576	\$ 949,091	41.2%
2011	\$ 2,285,861	\$ 929,956	40.7%
2012	\$ 2,210,898	\$ 948,275	42.9%
2013	\$ 2,334,380	\$ 874,598	37.5%
2014	\$ 2,257,231	\$ 1,058,549	46.9%
2015	\$ 2,304,389	\$ 1,190,804	51.7%
2016	\$ 2,233,949	\$ 1,203,826	53.9%
2017	\$ 2,135,272	\$ 1,167,951	54.7%
2018	\$ 2,086,995	\$ 1,124,527	53.9%



Financial Trends

Net Benefit to City

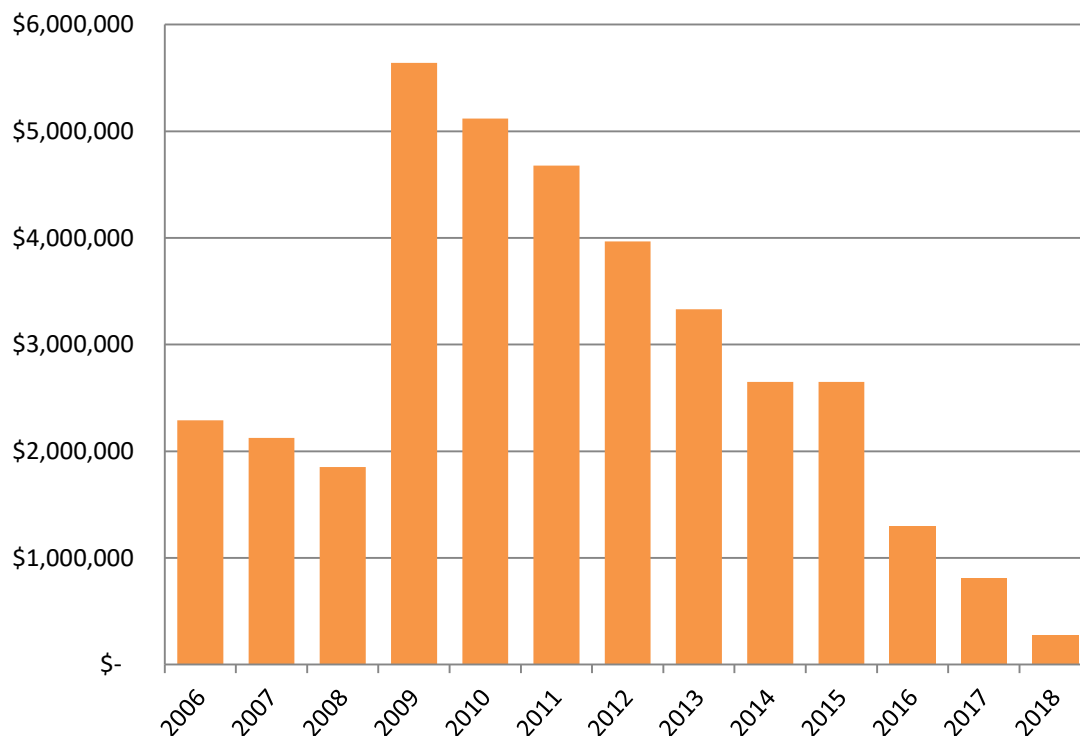
Year	City Net Benefit
2006	\$ 11,257
2007	\$ 591,719
2008	\$ 447,373
2009	\$ 2,000,345
2010	\$ 2,213,378
2011	\$ 2,033,743
2012	\$ 1,708,212
2013	\$ 1,686,137
2014	\$ 1,633,667
2015	\$ 1,517,245
2016	\$ 1,301,246
2017	\$ 1,210,308
2018	\$ 1,131,862
Total	\$ 17,486,492



Financial Trends

Outstanding Capital Loan (Debt)

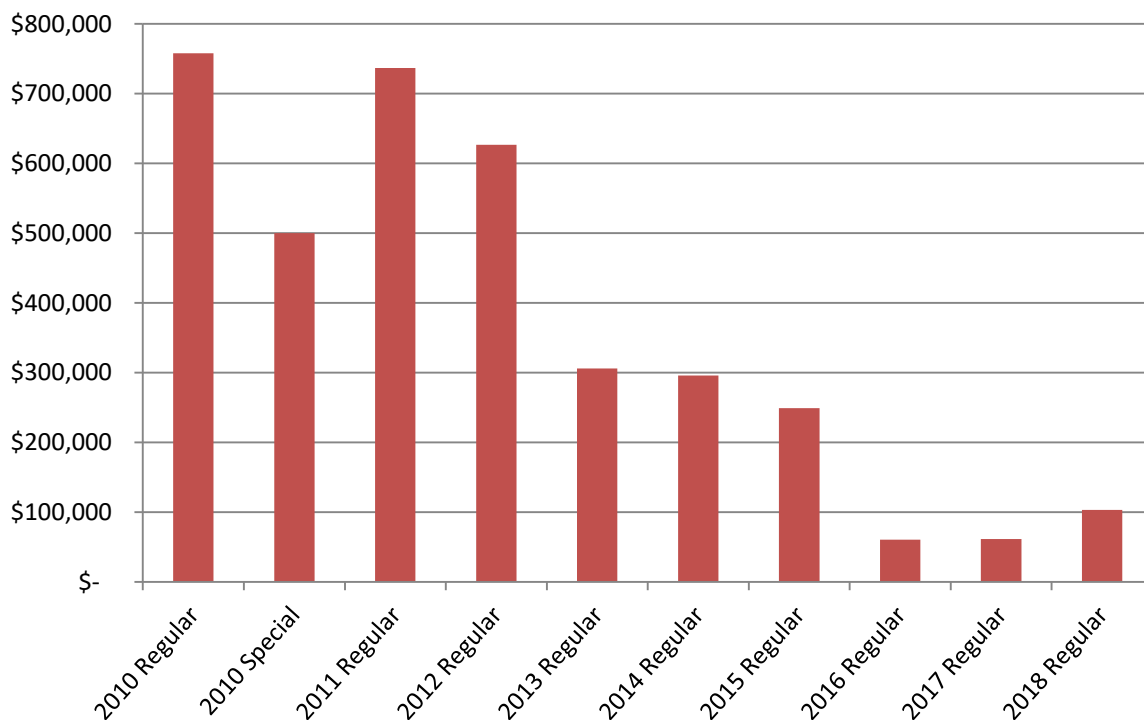
Year	Debt
2006	\$ 2,290,483
2007	\$ 2,123,635
2008	\$ 1,851,646
2009	\$ 5,642,071
2010	\$ 5,120,167
2011	\$ 4,676,774
2012	\$ 3,966,430
2013	\$ 3,329,511
2014	\$ 2,648,875
2015	\$ 2,648,875
2016	\$ 1,303,584
2017	\$ 807,954
2018	\$ 278,305



Financial Trends

Type	Dividend
2010 Regular	\$ 757,963
2010 Special	\$ 500,000
2011 Regular	\$ 736,920
2012 Regular	\$ 626,642
2013 Regular	\$ 306,122
2014 Regular	\$ 295,816
2015 Regular	\$ 249,150
2016 Regular	\$ 60,748
2017 Regular	\$ 61,514
2018 Regular	\$ 103,057
Total	\$ 3,697,932

Dividends Paid to City





Related Motions

- That the Board approve the 2018 audited financial statements, as presented.
- That the Board approve the 2019 operating budget, as presented.



Dividend Declaration

- That in accordance with the Dividend Policy, a regular dividend of \$106,970 be declared for 2019 based on 80% of annual net earnings as reported on the 2018 audited financial statements.
- That the regular dividend be distributed in one payment of \$106,970 to the shareholder, to be issued no later than December 1, 2019.



Hamilton Renewable Power Inc.

Proposals



Hamilton Renewable Power Inc.

Sequester Emissions (Algae Study):

- Option to enhance revenue and continued use of generators at Glanbrook.
- Sequester CO2 Emissions by generating algae growth.
- BAD algae = water bloom. GOOD algae used in food products, food dyes, pharma industry & animal feedstock among many other growing market demands.
- WHY Glanbrook? Steady production & output (other sites too small), can capture heat from engines, space for trailers & storage. GHG reduction and revenue potential are both key reasons to investigate.
 - Visited working sites in St. Mary's & Markham.
- HOW? If study shows this is safe & viable, consider on-site pilot test facility for 3 – 6 months.
 - Seeking approval to develop & assess business case and consider options (joint venture, long term fixed price contract on CO2 or ?)

Hamilton Renewable Power Inc.





Hamilton Renewable Power Inc.

Solar Rooftop PV Systems (exploring with City):

- Invest in renewable generation on 2 arena roofs.
- Assists City in meeting renewable energy goals, emission reductions and lower operating costs.
- Aligned with HRPI business model.
- Needs to be financially good for City & HRPI:
- Approval today:
 - Explore financials options & generate detailed proposal



Hamilton Renewable Power Inc.

Questions ?