

CITY OF HAMILTON

NOTICE OF MOTION

Council: December 18, 2020

MOVED BY COUNCILLOR B. CLARK.....

Various Requests from Hamilton Utilities Corporation and Hamilton Enterprises Holding Corporation (FCS20092/LS20030) (City Wide) (Item 3.1)

- (a) Conditional upon HEHCo substantiating the value of the four promissory notes to the satisfaction of the General Manager, Finance and Corporate Services, that Council approve the following steps to complete the restructuring of Hamilton Utilities Corporation (HUC) commenced in 2017, namely:
- (i) conversion of the four promissory notes totalling approximately \$40 Million, payable to HUC for assets sold by HUC to HEHCo subsidiaries, into equity requiring transfers through the City's bank account(s) with no material impact to the City;
 - (ii) discharge of the existing Personal Property Security Act security registration(s) over the District Cooling System assets separately granted by HCE and HUC to the City and the filing of new Personal Property Security Act security registration(s) over the District Cooling System assets granted by HIPCO-CUP to the City;
 - (iii) restructuring the flow of loan repayments related to the sale of the District Cooling System assets to align with the restructuring of the City's energy subsidiaries by entering into a Debt and Security Realignment Agreement between the City, HUC, HCE, HIPCO-CUP and HIPCo; and
 - (iv) assignment of the various site licences in relation to the District Cooling System assets from HCE to HIPCO-CUP;
- (b) That Council approve the temporary contravention of the debt/equity ratio required by the HEHCo Unanimous Shareholders' Declaration with respect to HIPCO Portlands Projects Corporation's proposed \$3 Million financing from Concentra Bank; and
- (c) That the General Manager, Finance and Corporate Services, or their designate, be authorized and directed to execute on behalf of the City all documentation and agreements necessary to give effect to Recommendations (a), (b) and (c), all in a form acceptable to the City Solicitor, including but not limited to: (i) Restructuring Notes Acceptance Agreement; (ii) HEHCo Share Subscription Agreement; (iii) Receipt for HEHCo Share Certificate; (iv) Notes Payment Demand; (v) Receipt for

Notes Payment(s); (vi) Guarantee Agreement (City and HIPCO-CUP); (vii) General Security Agreement (City and HIPCO-CUP); (viii) Termination Agreement re: existing HCE – City Guarantee Agreement; (ix) Termination of Personal Property Security Act security registration(s) over the District Cooling System assets separately granted by HUC and HCE; and (x) various ancillary agreements including Novation Agreements.