



Hamilton Enterprises Holding Corporation

Corporate Overview

June 2023

Executive Summary

This executive summary has been prepared to provide an overview of Hamilton Enterprises Holding Corporation (HEHCo) and its subsidiary businesses operating under the brand of Hamilton Community Enterprises (HCE).

HCE provides community-focused, low-carbon energy and mission-critical data solutions across the Greater Toronto Hamilton Area. With expertise that integrates across thermal energy (District Energy & Geo-Exchange), electrical (Co-Generation, Solar) and data (fibre optic and wireless), HCE is uniquely positioned to design and operate an innovative mix of services targeted towards efficiency, resiliency and sustainability that enables the communities, and businesses within them to combat the effects of climate change and to break down the barriers towards accessing broadband and digital services.

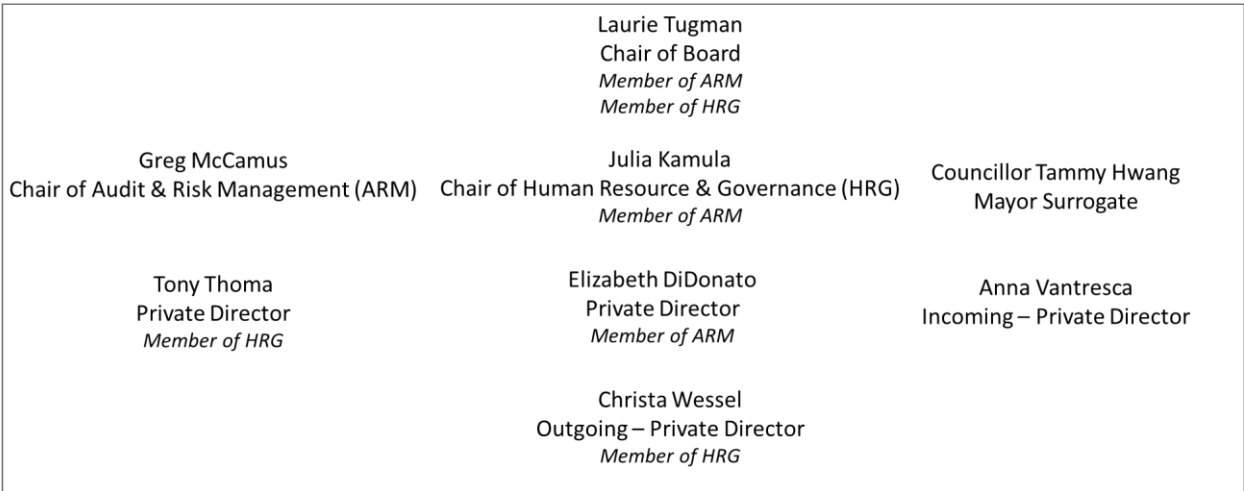


Figure 1. HEHCo Director Composition

HEHCo is a holding company wholly owned by the City of Hamilton, incorporated and existing under the Ontario Business Corporation Act. A Unanimous Shareholders Declaration governs the activities of HEHCo and its subsidiaries companies. There’s an independent Board of Directors comprised of the Mayor or Mayor Surrogate and six Private Director appointees with skills, expertise and executive-level experience in the energy and technology sectors. (See Figure 1 for the current Director composition)

HEHCo is a distinct and separate entity from Hamilton Utilities Corporation (HUC) and was formed in 2017 after the merger of Horizon Utilities to form Alectra. All commercial business activities reside in HEHCo, while HUC’s sole purpose is to manage the City of Hamilton’s 17.3% principal ownership in Alectra Utilities.

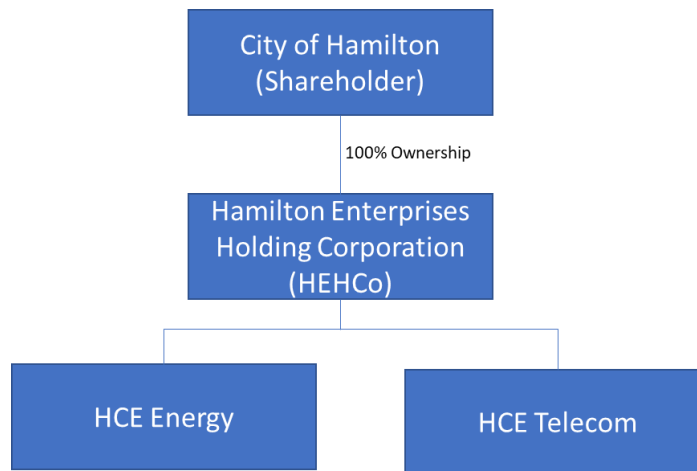


Figure 2. Corporate Structure

Hamilton Community Enterprises (HCE) is the commercial operating brand of Hamilton Enterprise Holding Corporation (HEHCo) and provides facilities-based (capital assets) utility solutions across both the non-regulated Energy (District Energy and Renewable power) and Telecommunication (Internet) sectors. HCE competes in the enterprise market as a for-profit entity, with the cash generated through its operating activity re-invested into the organization to fund growth, operating activities, and capital maintenance programs.

Working alongside Municipalities, Education, Health Care, Essential Services, Utilities and Private sectors, HCE continues to deepen its understanding of the needs of our customers and how they work with and for their communities. We create smart solutions for smart cities by integrating our energy and data expertise.

HCE is well aligned with the strategic priorities of the City of Hamilton and is focused on creating Shareholder Value through the lens of generating Economic, Social and Environmental returns.

HCE's vision, mission and corporate strategic objectives were developed with substantial consideration towards the strategic priorities of the City of Hamilton. HCE's vision is to connect and power our communities with innovative solutions creating a smart, sustainable future, with the mission to be a visionary leader, redefining how energy and data technologies are delivered through value-creating integrated utility solutions.

Climate Change and digital transformation drive unprecedented challenges and create new opportunities at a pace never experienced before. Given its Municipal ownership and innovative mix of technologies, HCE is uniquely positioned to deliver solutions that matter most to the betterment of our businesses and communities. HCE's formula of success is to innovate locally, solving problems and creating value within our community, then operationalize and commercialize these innovations to generate revenue across a larger market and geographical area.

Appendix

HCE Telecom and HCE Energy Overviews



HCE Telecom Overview

HCE Telecom was incorporated in 2015 after a successful proof-of-concept pilot program initiated by the City of Hamilton's IT division and fulfilled by HEHCo. Subsequently, a business plan was developed to create a regional, fibre optic Internet Service Provider (ISP) with the City of Hamilton's corporate Wide Area Network as its anchor client.

During this time, HCE Telecom executed Municipal Access Agreements within Hamilton and neighbouring municipalities and began deploying fibre optics in Hamilton and Halton regions. With over 100km of fibre optic assets installed and strategic data centres across the GTHA, HCE Telecom has continued growing, servicing Government, Education, Health Care and Essential Services (MUSH) and Enterprise businesses providing Internet, Data, Voice and Cloud services.

Since its incorporation, HCE Telecom has rapidly grown to provide services to over 220 clients at over 2000 unique locations. It is a trusted provider to the area's most significant and demanding Internet, Data and Voice users. HCE provides a modern and desirable portfolio of services with many notable and referenceable accounts.

Looking beyond only economic returns, HCE Telecom applies its expertise towards providing a social benefit to the community as well, to maximize access to the Internet and make digital services more accessible to Hamiltonians.

Listening closely to the vision expressed by the City's leadership, including the Chief Digital Officer, Community Housing Hamilton, Hamilton Public Library, and Public Health, HCE seeks to deliver on the goal of doing good in our community. Some examples include the growing delivery of outdoor Wi-Fi in public spaces that connects over 5000 people to City of Hamilton-supplied Internet. In addition, HCE telecom has provided mission-critical voice services that have delivered over 880,000 calls to Hamilton's COVID-19 hotline to support the community pandemic response and have also enabled high-quality and cost-effective Internet to over 1000 units within Hamilton public housing without hidden fees or restrictive terms.

HCE Energy Overview

HCE Energy was founded in 2002, following the de-regulation occurring in the Ontario Electricity Sector, enabling Municipalities to incorporate for-profit subsidiary corporations to compete in the non-regulated energy sector. Several government programs at the time funded natural gas co-generation projects to reduce Ontario's carbon emissions away from coal power generation. Through Hamilton Hydro and with support from the City of Hamilton, it gave rise to the District Energy System at 79 Bay St, commonly called the Downtown District Energy System (DES). The system was built to provide heat (thermal energy) to 11 properties, totalling approximately 2.5 million square feet within Hamilton's downtown core while generating 3.5MW of electricity. A 25-year property lease was signed with the Hamilton Wentworth District School Board at the Sir John A McDonald High School that expires in 2028 and coincides with the expiry of the thermal Energy Services Agreement (ESA) with the City of Hamilton in 2028.



The DES supplies 15.5MW of thermal energy with 8.5MW tied to an Energy Services Agreement (ESA) with the City of Hamilton (integrated closely with the Central Utilities Plant), 3MW to Victoria Park Community Homes and 4MW divided amongst Templar Flats, Alectra, and the Police ISF building. In 2019, the co-generation component of the DES was changed to a peak-shaving model and away from its original 16hr x 5d mode of operations providing energy savings and reduced carbon emissions to the City. Through this electrical peak saving, HCE saves the City of Hamilton between \$500k to \$1M annually from its utility bill by reducing the City's peak electricity demand associated with the Class A electrical meter within the Central Utilities Plant (CUP). This meter is the primary electrical feed for City Hall, Convention Center, Hamilton Place, Ellen Fairclough Building, Central Library, Market and Parking Garage.

HCE owns and operates the Central Utilities Plant beneath the Hamilton Art Gallery; beyond electrical distribution, it is the primary cooling source for several City of Hamilton and downtown commercial properties. In addition to cooling the buildings listed above, it also provides cooling to First Ontario Centre. The CUP is a candidate location to relocate the downtown DES upon its lease expiry at Sir John A. It presents an opportunity to harvest the waste heat from its centralized cooling process as a low-carbon heating resource to reduce greenhouse gas emissions to City buildings.

In 2010, HCE expanded to the McMaster Innovation Park by developing, owning, and operating a low-carbon heating and cooling solution based on Geo-Exchange and advanced energy harvesting and control technologies. In 2015, HCE Energy began to green its electricity portfolio by building Solar Photo Voltaic (PV) assets. HCE Energy owns and operates more than 3.7 MW of renewable solar electricity generation. Additionally, HCE was awarded a Combined Heat & Power Standard Offer Program contract from the IESO. In 2018, a 2.0MW co-generation system was installed at the Portlands West Energy Center at the Hamilton Port Authority's Pier 10 location, which provides electricity to the grid providing reliability and security of energy supply; the system also supplies process steam and hot water to industrial customers including Collective Arts and Sucro Can.

HCE is supportive and engaged in the implementation of Hamilton's Community Energy and Emissions Plan. Among our contributions is a call for building developers and owners to conserve energy and adopt low-carbon and high-efficiency heating and cooling solutions. Additionally, HCE is committed to helping communities recover and reuse valuable thermal energy. Currently, upwards of 60% of the energy used in factories, cooling towers, data centres, sports arenas, water treatment facilities, power plants and other sources is routinely expelled into our atmosphere and waterways. This needs to be addressed as part of the global pursuit of net zero.

Looking towards the future, HCE believes energy harvesting is a proven strategy to conserve energy, lower operating costs, and reduce GHG emissions. In addition, it presents a strategic economic and environmental opportunity for Hamilton, given its Industrial Bayfront Corridor. It is also an effective way to stimulate job training, construction, and employment in the circular economy. That's why HCE is leading the way with our Energy Harvesting Project and related initiatives, and in March 2023, HCE launched a year-long study that will dive into the technical and commercial viability of harvesting residual thermal energy from Hamilton's Industrial Bayfront as a source of heating for all types of buildings, new and old.

