

Policy, Priorities and Budgeting Committee
Comité des politiques, des priorités et des budgets

Agenda 19A
Ordre du jour 19A

Thursday, November 25, 1999 - 9:15 a.m.
Le jeudi 25 novembre 1999 - 9 h 15

Victoria Hall, First Level
Bytown Pavilion, City Hall

Salle Victoria, niveau 1
Pavillon Bytown, hôtel de ville



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Action Items

Articles pour exécution

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| 4. | Fines for Misuse of Designated Handicapped Reserved Parking Stalls Amendes pour utilisation inappropriée des places de stationnement réservées aux personnes handicapées Ref: ACS1999-CV-DIA-0003 | City Wide |

Material to follow
 Documentation à suivre

SEF

November 18, 1999

ACS1999-CO-CMG-0022
(File: ACS1300)

Office of the Chief Administrative Officer

Ward/Quartier
City Wide

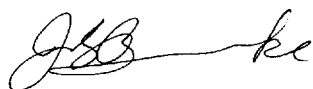
- Policy, Priorities and Budgeting Committee / Comité des politiques, des priorités et des budgets
- City Council / Conseil municipal

Action/Exécution

1. Ottawa Hydro Transfer By-law Règlement sur la cession d'Hydro-Ottawa

Recommendation

That the Transfer By-law relating to Ottawa Hydro (attached as Document 1), which includes the shareholder declaration, dividend policy and promissory notes, be approved.



John Burke
Chief Administrative Officer



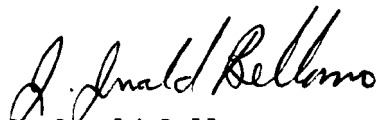
Carl F. Kropp
General Manager and Chief Engineer
Ottawa Hydro



Mona Monkman
City Treasurer



Wil Barbet
Secretary-Treasurer
Ottawa Hydro



Jerald Bellomo
City Solicitor

Contact: John Burke - 244-5402
Carl Kropp - 738-6401

Financial Comment

The fiscal elements of this report have been approved in previous reports to Council and, accordingly, have been incorporated in the preparation of the Year 2000 capital and operation budgets.



November 18, 1999 (8:55a)

Mona Monkman

City Treasurer

MM:tsc

Executive Report

Reasons Behind Recommendation

This report authorizes the final steps in the restructuring of Ottawa Hydro and formalizes the details of directions previously approved by Council.

At its meeting of May 19, 1999 Council approved the Ottawa Hydro Task Force report which recommended that the City retain ownership of Ottawa Hydro's successor Ontario Business Corporations Act (OBCA) corporations. "Ottawa Hydro Utility Services Inc" and "Ottawa Hydro Energy Services Inc" have been incorporated and the new Board of Directors appointed by Council will assume office on January 1, 2000.

Council approved the appointment of the five members of the Ottawa Hydro Task Force as the transition board of directors to coordinate the details of transferring assets and liabilities to the new companies, including:

- drafting the transfer by-law, which will authorize the transfer of assets and liabilities to the new corporations,
- recommending the price and form of consideration to the City which will include proceeds of \$115 Million of debt financing,
- drafting the shareholder declaration which will constrain the amount of risk the board could assume without prior approval of City Council, and
- drafting a dividend policy.

All of the above-noted elements are included in the Transfer By-law document which was prepared by Borden Elliot Scott and Ayles in consultation with the Transition Board. The by-law contains a number of standard provisions required by the Energy Competition Act which would be included in the by-laws of any Ontario municipality transitioning to the new competitive environment as well as provisions tailored to the restructuring option approved by Council. The main components of the Transfer by-law are spelled out in greater detail in the sections to follow.

Transfer By-law

The Transfer By-law is the comprehensive covering regulation which provides for the transfer of the employees, assets, liabilities, rights and obligations of Ottawa Hydro to at least two successor companies of Ottawa Hydro.

Effective December 31, 1999, all Ottawa Hydro and City of Ottawa assets (property, buildings, equipment, supplies, cash, accounts receivable, etc.) and liabilities (debts and obligations) used in connection with the distribution and transmission of electricity are to be transferred to Ottawa Hydro Utility Services Inc. (Utility Services). In addition, all Ottawa Hydro and City of Ottawa assets and liabilities used in connection with the generation of electricity or not used in connection with the transmission or distribution of electricity will be transferred to Ottawa Hydro Energy Services Inc. ("Energy Services").

This separation of assets and liabilities between Utility Services and Energy Services is intended to satisfy the Ontario Energy Board's (OEB) requirement that competitive businesses be operated in a separate company from the regulated electricity distribution business. As Councilors were advised in the May 19 Hydro Task Force report, Ottawa Hydro's competitive services comprise only about five percent of its overall business.

A number of Schedules attached to the Transfer By-law (Schedules "A" through "G") itemize the real property, leases, easements, vehicles and licenses and permits to be transferred to one of the successor corporations.

Also effective December 31, 1999, the employees of Ottawa Hydro will become employees of Utility Services under terms and conditions which are identical to their existing terms and conditions of employment. All existing collective agreements, employee contracts, pensions, insurance policies, health and dental benefits and any other compensation or incentive arrangements maintained by Ottawa Hydro will be assumed by the new corporations as set out in Section 16 of the Transfer By-law.

Although the initial transfer of employees is to Utility Services, the Utility Services' Board of Directors will be responsible for transferring appropriate employees to Energy Services as needed to comply with OEB separation requirements.

The Transfer By-law also provides that through an exchange of shares Energy Services will become a subsidiary of Utility Services. This corporate structure is consistent with that which was approved by Council at its meeting on May 19, 1999.

The Transfer By-law will be submitted to Council for approval on December 15th. Schedule "A" of the by-law which lists the real property assets of Ottawa Hydro will be amended in accordance with any City/Hydro land transfers approved by City Council on that date.

Shareholder Declaration

The Shareholder Declaration is a document provided for in the OBCA which permits the shareholder (i.e., the City of Ottawa) to restrict, in whole or in part, the powers of the board of directors of a corporation. The Shareholder Declaration is attached as Schedule "L" to the Transfer By-law.

Article 1 of the Shareholder Declaration sets out the terms and definitions of the document.

Article 2 outlines the businesses in which Ottawa Hydro Utility Services and its subsidiaries may be engaged. At its meeting of May 19, 1999, Council approved that Ottawa Hydro's successor corporations would collectively operate as a utility regulated by the OEB (distributing electricity but retailing electricity only to satisfy its standard supply service obligation) and provide existing competitive services (e.g., generation, water heaters, meter installation and repair, billing services, and dark fibre telecommunications services). Those permitted business activities are set out in Article 2.1.

At the same time, Council approved that the Board of Directors could prepare business cases to evaluate new businesses that hold some promise for enhancing shareholder value in the future. Those prospective new businesses, outlined in Article 2.2, may only be entered into with the prior written approval of the City of Ottawa, and include: transmitting electricity; retailing electricity; distributing or retailing gas or other energy products; services to improve energy efficiency, managing or operating the provision of sewage or water services, and telecommunications services other than dark fibre.

Article 3 sets out the rules respecting the operation of the Board of Directors. A number of the terms and conditions (e.g., number of directors, candidate criteria and remuneration) have been previously approved by Council.

Article 4, outlines a number of additional matters which may not be undertaken without the prior written approval of the City. Article 4.1 includes provisions stipulated by the OBCA (e.g., amendment of articles; creation of new classes of shares, changes to the number of directors, etc). Section 4.2 sets out restrictions which are primarily fiscal in nature including limits on: issued capital; issuing company shares; borrowing money; or, declaring a dividend which is inconsistent with the dividend policy attached as Schedule "A" to the Shareholder Declaration (to be discussed in the next section).

The Shareholders Declaration provides that the City will be furnished with an annual financial report and the City may request other reports on Corporate and subsidiary activities as required.

Dividend Policy

The Dividend Policy is attached as Schedule "A" to the Shareholders Declaration and provides the principles which are to be applied by the Board in determining the amount and timing of any dividend payments to be made by Utility Services to the City.

The Dividend Policy requires that the City as shareholder receive an annual dividend which is the greater of 1) \$4 Million or 2) a formula based on the rate of return allowable by the OEB.

The Dividend Policy has been formulated to protect the financial stability of Utility Services while withdrawing excess cash earned from the company's operations to the benefit of the shareholder in the form of a dividend.

Promissory Notes

At its meeting of October 6, 1999 Council approved the Ottawa Hydro Recapitalization Report which provided for the issuance of two notes receivable/payable in the amounts of \$105 million and \$10 million respectively.

The \$10 million note is to be paid to the City by Ottawa Hydro Utility Services Inc., in two installments of \$5 million each on June 1, 2000 and December 1, 2000. The \$10 million monies are to be incorporated into the Year 2000 capital and operating budgets with \$4 million incorporated into the operating budget to reflect the long-term minimum dividend earning potential and the balance of \$6 million incorporated into the capital budget as a one-time revenue source.

The \$105 million to be received as payment on the note receivable due March 2000 is to be reinvested by the City in its entirety, with the annual interest income to be incorporated as a revenue source in the Year 2000.

The Promissory Notes for \$105M and \$10M are attached as Schedules "H-1" and "H-2" to the Transfer By-law.

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Disposition

Department of Finance to administer fiscal elements of the Transfer By-law (e.g., Dividend Policy, promissory notes).

Department of Corporate Services, Corporate Law, to administer the legal aspects of the Transfer By-law.

List of Supporting Documentation

Document 1 Transfer By-law

CITY OF OTTAWA

TRANSFER BY-LAW

RELATING TO

OTTAWA HYDRO

December 31, 1999

Prepared by:

Borden Elliot Scott & Ayles
1000-60 Queen Street
Ottawa, Ontario, K1P 5Y7

BY-LAW NO. !

***A BY-LAW OF THE CORPORATION OF THE CITY OF OTTAWA RESPECTING
THE HYDRO-ELECTRIC COMMISSION OF THE CITY OF OTTAWA AND THE
ELECTRICITY ACT, 1998.***

WHEREAS under Subsection 145(1) of the *Electricity Act, 1998* the Council may make by-laws transferring employees, assets, liabilities, rights, and obligations of The Corporation of the City of Ottawa (the “City”) or of a commission or other body through which the City generates, transmits, distributes or retails electricity, to a *Business Corporations Act (Ontario)* corporation incorporated under Section 142 of the *Electricity Act, 1998*;

AND WHEREAS the City generates, transmits, distributes and retails electricity through the Hydro-Electric Commission of the City of Ottawa (“Ottawa Hydro”);

AND WHEREAS on May 19, 1999 the Council of the City authorized the incorporation of two or more *Business Corporations Act (Ontario)* corporations for the purpose of retaining Ottawa Hydro and continuing to operate Ottawa Hydro in the corporate form mandated by the *Electricity Act, 1998*.

AND WHEREAS on September 27, 1999, the City incorporated Ottawa Hydro Utility Services Inc. (“Utility Services”) and Ottawa Hydro Energy Services Inc. (“Energy Services”) under Subsection 142(1) of the *Electricity Act, 1998* for the purpose of generating, transmitting, distributing or retailing electricity and associated business activities;

The Council of the City **HEREBY ENACTS** as follows:

DEFINITIONS, INTERPRETATION AND PURPOSE

DEFINITIONS

1. In this by-law,

“**Act**” means *The Electricity Act, 1998*, and any regulations thereunder;

“**Affiliate**” means a Body Corporate that is affiliated with a Corporation as such relationship is defined in the OBCA;

“**Assets**” means all assets, interests, property, rights and undertakings, whether real or personal, tangible or intangible, registered or unregistered, secured or unsecured, of every kind and description and wheresoever situate, of Ottawa Hydro and the City held or used by either of them in the Business for the purpose of generating, distributing, transmitting or retailing electricity and carrying on associated business activities on the Effective Date, including the following:

- (a) Real Property: All real property, together with the buildings, structures, improvements and fixtures situated thereon, including without limitation, the real property described in Schedule “A”;
- (b) Leases of Real Property: All rights (whether as lessee or lessor) under leases of real property, together with all leasehold improvements relating thereto, including, without limitation, all rights under the leases described in Schedule “B”;
- (c) Easements, etc: All easements, rights-of-way, licenses, rights to use and occupy real property and rights under crossing agreements including, without limitation, all rights described in Schedule “C”;
- (d) Transmission and Distribution System: All plant, buildings, structures, erections, improvements, appurtenances and fixtures, equipment and other things used for the transmission, distribution and sale of electricity as of the Effective Date including, without limitation, all stations, substations, transformers, vaults, transmission and distribution single, two and three phase lines, circuits, conduits, meters and metering systems, towers, poles, supports, crossarms, anchors and guys, pins, brackets, insulators, devices, switches, arrestors, cut-outs, connections, wires, rods, cables, fibres, conductors, ducts, pipes, pipelines and all other equipment related or attached thereto whether located on property owned by Ottawa Hydro, the City, or private or public property, including property within the City of Vanier and Village of Rockcliffe Park;
- (e) Generation System: All structures, equipment and other things described in paragraph (d) which are used for or related to the generation of electricity at the locations described in Schedule “D” pursuant to the Generation License as of the Effective Date;
- (f) Machinery and Equipment: All machinery, equipment, fixtures, furniture, metering and measurement devices, hot water heaters and appliances, furnishings, parts, tooling, molds, dies, jigs or patterns and other fixed assets;
- (g) Vehicles: All trucks, cars and other vehicles, including, without limitation, the vehicles described in Schedule “E”;
- (h) Computer Hardware and Software: All computer hardware and software, including all rights under licences and other agreements or instruments relating thereto;

- (i) Telecommunication Facilities: All fibre optic cables and associated equipment for the transmission of telecommunication signals, and all radio and telephone systems;
- (j) Cash, etc: All cash, bank balances, term deposits, guaranteed investment certificates and similar cash and investments held by or for the benefit of Ottawa Hydro on the Effective Date including, without limitation, all customer and contractor deposits together with all interest accrued thereon as of the Effective Date;
- (k) Accounts Receivable: All accounts receivable, trade accounts, notes receivable, book debts and other debts due to or accruing due to Ottawa Hydro and the benefit of all security and security deposits for such accounts, notes and debts, whether or not recorded on the financial statements of Ottawa Hydro;
- (l) Prepaid Expenses: All prepaid expenses;
- (m) Inventories: All inventories and supplies, including, without limitation, all finished goods, work in progress, raw materials, production and shipping supplies and maintenance items and all other materials and supplies on hand to be used or consumed in the production of products;
- (n) Distribution Rights: All rights and authorizations which Ottawa Hydro has pursuant to a Contract, at common law or under *The Ottawa Light, Heat and Power Company Limited Purchase Act, 1948* or any other legislation, as the case may be, to carry on its Business in the City of Ottawa, City of Vanier and the Village of Rockcliffe Park or in any other municipality of the Province of Ontario;
- (o) Contracts: All rights of Ottawa Hydro under leases of personal property, orders or Contracts for the provision of goods or services (whether as buyer or seller), Electricity Services agreements, Employee Agreements and Employee Plans and other Contracts to which Ottawa Hydro is a party;
- (p) Performance Bonds, etc: the full benefit of performance bonds, surety bonds and other bonds, letters of credit, cash deposits and other deposits and all security held by Ottawa Hydro with respect to the Business;
- (q) Licences and Permits: All licences, permits, approvals, consents, registrations, quotas, certificates and other authorizations, including, without limitation, those described in Schedule "F";

- (r) Other Entities: The shares or ownership interests which Ottawa Hydro owns in Chaudière Water Power Inc. and any other Body Corporate and the limited partnership interest of Ottawa Hydro in Enerconnect Limited Partnership, and all rights related thereto;
- (s) Intellectual Property: All of the right of Ottawa Hydro to use the name, trademarks, trade names, and logo associated with Ottawa Hydro on the Effective Date together with all other intellectual property rights, trade secrets, proprietary information and know-how, inventions, unpatented blue prints, drawings and designs, patterns, plans, manuals, procedures, data, processes, technology and other intellectual property, whether registered or not, owned by Ottawa Hydro on the Effective Date, including, without limitation, those described in Schedule "G", and all Contracts relating to any of the foregoing to which Ottawa Hydro is a party;
- (t) Books and Records: All books, records and data bases related to the Employees, customers of Ottawa Hydro, the Assumed Liabilities, the Business or to the Assets which are in the possession or under the control of Ottawa Hydro;
- (u) Goodwill: All goodwill of Ottawa Hydro, including the exclusive right of Utility Services and Energy Services to represent, as the case may be, themselves as carrying on the Business in succession to Ottawa Hydro and the right to use any words indicating that the Business is so carried on, including the exclusive right to use the name "Ottawa Hydro" or "Hydro-Ottawa", and any variation thereof, as part of the name or style under which the Business or any part thereof is carried on by them, and the right to use and retain Ottawa Hydro's telephone and facsimile numbers and e.mail addresses;
- (v) Reserves and Contributed Capital: The portion of any reserve fund established pursuant to section 33 of the *Development Charges Act, 1997* that relates to development charges collected in respect of electrical power services, and the portion of any reserve fund referred to in section 63 of the *Development Charges Act, 1997* that relates to development charges collected in respect of electrical power services;
- (w) Warranties: The full benefit of all warranties and warranty rights, implied, express or otherwise, against manufacturers, suppliers or sellers which apply to any of the Assets and the net realizable value of any warranty claims relating to the Assets outstanding as of the Effective Date;
- (x) Insurance Policies: The full benefit of all policies of insurance of Ottawa Hydro, including, without limitation, all agreements and policies of insurance maintained through the Municipal Electric Association Reciprocal Insurance Exchange; and

- (y) Miscellaneous: All other assets reflected on the Closing Balance Sheet not specifically referred to above and all other property which the City and Utility Services or Energy Services hereafter mutually agree shall be part of the Assets.

“Assumed Liabilities” all of the debts, obligations and liabilities (whether accrued, direct or indirect, absolute or contingent and whether liquidated or unliquidated) of Ottawa Hydro, or incurred by the City in connection with the Business for the purpose of generating, distributing, transmitting or retailing electricity, existing or incurred on or before 11:59 p.m. (Ottawa time) on the Effective Date, including, without limitation, those related to the following:

- (a) the Contracts described in Schedules “B” and “C”;
- (b) the Employee Agreements;
- (c) the Employee Plans;
- (d) the licences, permits, approvals, consents, registrations, certificates and other authorizations described in Schedule “F”;
- (e) the Contracts entered into by Ottawa Hydro in the course of the Business for the provision of services or goods by Ottawa Hydro;
- (f) all obligations and liabilities in respect of customer deposits for Electricity Services; and
- (g) all obligations and liabilities in respect of the real estate composing part of the Assets, including all liabilities under Environmental Laws related thereto.

“Body Corporate” means a firm, partnership, unincorporated association, joint venture, corporation, bank, trust, pension fund, union, government agency, board, tribunal, ministry, or commission or other legal entity of any kind whatsoever, but excludes an individual or natural person.

“Business” means the business carried on by Ottawa Hydro on the Effective Date consisting primarily of:

- (a) providing Electricity Services pursuant to the Distribution License;
- (b) providing goods and services related to Electricity Services including, without limitation, hot water tank rentals, metering and billing services and streetlighting design, installation and maintenance services;

- (c) planning, designing, owning, maintaining and operating transmission and distribution systems;
- (d) subject to applicable law, issuing licenses, certificates and approvals and providing inspection services pertaining to Electricity Services;
- (e) generating electricity; and
- (f) installing and maintaining dark fibre optic circuits.

“City” means The Corporation of the City of Ottawa;

“Closing Balance Sheet” has the meaning ascribed thereto in Section 28;

“Contract” means any agreement, indenture, lease, deed of trust, licence, option, instrument or other commitment, whether written or oral;

“Corporations” means Utility Services and Energy Services, along with any other OBCA corporation incorporated pursuant to the authority granted in this by-law;

“Distribution License” means the Transitional Distribution License issued to Ottawa Hydro on April 1, 1999;

“Effective Date” means December 31, 1999 or such other date as the City Solicitor shall determine;

“Electricity Services” means the transmission, distribution and sale of electricity and all services ancillary thereto;

“Employees” - means all individuals who are full-time, part-time or casual employees, whether union or non-union, and officers of the Commission, including all trainees and probationary employees, on the Effective Date;

“Employee Agreements” means all Contracts in respect of Employees as at the Effective Date to which Ottawa Hydro is a party or by which it is bound, including, without limitation,

- (a) all collective agreements; and
- (b) all contracts of employment;

“Employee Plans” means each retirement, pension, bonus, profit sharing, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or other compensation plan or

arrangement or other employee benefit that is maintained, or otherwise contributed to or required to be contributed to, by Ottawa Hydro relating to the Business or the Assets for the benefit of Employees or former Employees of Ottawa Hydro including, without limitation, those described in Schedule “T”;

“**Energy Services**” means Ottawa Hydro Energy Services Inc.;

“**Environmental Laws**” means all applicable federal, provincial, municipal and local laws, statutes, ordinances, by-laws and regulations, and other directives and decisions rendered by any ministry, department or administrative or regulatory agency relating to the protection of the environment, occupational health and safety or the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of any pollutants, contaminants, chemicals or industrial toxic or hazardous wastes or substances;

“**ETA**” means Part IX of the *Excise Tax Act* (Canada), as amended from time to time;

“**Excluded Assets**” means the assets described in Schedule “J”;

“**Generation License**” means the Transitional Generation License issued to Ottawa Hydro on August 1, 1999;

“**GST**” means all taxes payable under the ETA, and any reference to a specific provision of the ETA shall refer to any successor provision thereto of like or similar effect;

“**OBCA**” means the *Business Corporations Act (Ontario)*, and any regulations thereunder, as now enacted or as the same may from time to time be amended, re-enacted or replaced;

“**Ottawa Hydro**” means The Hydro-Electric Commission of the City of Ottawa which was created January 1, 1916 under by-law 4050 of the City and which carries on business under the name “Ottawa Hydro” and “Hydro-Ottawa”;

“**Person**” means any individual, a natural person or Body Corporate.

“**Promissory Note**” means either of the promissory notes to be issued by Utility Services to the City pursuant to section 22 in the forms appended hereto as Schedule “H-1” and “H-2”, respectively, with such amendments as may be approved by the City Solicitor;

“**Regulator**” means any one of the Ontario Energy Board, the Independent Electricity Market Operator or any other government or regulatory authority having jurisdiction over the Corporations;

“Reserves” means “Reserves and Contributed Capital” as described in paragraph (v) of the definition of “Assets” in this Section 1;

“Shareholder Declaration” means the shareholder declaration substantially in the form appended hereto as Schedule “K” with such amendments as may be approved by the City Solicitor;

“Subsidiary” means any Body Corporate of which more than 50 percent of the outstanding securities of any class carrying exercisable voting rights are beneficially owned, directly or indirectly, by or for Utility Services, and includes any Body Corporate in like relation to a Subsidiary;

“Transition Boards” means the first board of directors for each of the Corporations elected by the City on September 27, 1999, being composed of one or more of the following individuals: John S. Burke, Carl F. Kropp, Mona Monkman, Wil Barber and Jerald Bellomo; and

“Utility Services” means Ottawa Hydro Utility Services Inc.

INTERPRETATION

2. The division of this by-law into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this by-law. Unless otherwise indicated, any reference in this by-law to an article, section, subsection or schedule refers to the specified article, section or subsection of or schedule to this by-law.

3. In this by-law, words importing the singular number only shall include the plural and vice versa, words importing gender shall include all genders.

4. If any provision of this by-law is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

5. The following Schedules are attached hereto and form part of this by-law:

Schedule “A” - Real Property

Schedule “B” - Leases of Real Property

Schedule “C” - Easements, Etc.

Schedule “D” - Generation Locations

Schedule “E” - Vehicles

Schedule “F” - Licenses and Permits

Schedule “G” - Intellectual Property

Schedule “H-1” - \$105,000,000.00 Promissory Note

Schedule “H-2” - \$10,000,000.00 Promissory Note

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Schedule "I" - Employee Plans
Schedule "J" - List of Excluded Assets
Schedule "K" - Shareholder Declaration
Schedule "L" - Legal Proceedings

6. This by-law is binding on the City, Ottawa Hydro, the Corporations and all other Persons.

7. In accordance with the Act, this by-law applies despite any general or special act or any rule of law, including any act or rule of law which requires notice or registration of transfers; provided, however, that the Corporations may register such documents, instruments and agreements, including certified copies of this by-law, as may be necessary or desirable in order to evidence or confirm such transfers.

PURPOSE

8. The purpose of this by-law is to transfer the employees, assets, liabilities, rights and obligations of Ottawa Hydro and the City associated with the generation, distribution, transmission and retailing of electricity and associated business activities to Utility Services and Energy Services in a manner consistent with the Act and the rules and codes of the Regulators. This by-law is intended to be a "transfer by-law" within the meaning of section 141 of the Act.

OBCA CORPORATIONS

INCORPORATION

9. The following actions of the City as approved by Council on May 19, 1999 are hereby ratified and confirmed:

- (a) the incorporation on September 27, 1999 of Utility Services and Energy Services under the OBCA;
- (b) the subscription by the City for common shares of Utility Services and Energy Services as the first shareholder of the Corporations as required by subsection 142(4) of the Act; and
- (c) the election of the Transition Boards.

10. The City and the Corporations are hereby authorized to incorporate such additional OBCA corporations as any of them, or a Regulator, deems necessary to continue from time to time the generation, transmission, distribution and retailing of electricity and associated business activities carried on by Ottawa Hydro as of the Effective Date and, if necessary, for the City or a Corporation to subscribe for, or purchase from the other, the common shares of such OBCA corporations.

SHAREHOLDER DECLARATION

11. The City, in its capacity as initial shareholder of the Corporations, shall, as of the Effective Date, execute and deliver the Shareholder Declaration to provide for the organization, management and administration of the Corporations.

TRANSFER OF ASSETS AND EMPLOYEES

TRANSFERS

12. All of the Assets of the City and Ottawa Hydro used in connection with owning and operating an electricity transmission and distribution system, and all of the Employees of Ottawa Hydro, are transferred to Utility Services as of the Effective Date in accordance with this by-law and the Act.

13. The Reserves that are transferred to Utility Services shall be used only to pay the capital costs in respect of the electrical power services for which the Reserves were collected.

14. All of the Assets of the City and Ottawa Hydro used in connection with electricity generation, and all of the other Assets of Ottawa Hydro which are not used in connection with owning and operating an electricity transmission and distribution system, are transferred to Energy Services as of the Effective Date in accordance with this by-law and the Act.

15. Excluded Assets will not be transferred to the Corporations.

EMPLOYMENT MATTERS

16. The Employees transferred to Utility Services pursuant to Section 12, or any Affiliate of Utility Services pursuant to Section 34, shall, in accordance with Sections 145 and 147 of the Act, cease to be Employees of Ottawa Hydro from the Effective Date and shall thereupon be employees of such corporation on terms and conditions which are identical to those upon which such Employees are employed by Ottawa Hydro on the Effective Date. Each of the corporations shall with respect to its employees be bound by, assume, pay, satisfy, discharge, observe, perform and fulfill all of the Employee Agreements and Employee Plans in the place and instead of Ottawa Hydro to the same extent and with the same effect as if such corporation was an original party thereto.

17. Pursuant to the provisions of Section 147 of the Act:

- (a) the employment of an Employee who is transferred pursuant to the terms of this by-law is not terminated by the transfer and shall be deemed to be transferred to a corporation without interruption in service;

- (b) service with Ottawa Hydro of an Employee who is transferred pursuant to this by-law shall be deemed to be service with the corporation to whom such Employee is transferred for the purpose of determining probationary periods, benefits or any other employment-related entitlements under the *Employment Standards Act (Ontario)* or any other statute or under any employment contract or collective agreement; and
- (c) all other provisions of Section 147 of the Act shall apply to the employment of Employees with a corporation.

CONVEYANCING DOCUMENTS

18. The City and Ottawa Hydro shall execute and deliver to the Corporations, where necessary, in form suitable for registration, recording and filing with such public authorities as may be reasonably required by the Corporations, any bills of sale, assignments, instruments of transfer, assurances, consents and other documents necessary to effectively transfer to the Corporations all of the City's and Ottawa Hydro's right, title and interest in the Assets.

NON-ASSIGNABLE ASSETS

19. Despite any other provision of this by-law or the Act, if any of the Assets shall not be assignable or transferrable, or shall only be assignable or transferrable with the consent or approval of any other third party, the City and Ottawa Hydro shall:

- (a) use all efforts in co-operation with the assignee Corporation to secure the consent required in connection with those assignments and transfers; and
- (b) pending the effective transfer thereof, hold all rights or entitlements that the City or Ottawa Hydro has thereto in trust for the exclusive benefit of the assignee Corporation provided that the assignee Corporation shall pay, perform and discharge all obligations arising or accruing with respect thereto during such period.

PAYMENT FOR TRANSFER

BOOK VALUE CONSIDERATION

20. The Assets transferred to Utility Services under Section 12 shall be transferred for consideration payable by Utility Services to the City equal to their fair market value on the Effective Date which, subject to adjustment pursuant to section 24, shall be the aggregate book value of the transferred Assets as reflected on the Closing Balance Sheet.

21. The Assets transferred to Energy Services under Section 14 shall be transferred

for consideration payable by Energy Services to the City equal to their fair market value on the Effective Date which, subject to adjustment pursuant to section 24, shall be the aggregate book value of the transferred Assets as reflected on the Closing Balance Sheet.

FORM OF PAYMENT

22. The consideration payable by Utility Services under Section 20 shall be satisfied by:
- (a) the assumption by Utility Services of the Assumed Liabilities related to owning and operating an electricity transmission and distribution system;
 - (b) the issuance by Utility Services to the City of a Promissory Note having a principal amount equal to \$105,000,000.00, which shall be secured by a floating charge over the personal property of Utility Services and a charge against the real property of Utility Services;
 - (c) the issuance by Utility Services to the City of a Promissory Note having a principal amount equal to \$10,000,000.00, which shall be secured by a floating charge over the personal property of Utility Services and a charge against the real property of Utility Services; and
 - (d) as to the balance by the issuance and allotment to the City of a further 99 fully paid and non-assessable common shares of Utility Services having an aggregate stated capital equal to such balance.
- 23 The consideration payable by Energy Services under Section 21 shall be satisfied by:
- (a) the assumption by Energy Services of the Assumed Liabilities related to electricity generation or any of the Assets transferred to Energy Services pursuant to Section 14; and
 - (b) as to the balance by the issuance and allotment to the City of a further 99 fully paid and non-assessable common shares of Energy Services having an aggregate stated capital equal to such balance.

CONSIDERATION AND PAYMENT ADJUSTMENT

24. The fair market value of the Assets being transferred pursuant to this by-law may only be determined after certain decisions of the Regulators have been made, including the rates which the Ontario Energy Board will permit Utility Services to charge for the distribution of electricity. Therefore, in accordance with Section 149 of the Act, the Treasurer of the City, in consultation with the Corporations, is hereby vested with the authority to determine the fair market value of the Assets. Any adjustments to the consideration payable pursuant to section 20 or 21 shall have the same effect as if made on the Effective Date. The Treasurer of the City, in consultation with Utility Services, is also hereby vested with the authority to

adjust either the debt or share capital component of the consideration payment set out in section 22, including the issuance of a new promissory note as necessary, if the aggregate fair market value of the Assets transferred to Utility Services is determined to be different than their aggregate book value.

ASSUMED LIABILITIES

25. Each of the Corporations shall be bound by, assume, pay, satisfy, discharge, observe, perform and fulfil, and indemnify and save harmless the City and Ottawa Hydro from and against the Assumed Liabilities assumed by it, respectively.

26. Without in any way limiting the scope of section 25, Ottawa Hydro transfers and each of the Corporations agrees to assume, pay, satisfy, discharge, perform and fulfil, from and after the Effective Date, all liabilities and obligations arising under any legal proceedings commenced against Ottawa Hydro prior to the Effective Date as described in Schedule "L".

ALLOCATION OF CONSIDERATION

27. The consideration payable by the Corporation shall be allocated among the Assets in a manner which is consistent with the Closing Balance Sheet or such other manner as may be agreed upon by the Treasurer of the City and the Corporations.

DETERMINATION OF BOOK VALUE

CLOSING BALANCE SHEET

28. As soon as possible following the Effective Date, Ottawa Hydro shall deliver to the Corporations a balance sheet (the "Closing Balance Sheet") of the Business as at 11:59 p.m. (Ottawa time) on the Effective Date, prepared in accordance with the accounting principles prescribed in the manual of Accounting for Municipal Electric Utilities in Ontario applied on a basis consistent with those used in the preparation of the 1998 audited financial statements for Ottawa Hydro. The Closing Balance Sheet shall be accompanied by a report thereon by Ottawa Hydro's auditors. For the purpose of preparing the Closing Balance Sheet, the Corporations agree to grant Ottawa Hydro's and the City's authorized representatives reasonable access to relevant records, facilities and personnel of the Corporations. The costs associated with the preparation and audit of the Closing Balance Sheet shall be borne by Utilities Services.

STATEMENT OF CONSIDERATION

29. At the time of delivery of the Closing Balance Sheet, Ottawa Hydro shall also deliver to the Corporations:

- (a) a statement setting forth a detailed calculation of the book value consideration payable by each of the Corporations and the amount by which the

consideration exceeds the aggregate amount of the Assumed Liabilities for each Corporation; and

- (b) an itemized list of all Assumed Liabilities reflected on the Closing Balance Sheet.

TAXES AND EXPENSES

ETA ELECTION

30. Each of the Corporations, Ottawa Hydro and the City (all being registered for GST purposes) shall, as the case may be, on the Effective Date, elect jointly under subsection 167(1) of the ETA, in the form prescribed for the purposes of that subsection, in respect of the transfer of the Assets under this by-law. Each of the Corporations shall file such election with Revenue Canada, Excise not later than the day on which it is required to file its GST return for its reporting period which includes the day after the Effective Date.

TRANSFER TAXES AND BULK SALES

31. Any transfer of Assets under this by-law is exempt from land transfer tax and retail sales tax under Section 159 of the Act. Any transfer of Assets under this by-law is exempt from the provisions of the *Bulk Sales Act* (Ontario) under Section 159 of the Act.

EXPENSES

32. All costs and expenses incurred or to be incurred by the City and Ottawa Hydro and all fees, taxes, charges or expenses incurred or payable in connection with the transfer of the Assets and Employees shall be borne by Utility Services and Utility Services shall reimburse the City and Ottawa Hydro on demand for any such amounts.

SUBSEQUENT SHARE, ASSET, LIABILITY AND EMPLOYEE TRANSFERS

SHARE TRANSFER

33. Subject to the consent of the Regulator, the City shall, and shall be deemed to, have transferred as of the Effective Date all of the common shares in Energy Services, which were issued to the City on the incorporation of Energy Services and pursuant to Section 23, to Utility Services in consideration of the issuance to the City of a further 100 fully paid and non-assessable common shares of Utility Services having an aggregate stated capital equal to the aggregate stated capital of the Energy Services shares being transferred to Utility Services. The foregoing will result in Energy Services becoming a wholly-owned Subsidiary of Utility Services.

ADDITIONAL ASSET, LIABILITY AND EMPLOYEE TRANSFERS

34. Any of the Assets, Assumed Liabilities and Employees which are transferred to the Corporations pursuant to this by-law may be transferred to any Affiliate of a Corporation on such terms and for such consideration as the directors of the transferring Corporation may from time to time approve, including in the event that the directors of the transferring Corporation determine that such a transfer is necessary to satisfy the requirements of the Act or the rules or codes of a Regulator. Any such transfer shall be made pursuant to the authority of this by-law and shall be deemed to be a part of this by-law, and shall take effect in the sequence and at such times as is determined by the directors of the transferring Corporation.

GENERAL

FURTHER ASSURANCES

35. The Mayor and the City Clerk are hereby authorized and directed, for and on behalf of the City, to do all acts and things and execute such other documents, instruments and writings as may be necessary or desirable to give effect to the provisions of this by-law.

BYLAW REPEAL

36. Bylaw Number 4050 entitled "A By-Law to establish a Hydro-Electric Commission for the City of Ottawa" is repealed on November 7, 2000 or such other date as is determined by City Council after completion of the transactions contemplated by this by-law.

SHORT TITLE

37. This by-law may be referred to as the "Ottawa Hydro Transfer By-Law"

ENACTED AND PASSED under the corporate seal of the City of Ottawa this ! day of ! , A.D. 1999.

Mayor

City Clerk

SCHEDULE "A" TO THE OTTAWA HYDRO TRANSFER BY-LAW

REAL PROPERTY
LAND/BUILDINGS/EQUIPMENT

PROPERTY REGISTRY

| <u>Location</u> | <u>Ottawa Hydro File Reference</u> |
|--|--|
| 247 Glebe Avenue | 2.0 |
| 243 Glebe Avenue | 2.1 |
| 326 Clemow Avenue | 2.2 |
| 1275 Carling Avenue | 3.0 |
| 1275 Carling Avenue (2) | 3.1 |
| 351 King Edward Avenue | 4.0 |
| 39 Riverdale Avenue | 5.0 |
| 84 Slater Street | 6.0 |
| 340 Holland Avenue | 7.0 |
| 33 Booth Street - Amelia Island (1) | 8.0 |
| 33 Booth Street - Amelia Island G.S. #2 (1) | 8.0 |
| 138-140 Nelson Street (2) | 10.0 |
| 20 Vaughan Street | 12.0 |
| 591 Riverdale Avenue | 14.0 |
| 305 Clifton Road | 15.0 |
| 410 St. Laurent Blvd. | 17.0 |
| 419 Coventry Road | 18.0 |
| 20 Dobbie Street | 19.0 |
| 1695 Riverside Drive | 20.0 |
| East Alta Vista - South of Riverview Park Lane | 20.1 |
| 443 Lyon Street | 21.0 |
| 118 Florence Street | 21.1 |
| 120 Florence Street | 21.2 |
| Lyon Street and Gladstone Avenue | 21.3 |
| 493 Gladstone Avenue | 21.4 |
| 3025 Albion Road | 22.0 |
| 3025 Albion Road - Head Office | 22.1 |
| 414 Enfield Avenue | 25.0 |
| 59 Laurel Avenue | 26.0 |
| 86 Bayswater Avenue | 26.1 |
| 459 Sunnyside Avenue | 27.0 |
| 1307 Woodroffe Avenue | 28.0 |
| 1556 Kilborn Avenue | 29.0 |
| 182 Gladstone Avenue | 30.0 |

| <u>Location</u> | <u>Ottawa Hydro File Reference</u> |
|--|--|
| 113 Henderson Avenue | 31.0 |
| 2811 Flannery Drive | 32.0 |
| 705 Church Street | 33.0 |
| 251 Lyon Street | 34.0 |
| 2317 Edwin Crescent | 35.0 |
| 1021 Merivale Road | 36.0 |
| 192 Dagmar Avenue | 37.0 |
| 2251 Walkley Road | 39.0 |
| 1190 Brookfield Road | 40.0 |
| 455 Hillcrest Avenue | 41.0 |
| 229 Hinchey Avenue (4) | 43.0 |
| 1093 Arnot Road | 44.0 |
| 1894 Kilborn Avenue | 45.0 |
| 1800 Bantree Street | 46.0 |
| 132 Cambridge Street | 47.0 |
| 1386 Cahill Drive | 48.0 |
| 789 Montreal Road | 49.0 |
| 789 Montreal Road | 49.1 |
| 140 Augusta Street | 50.0 |
| 3315 McCarthy Road | 51.0 |
| 350 Nepean Street (4) | 52.0 |
| 1707 Russell Road (4) | 53.0 |
| 1290 Richmond Road (4) | 54.0 |
| Ottawa River - Chaudiere Dam (3) | 55.0 |
| 149 Middle Street - Victoria Island G.S. #4 (1) | 102.0 |
| Head Street - Chaudiere Island (1) (2) | 103.0 |
| Middle Street - Victoria Island | 104.0 |
| Carling Avenue and Merivale Road (2) | 108.0 |
| Clyde Avenue to Carling Avenue (South of Queensway)(2) | 109.0 |
| Riverdale Avenue and Main Street (5) | |
| (Part of Lot K Conc. C.) | 111.0 |
| Holland Avenue and Queensway (5) | |
| (Part of Faraday Street) | 112.0 |

- NOTES: (1) Land leased from others. See Schedule "B" Part I.
 (2) Property owned by Ottawa Hydro and rented to third parties.
 (3) Ottawa Hydro is a partner in the ownership of this dam which is situated partly in Ontario and in Quebec on the Ottawa River. The other partners are E.B. Eddy Co. Ltd. and Quebec Hydro.
 (4) Land and building owned by Ontario Hydro. Ottawa Hydro equipment is situated in these jointly used stations with Ontario Hydro.
 (5) City of Ottawa properties to be transferred to Ottawa Hydro.

SCHEDULE "B" TO THE OTTAWA HYDRO TRANSFER BY-LAW

LEASES OF REAL PROPERTYI Property Leases for which Ottawa Hydro is the Lessee

| <u>Lessor</u> | <u>Ottawa Hydro File Number</u> | <u>Location</u> |
|-----------------------------|-------------------------------------|---|
| National Capital Commission | L.A.3.764 | - Mill Street, Amelia Island - Generating Station No. 2 - land lease and water rights |
| Department of Public Works | L.A.6.926 | - South side of Middle Street, Victoria Island - Part of Government reserve lot in rear of lot 4 - Generating Station No. 2 (part of) land lease and water rights |
| Department of Public Works | L.A.6.144.B | - Middle Street, Victoria Island - Generating Station No. 4 - Land lease and water rights |
| Department of Public Works | L.A.6.144.A | - Chaudiere Island - Head Street - land and water rights for lot K, L, M, N, O, P |
| Department of Public Works | L.A.6.376 | - Chaudiere Island - Head Street - Land and water rights for Lot PA |
| National Capital Commission | L.A.3.852 | - 156 Middle Street - Building Workshop Lease |
| Ontario Hydro | L.A.4.923 | - Land Lease -Truck turning area and access road on south side of Albion service building |
| Ontario Hydro | L.A.4.924 | - Land Lease - Three parcels of land on south side of Albion service building |

II Property Leases for which Ottawa Hydro is the Lessor

| <u>Location</u> | <u>Approx. Land Area (sq. ft.)</u> | <u>File No. (Pro)</u> |
|---|--|-------------------------------|
| 86 Bayswater Avenue | 4500 | 26.1 |
| 243 Glebe Avenue | 4500 | 2.1 |
| 118 Florence Street | 2500 | 21.1 |
| 120 Florence Street | 1600 | 21.2 |
| 493 Gladstone Avenue | 2100 | 21.4 |
| 789 Montreal Road | 11250 | 49.1 |
| 326 Clemow Avenue | 5500 | 2.2 |
| Nelson Street - Town House Motor Hotel | 15000 | 10.0 |
| Merivale Road - Royal Ottawa Hospital | 41000 | 3.1 |
| Westgate S.C. - Rosgate Holding Co. | 21000 | 108.0 |
| Overbrook Station - Blue Line Taxi Co. | 3000 | 18.1 |
| South Queensway - Turpin Pontiac Buick Co. | 17300 | 109.1 |
| Head Street - E.B. Eddy Co. Ltd . | - | 103.1 |
| Shared Stations - Ontario Hydro (1)- Slater Station | - | 110.1 |
| - Overbrook Station | - | 110.2 |
| - Carling Station | - | 110.3 |
| - Riverdale Station | - | 110.4 |
| - Albion Station | - | 110.5 |
| - Woodroffe Station | - | 110.6 |
| Slater Station - Department Public Works | - | 6.1 |
| Edwin Substation - R. Benes | - | 35.1 |
| East Alta Vista Dr. - Ottawa Health Science Ctr/ Trans Alta Energy Corp. (2) | - | 20.1 |
| Holland Substation - G. Llewellyn | - | 7.1 |

- Notes: (1) The most significant leases are with Ontario Hydro for the rental of land at six stations.
- (2) Overhead easement was granted to Ottawa Health Science Centre in order to allow Trans Alta Energy Corp. to install overhead transmission. Trans Alta Energy Corp. is connected to the Ontario Hydro transmission line and supplies energy produced from the co-generation plant at the hospital.

SCHEDULE "C" TO THE OTTAWA HYDRO TRANSFER BY-LAW

EASEMENTS, ETC.I. Annual Monetary Easements, etc.

| <u>File Number</u> | <u>Lessor</u> | <u>Location</u> |
|--------------------|-------------------------------|---|
| L.A.1.129 | Canadian National Railway Co. | - East side of Queens Substation in Township of Gloucester |
| L.A.1.230 | Canadian National Railway Co. | - East side of Railway Station between Industrial and Terminal Avenue |
| L.A.1.484 | Canadian National Railway Co. | - East side of St. Laurent between Innes and Belfast Road |
| L.A.1.492.A | Canadian National Railway Co. | - North side of Walkley Road at Walkley Substation |
| L.A.1.492.B | Canadian National Railway Co. | - Under CN/CP tracks Walkley Road Wexford Way to Riverside Drive |
| L.A.1.506 | Canadian National Railway Co. | - Old Innes Road - east St. Laurent Blvd. |
| L.A.1.517 | Canadian National Railway Co. | - Marble Cres., south of Springland Drive |
| L.A.1.616 | Canadian National Railway Co. | - Bantree Substation to north side of museum property |
| L.A.1.637 | Canadian National Railway Co. | - East side of Queens Substation |
| L.A.1.657.A | Canadian National Railway Co. | - South side of Bantree Substation |

I. Annual Monetary Easements cont'd

| <u>File Number</u> | <u>Lessor</u> | <u>Location</u> |
|--------------------|--|--|
| L.A.1.657.B | Canadian National Railway Co. | -CN/CP railway crossing south Innes Road |
| L.A.1.736 | Canadian National Railway Co. | -Bank Street overpass (Billings Bridge) |
| L.A.1.882 | Canadian National Railway Co. | -Russell Road - Belfast and Industrial Avenue |
| L.A.1.889 | Canadian National Railway Co. | -Wire crossing Conroy Road |
| L.A.2.1043 | Canadian Pacific Railway Co. | - Beech Street between Preston Street and Loretta Avenue -3.97 mileage Ellwood Substation |
| L.A.2.382 | Canadian Pacific Railway Co. & Canadian National Railway Co. | - Corner of Brookfield and Junction Avenue |
| L.A.2.476 | Canadian Pacific Railway Co. & Canadian National Railway Co. | -Crossing Walkley Road at Rear of Liquor Control Board |
| L.A.2.485 | Canadian Pacific Railway Co. | -Rear of Traverse Drive, North of Walkley Road, West of Bank Street |
| L.A.2.497.A | Canadian Pacific Railway Co. | -Brookfield Substation - Sussex Street Subdivision |
| L.A.2.497.B | Canadian Pacific Railway Co. | -Brookfield Substation - crossing under private side of Elwood Spur |
| L.A.2.617 | Canadian Pacific Railway Co. & Canadian National Railway Co. | -Walkley Yard, Albion Road |

I. **Annual Monetary Easements cont'd**

| <u>File Number</u> | <u>Lessor</u> | <u>Location</u> |
|---------------------------|---|--|
| L.A.2.618 | Canadian Pacific Railway Co. & Canadian National Railway Co. | -Brookfield Substation, Bank Street and Randall Avenue |
| L.A.2.636 | Canadian Pacific Railway Co. & Canadian National Railway Co. | -Brookfield Road, West on Junction Avenue |
| L.A.2.641 | Canadian Pacific Railway Co. | -Bank Street and Randall Avenue at Beaver Lumber |
| L.A.2.788 | Canadian Pacific Railway Co. | -Prescott Subdivision over Canadian Pacific right-of-way and tracks between Walkley and Hunt Club Road |
| L.A.2.800 | Canadian Pacific Railway Co. | -Walkley Road Subdivision |
| L.A.3.227 | National Capital Commission | -Kilborn Avenue - Sussex Street Subdivision |
| L.A.3.455 | National Capital Commission | -Britannia Filtration Plant - Carleton Place Subdivision |
| L.A.3.730 | National Capital Commission | -Rideau Canal reserve on west side of Rideau Canal between Third and Fifth Avenue |
| L.A.3.740 | National Capital Commission | -Fifth Avenue and Queen Elizabeth Drive - Clegg and Colonel By Drive |
| L.A.3.823.A | National Capital Commission | -Western Parkway, South of Richmond Road |
| L.A.3.823.B | National Capital Commission | -Western Parkway, immediately north of Richmond Road |

I. Annual Monetary Easements cont'd

| <u>File Number</u> | <u>Lessor</u> | <u>Location</u> |
|--------------------|---|---|
| L.A.3.851 | National Capital Commission | -Rideau River, east of Billings Bridge, Bank Street |
| L.A.3.860 | National Capital Commission | -Carling Avenue and Western Parkway (Lincoln Heights) |
| L.A.4.339 | Ontario Hydro | -Part of the north side of right-of-way between Albion Road and Bank Street |
| L.A.4.718 | Ontario Hydro | -Part of lots 9, 10, 11, 12, 13, 14, 15, 16, 17, 18 & 20 in junction of Gore in the City of Ottawa-Carleton |
| L.A.4.925 | Ontario Hydro | -Albion service building 3025 Albion Road, installation of sewer drain pipe |
| L.A.4.926 | Ontario Hydro | -Part of Lots 9 & 10 - Overbrook Station |
| L.A.4.927 | Ontario Hydro | -Part of Lots 9 & 10 - Overbrook Station |
| L.A.4.928 | Ontario Hydro | -Part of Lot 5, Hunt Club Road |
| L.A.5.851 | Ontario Ministry of Natural Resources | -Rideau River east of Bank Street at Billings Bridge |
| L.A.6.039 | Indian & Northern Affairs Rideau Canal Division | -Rideau Canal - Fifth Avenue and Clegg Street |

I. **Annual Monetary Easements cont'd**

| <u>File Number</u> | <u>Lessor</u> | <u>Location</u> |
|---------------------------|-----------------------------|---|
| L.A.6.043 | Parks Canada | -Rideau Canal and Rideau Canal Office Reserve Lands; Strathcona, Ottawa and Graham Street |
| L.A.6.044 | Parks Canada | -Rideau Canal - Black Rapids Lock Station |
| L.A.6.841 | Department of Public Works | -Victoria Museum on Argyle Avenue |
| L.A.7.041 | University Seminary | -Encroachment on property Main Street |
| L.A.8.1054 | Agriculture Canada | -Carling Avenue - Experimental Farm |
| L.A.8.1057 | Department National Defense | -CFB (Uplands) |

II. **Other Easements, etc.**

Ottawa Hydro has on file approximately 2000 documents relating to land based rights. These consist of easements, vault agreements, deeds to property, poles agreements, fibre optic agreements, encroachment permits, license of occupation and maintenance agreements.

SCHEDULE "D" TO THE OTTAWA HYDRO TRANSFER BY-LAW

GENERATION LOCATIONS

| <u>Name</u> | <u>Location</u> | <u>Ottawa Hydro File Reference</u> |
|--------------------------|-------------------------------------|--|
| Generating Station No. 2 | 33 Booth Street - Amelia Island | PRO 8.0 |
| Generating Station No. 4 | 149 Middle Street - Victoria Island | PRO 102.0 |

SCHEDULE "E" TO THE OTTAWA HYDRO TRANSFER BY-LAW
VEHICLES

ALL CARS & TRUCKS AND TRAILERS

| <u>PLATE NO.</u> | <u>VEHICLE NO.</u> | <u>MAKE</u> | <u>YEAR</u> | <u>VEHICLE TYPE</u> | <u>GROSS WEIGHT(KG)</u> | <u>SERIAL NO.</u> |
|------------------|--------------------|-------------|-------------|---------------------|-------------------------|-------------------|
| 005SHA | 9302 | PLYMOUTH | 1993 | 4 DOOR SEDAN | <3,000 | 1P3XP28D5PN648783 |
| 006SHA | 9301 | PLYMOUTH | 1993 | 4 DOOR SEDAN | <3,000 | 1P3XP28D3PN648782 |
| 1397CB | 9613 | FORD | 1997 | LINE/BUCKET | 15,750 | 1FDRF70J0VVA07950 |
| 191YRR | 9607 | DODGE | 1996 | 4 DOOR SEDAN | <3,000 | 1B3ES27C0TD671534 |
| 2637AK | 9605 | FORD | 1996 | LINE/BUCKET | 15,750 | 1FDRF70J9TVA13632 |
| 268XAJ | 9502 | CHEVROLET | 1995 | 4 DOOR SEDAN | <3,000 | 3G1JC5242SS862343 |
| 269XAJ | 9503 | CHEVROLET | 1995 | 4 DOOR SEDAN | <3,000 | 3G1JC5247SS867277 |
| 2730EE | 9809 | FORD | 1998 | STEP VAN | 4,536 | 1FCJE39L7WHBB4223 |
| 2731EE | 9810 | FORD | 1998 | STEP VAN | 4,536 | 1FCJE39L5WHB93776 |
| 3268AL | 9604 | DODGE | 1996 | PICK-UP | 2,145 | 1B7HL26X4TS599990 |
| 3269AL | 9602 | DODGE | 1996 | PICK-UP | 2,145 | 1B7HL26X6TS599988 |
| 3270AL | 9603 | DODGE | 1996 | PICK-UP | 2,145 | 1B7HL26X8TS599989 |
| 341SHA | 9303 | PLYMOUTH | 1993 | 4 DOOR SEDAN | <3,000 | 1P3XP28D8PN649751 |
| 342SHA | 9304 | PLYMOUTH | 1993 | 4 DOOR SEDAN | <3,000 | 1P3XP28D6PN649750 |
| 4137EA | 9807 | FORD | 1998 | VAN | 3,000 | 1ETRE1426WHB44169 |
| 4138EA | 9808 | FORD | 1998 | VAN | 3,000 | 1ETRE1426WHB44172 |
| 4173AL | 9609 | DODGE | 1996 | VAN | 3,000 | 2B7HB21X7TK175398 |
| 4174AL | 9612 | DODGE | 1996 | VAN | 3,000 | 2B7HB21X3TK175401 |
| 4175AL | 9608 | DODGE | 1996 | VAN | 3,000 | 2B7HB21X5TK175397 |
| 4176AL | 9610 | DODGE | 1996 | VAN | 3,000 | 2B7HB21X9TK175399 |
| 4177AL | 9611 | DODGE | 1996 | VAN | 3,000 | 2B7HB21X1TK175400 |
| 5489AL | 9601 | DODGE | 1996 | PICK-UP | 6,000 | 1B7MF3652TS594829 |
| 5634CJ | 9404 | FORD | 1994 | PICK-UP | 3,900 | 2FTHF25YXRCA69442 |
| 5991AL | 9606 | DODGE | 1996 | PICK-UP | 3,000 | 1B7FL26X6TS502134 |
| 7232DS | 9804 | FREIGHTLNR | 1997 | DOUBLE BUCKET | 24,489 | 1FVXJLBB3VH702712 |
| 797ODL | 9801 | DODGE | 1998 | PICK-UP | 2,186 | 1B7GL26XXWS541575 |
| 8495DR | 9805 | FORD | 1998 | VAN | 3,000 | 1FTRE1422WHB44170 |
| 8496DR | 9806 | FORD | 1998 | VAN | 3,000 | 1FTRE1424WHB44171 |
| 8766ED | 8711 | FORD | 1987 | LINE/BUCKET | 28,489 | 1FDPF82H1HVA09878 |
| 9284DR | 9803 | DODGE | 1998 | PICK-UP | 3,000 | 1B7FL26X3WS706751 |
| 9285DR | 9802 | DODGE | 1998 | PICK-UP | 3,000 | 1B7FL26X4WS700859 |
| 9651AK | 9504 | FORD | 1995 | STEP VAN | 4,536 | 1FCJE39H6SHB86115 |
| 9652AK | 9506 | FORD | 1995 | STEP VAN | 4,536 | 1FCJE39HXSHB86117 |
| 9653AK | 9505 | FORD | 1995 | STEP VAN | 4,536 | 1FCJE39H8SHB86116 |
| 990PTF | 9203 | PLYMOUTH | 1992 | 4 DOOR SEDAN | <3,000 | 1P3BP48D5NN215161 |
| OH3182 | 8714 | FORD | 1987 | LINE/BUCKET | 29,461 | 1FDPF82KXKVA66754 |
| OY5496 | 8801 | DODGE | 1988 | MINIVAN | 2,400 | 1B7GK1335JX263033 |
| RP6931 | 8902 | FORD | 1989 | DOUBLE BUCKET | 14,100 | 1FDPF82KXKVA12989 |
| RP6932 | 8901 | FORD | 1989 | DOUBLE BUCKET | 14,100 | 1FDPF82K6KVA2990 |
| RP6933 | 8903 | FORD | 1989 | SINGLE BUCKET | 20,200 | 1FDPF82K8KVA12991 |
| RS4904 | 8906 | CHEV | 1989 | VAN | 2,993 | 2GCEG25Z3K4150713 |
| RS4905 | 8910 | CHEV | 1989 | VAN | 2,993 | 2GCEG25Z7K4151329 |
| RS4907 | 8908 | CHEV | 1989 | VAN | 2,993 | 2GCEG25Z0K4151012 |
| TE8328 | 8914 | FORD | 1989 | LINE/BUCKET | 29,461 | 1FDPF82K5KVA57497 |

| <u>PLATE NO.</u> | <u>VEHICLE NO.</u> | <u>MAKE</u> | <u>YEAR</u> | <u>VEHICLE TYPE</u> | <u>GROSS WEIGHT(KG)</u> | <u>SERIAL NO.</u> |
|------------------|--------------------|-------------|-------------|---------------------|-------------------------|-------------------|
| TE8329 | 8912 | FORD | 1989 | DOUBLE BUCKET | 13,560 | 1FDPF82K7KVA57498 |
| TE8330 | 8913 | FORD | 1989 | LINE/CABLE | 27,600 | 1FDPF82K9KVA53999 |
| TK8633 | 8911 | CHEVROLET | 1989 | STEP VAN | 5,400 | 1GBHP32K2K3325396 |
| TK9499 | 9002 | FORD | 1990 | PICK-UP | 2,835 | 1FTEF15Y5LKA85001 |
| TZ2283 | 9013 | FORD | 1990 | SINGLE BUCKET | 20,260 | 1FDPF82K3LVA35869 |
| TZ2284 | 9012 | FORD | 1990 | DOUBLE BUCKET | 15,500 | 1FDPF82KXLVA35870 |
| TZ2285 | 9011 | FORD | 1990 | LINE/BUCKET | 28,489 | 1FDPF82K7LVA36183 |
| VB8558 | 9001 | FORD | 1990 | STAKE | 11,100 | 1FDNF7049LVA24965 |
| VC8083 | 9006 | CHEV | 1990 | VAN | 2,993 | 2GCEG252XL4130427 |
| VC8181 | 9007 | FORD | 1990 | STAKE | 13,500 | 1FDPF82K7LVA27189 |
| VC8706 | 9010 | CHEV | 1990 | STEP VAN | 5,400 | 1GBHP32K1L3314603 |
| VC9132 | 9102 | GMC | 1991 | PICK-UP | 4,350 | 1GTGC24ZXM503134 |
| VC9143 | 9101 | GMC | 1991 | PICK-UP | 4,350 | 1GTGC24Z3ME503153 |
| VC9215 | 9103 | GMC | 1991 | PICK-UP | 4,350 | 1GTGC24Z5ME503218 |
| VC9216 | 9104 | GMC | 1991 | PICK-UP | 4,350 | 1GTGC24Z9ME503531 |
| VP7014 | 9114 | DODGE | 1991 | MINIVAN | 3,000 | 2B7GK1134MR238534 |
| VP7016 | 9112 | DODGE | 1991 | MINIVAN | 3,000 | 2B7GK1138MR238536 |
| VP7017 | 9115 | DODGE | 1991 | MINIVAN | 3,000 | 2B7GK1136MR238535 |
| VP7018 | 9111 | DODGE | 1991 | MINIVAN | 3,000 | 1B7GK14R4MX593446 |
| VP7019 | 9113 | DODGE | 1991 | MINIVAN | 3,000 | 2B7GK113XMR238537 |
| VR7765 | 9106 | CHEV | 1991 | VAN | 3,000 | 2GCEG25Z5M4118834 |
| VR7766 | 9108 | CHEV | 1991 | VAN | 3,000 | 2GCEG25Z4M4118842 |
| VR7767 | 9107 | CHEV | 1991 | VAN | 3,000 | 2GCEG25Z4M4118839 |
| VR7773 | 9105 | CHEV | 1991 | VAN | 3,000 | 2GCEG25Z8M4118830 |
| VR7875 | 9109 | FORD | 1991 | DUMP | 11,000 | 1FDNF70J5MVA23333 |
| WD9025 | 9119 | FORD | 1991 | LINE/BUCKET | 29,007 | 1FDPF82JXMVA25168 |
| WD9080 | 9209 | FORD | 1991 | DOUBLE BUCKET | 13,560 | 1FDPF82J2MVA29005 |
| WD9081 | 9208 | FORD | 1991 | SINGLE BUCKET | 20,200 | 1FDPF82J0MVA29004 |
| WD9082 | 9205 | FORD | 1991 | DOUBLE BUCKET | 15,443 | 1FDPF82J9MVA29003 |
| WE6318 | 9116 | FORD | 1991 | PICK-UP | 4,850 | 2FTHF26H6MCA55352 |
| WE6449 | 9117 | FORD | 1991 | PICK-UP | 4,850 | 2FTHF25Y5MCA54937 |
| WE6693 | 9118 | GMC | 1991 | STEP VAN | 5,400 | 1GBHP32K6M3308491 |
| XA6463 | 9207 | DODGE | 1992 | VAN | 3,000 | 2B7HB21X5NK149840 |
| XA6464 | 9206 | DODGE | 1992 | VAN | 3,000 | 2B7HB21X7NK150004 |
| XC1476 | 9216 | FORD | 1992 | LINE/BUCKET | 30,000 | 1FDRF70J9NVA34046 |
| XD2603 | 9211 | FORD | 1992 | PICK-UP | 3,900 | 2FTHF25Y7NCA71806 |
| XD2687 | 9210 | FORD | 1992 | DUMP | 11,111 | 1FDNF70J0NVA24116 |
| XD2914 | 9215 | FORD | 1992 | CUBE VAN | 4,762 | 1FDKE30H2NHA91343 |
| XD2927 | 9213 | FORD | 1992 | STEP VAN | 5,200 | 1FCJE39H7NHA91342 |
| XD2928 | 9212 | FORD | 1992 | STEP VAN | 5,200 | 1FCJE39H5NHA91341 |
| XD2959 | 9214 | FORD | 1992 | STEP VAN | 5,200 | 1FCJE39H3NHA91340 |
| XJ6052 | 9218 | FORD | 1992 | DOUBLE BUCKET | 15,500 | 1FDRF70J1NVA34137 |
| XJ6720 | 9219 | FORD | 1992 | CUBE VAN | 7,000 | 2FDLF47G3PCA37421 |
| XW2032 | 9310 | FORD | 1993 | LINE/BUCKET | 29,000 | 1FDRF70J5PVA37075 |
| XW8078 | 9305 | FORD | 1993 | PICK-UP | 4,350 | 2FTH25Y4PCB01766 |
| YC6422 | 9308 | FORD | 1993 | STEP VAN | 5,200 | 1FCJE39H5PHB17021 |
| YC6423 | 9309 | FORD | 1993 | STEP VAN | 5,200 | 1FCJE39H7PHB17022 |
| YE7268 | 9306 | FORD | 1993 | VAN | 3,000 | 1FTEE14Y6PHB78973 |
| YE7273 | 9307 | FORD | 1993 | VAN | 3,000 | 1FTEE14Y6PHB68024 |
| YM3661 | 9312 | FORD | 1993 | SINGLE BUCKET | 15,000 | 1FDRF70J2RVA13853 |
| YM3662 | 9313 | FORD | 1993 | SINGLE BUCKET | 15,000 | 1FDRF70J4RVA13854 |

| <u>PLATE NO.</u> | <u>VEHICLE NO.</u> | <u>MAKE</u> | <u>YEAR</u> | <u>VEHICLE TYPE</u> | <u>GROSS WEIGHT(KG)</u> | <u>SERIAL NO.</u> |
|------------------|--------------------|-------------|-------------|---------------------|-------------------------|-------------------|
| YR7952 | 9401 | DODGE | 1994 | MINIVAN | 2,458 | 1B7GH14R0RX345183 |
| YR7953 | 9402 | DODGE | 1994 | MINIVAN | 2,458 | 1B7GH14R2RX345184 |
| YR7954 | 9403 | DODGE | 1994 | MINIVAN | 1,968 | 2B7GH1130RR784608 |
| YT3279 | 8807 | GMC | 1988 | PICK-UP | 3,901 | 1GTGC34K2JE533667 |
| ZC4383 | 9405 | FORD | 1994 | PICK-UP | 3,900 | 2FTHF2541RCA69443 |
| ZC4384 | 9406 | FORD | 1994 | PICK-UP | 3,900 | 2FTHF25Y3RCA69444 |
| ZC4496 | 9407 | FORD | 1994 | VAN | 2,744 | 1FTEE14Y6RHC01266 |
| ZJ2557 | 9411 | FORD | 1994 | STEP VAN | 4,536 | 1FCJE39HXRHB93739 |
| ZJ2558 | 9410 | FORD | 1994 | STEP VAN | 4,536 | 1FCJE39H8RHB93738 |
| ZK3205 | 9408 | FORD | 1995 | LINE/BUCKET | 15,750 | 1FDRF70J7SVA14180 |
| ZK3206 | 9409 | FORD | 1995 | LINE/BUCKET | 15,750 | 1FDRF70J0SVA14179 |
| ZM4422 | 9412 | FORD | 1994 | SINGLE BUCKET | 15,000 | 1FDRF70J9SVA30980 |
| ZV5418 | 9501 | FORD | 1995 | PICK-UP | 3,900 | 2FTHF25Y6SCA72053 |

TRAILERS

| <u>Unit No.</u> | <u>Make</u> | <u>Type</u> | <u>Trailer Weight(KG)</u> | <u>Serial No.</u> | <u>Plate No.</u> | <u>Expiry Date</u> |
|-----------------|-------------|---------------|---------------------------|-------------------|------------------|--------------------|
| 244 | KING | POLE | 1,340 | 1741975 | 48521E | SPECIAL |
| 187 | HOMEMADE | BOX | 380 | NONE | 48528E | NONE |
| 243 | KING | CABLE REEL | 1,620 | 1723975 | 48529E | NONE |
| 203 | MARTEN | PLATFORM | 1,340 | 091761 | 48532E | NONE |
| 277 | HOMEMADE | BOX | 700 | NONE | 50015E | NONE |
| 245 | KING | POLE | 907 | 19482 | 51414E | SPECIAL |
| 8708 | TIMBERLAND | CABLE PULLER | 4,967 | 2T9F51V79HA022001 | C38381 | NONE |
| 9009 | TIMBERLAND | CABLE TENSION | 1,935 | 2T9C21G33LA022025 | H65207 | NONE |
| 9008 | TIMBERLAND | CABLE TENSION | 1,935 | 2T9C21G31LA022024 | H65208 | NONE |
| 9217 | TIMBERLAND | CABLE TRAILER | 6,150 | 2T9A71V38NA022018 | L30235 | NONE |
| 9311 | TJ WELDING | POLE TRAILER | 6,350 | 2T91B5FN7PM007033 | M48635 | SPECIAL |

SCHEDULE "F" TO THE OTTAWA HYDRO TRANSFER BY-LAW

LICENSES AND PERMITS WITH
GOVERNMENT AND/OR GOVERNMENT AGENCIES

| Permit/Account/ I. <u>Operational and Maintenance</u> | <u>License Number</u> |
|---|------------------------------|
| 1. Ontario Ministry Consumer and Commercial Relations - Operation of a private gasoline handling outlet. | 1019141-01 |
| 2. Ontario Ministry of Transportation - Motor Vehicle Inspection Station License. | 42-10417 |
| 3. Ontario Ministry of Transportation - List of registered mechanics (various). | 42-10417 |
| 4. Industry Canada - Radio Licenses. (71 mobile radios and two transmitting towers). | 49-080002347 |
| 5. Ontario Ministry of Transportation - Commercial Vehicle Operator Registration. | 052-763-222 |
| 6. R.M.O.C. - Long Load Trailers Permit. | 99-0268 |
| 7. Ontario Ministry of Transportation - Three special long load pole trailers. (Trailer #244, 245 and 9311) | 21020-2102 (Incl.) |
| 8. Ontario Elevating Device License - Passenger Elevator - Dumbwaiter | 017565 008405 |
| 9. Ontario Ministry of Environment Waste Registration Sites (Generator Registration No.) | |
| - 3025 Albion Road | ON0456601 |
| - 156 Middle Street | ON0456611 |
| - Mill Street; Amelia Island | ON0456606 |
| - 247 Glebe Avenue | ON0456605 |
| - 2317 Edwin Crescent | ON0456602 |
| - 88 Slater | ON0456600 |

| I. <u>Operational and Maintenance cont'd</u> | <u>Permit/Account License Number</u> |
|--|---|
| 10. Ontario Energy Board - Transitional Distribution License | ED-1999-0119 |
| 11. Ontario Energy Board - Transitional Distribution Rate Order | EB-1999-0119 |
| 12. Ontario Energy Board - Transitional Generation License | EG-1999-0367 |
| | |
| II. <u>Administrative</u> | |
| (a) Ontario Retail Sales Tax | 3016-8570 |
| (b) Revenue Canada Accounts: | |
| • Import/Export | 11932 1529 RM |
| • Payroll Deductions | 11932 1529 RP0001 |
| | 11932 1529 RP0002 |
| • Goods and Services Tax | 11932 1529 RT |
| (c) Quebec Sales Tax | 1021738090 |

- Notes: (1) Some of the licenses and permits used in conjunction with real property are listed in Schedule "C".
- (2) Licenses and permits used in conjunction with vehicles are listed in Schedule "E".
- (3) The land licenses of occupation are noted in Schedule "C" (Part II).

SCHEDULE "G" TO THE OTTAWA HYDRO TRANSFER BY-LAW

List of Intellectual Property

| <u>Details</u> | <u>Permit/Instrument No./Date</u> |
|--|---|
| 1. Ontario Ministry of Consumer and Commercial Affairs - Business or Identification Name - "Ottawa Hydro" | B.I.N. 960401966 |
| 2. Ontario Ministry of Consumer and Commercial Affairs - Business or Identification Name - "Hydro - Ottawa" | B.I.N. 960401313 |
| 3. Industry Canada - Canadian Intellectual Property Office - Logo - "Stylized OH Design" | Certificate of Authenticity dated May 1, 1996 |
| 4. Industry Canada - Canadian Intellectual Property Office - Trademark - "DISCO" | Notice of Allowance dated August 19, 1999 |
| 5. Industry Canada - Canadian Intellectual Property Office - Trademark - "Enersave" | Notice of Allowance dated August 26, 1999 |
| 6. Industry Canada - Canadian Intellectual Property Office - Trademark - "Genco" | Approval Notice dated April 28, 1999 (Pending Notice of Allowance) |
| 7. Network Solutions, Inc. (NSI) - Computer web site | www.ottawahydro.on.ca |

SCHEDULE "H-1" TO THE OTTAWA HYDRO TRANSFER BY-LAW

PROMISSORY NOTE

Principal: \$105,000,000.00
lawful money of Canada

Made and delivered
at Ottawa

on this 31st day of December,

1999.

FOR VALUE RECEIVED, OTTAWA HYDRO UTILITY SERVICES INC., a corporation incorporated pursuant to the laws of the Province of Ontario, the maker hereof and hereinafter referred to as "Utility Services" hereby unconditionally promises to pay to the order of THE CORPORATION OF THE CITY OF OTTAWA, a municipal corporation, and hereinafter referred to as the "City" the principal sum of ONE HUNDRED AND FIVE MILLION (\$105,000,000.00) DOLLARS, in lawful money of Canada and interest thereon at the rate and in accordance with the terms and conditions stated below:

1. **INTEREST RATE**

The rate of interest payable on the amount due from time to time on this Promissory Note shall be seven percent (7%) per annum calculated quarterly not in advance.

2. **TERMS OF PAYMENT**

The principal sum and all interest due under this Promissory Note shall be payable as follows:

- (a) the principal sum of \$105,000,000.00 shall be due and payable on March 31, 2000; and
- (b) the interest accrued on the principal sum of \$105,000,000.00 prior to its repayment shall be due and payable on June 1, 2000.

3. **PREPAYMENT**

Utility Services may at any time, without penalty, repay in whole or in part the principal amount and interest owing under this Promissory Note. Any prepayment shall be applied first to interest until it has been paid in full and then to principal.

4. **EVENT OF DEFAULT**

The principal amount due hereunder together with the interest will accelerate and become due if an Event of Default (hereinafter defined) occurs. An "Event of Default" shall exist under this Promissory Note if Utility Services: (i) petitions or applies to any tribunal for or consents to the appointment of the receiver, trustee or liquidator of Utility Services or of all or any substantial part of its properties or assets, (ii) admits in writing its inability to pay its debts as they mature, (iii) makes a general assignment for the benefit of its creditors, (iv) is adjudicated bankrupt or insolvent; (v) files voluntarily or has filed against it a petition in bankruptcy or a petition seeking reorganization or an arrangement with creditors to take advantage of any statute, or (vi) breaches any of its obligations or is in default under this Promissory Note or the security described in section 11 hereof made in favour of the City and executed the date hereof by the Utility Service.

5. **WAIVER OF NOTICE IN EVENT OF DEFAULT**

Utility Services hereby waives demand, protest and notice of maturity, non-payment or protests, and any other requirements necessary to hold it liable as maker and endorser of this Promissory Note. Utility Services further agrees to pay all costs of collection, including legal fees on a solicitor and client basis, in case the principal of this Promissory Note or any payment on the principal or interest thereon is not made at the maturity thereof or when otherwise due, or in case it becomes necessary to protect the security referred to in section 11 and whether or not legal proceedings are commenced.

6. **INTEREST RATE AFTER DEFAULT AND/OR MATURITY**

During the period of any default under the terms of this Promissory Note and following maturity thereof, the interest rate on the entire indebtedness then outstanding shall be at the aforesaid rate, computed from the date of default and/or maturity. If any payment of interest is not made when due, interest on the overdue interest shall be due and payable, calculated at the aforesaid rate.

7. **RIGHTS AND REMEDIES IN EVENT OF DEFAULT**

The rights and remedies of the City under this Promissory Note and under the security described in section 11 which secures payment and performance of this Promissory Note, which the City may have at law or in equity against the Utility Services, or any other persons or legal entities, shall be distinct, separate and cumulative, and shall not be deemed inconsistent with one another, and none of the said rights whether or not exercised by the City, shall be deemed to be to the exclusion of any other, and any one or more of said rights and remedies may be exercised at the same time. The obligations of this Promissory Note shall continue until the entire debt evidenced hereby is paid, notwithstanding any court action or actions taken by the City which may be brought to recover any amounts due and payable under this Promissory Note. No delay or failure by the City in the enforcement of any covenant, promise or agreement of Utility Services hereunder shall constitute or be deemed to constitute a waiver of such right. Any waivers of the City shall only occur and be valid when set forth in writing by the City. No waiver of any event of default shall discharge or release any person at any time liable for the payment of this Promissory Note from such liability. No single or partial exercise of any of the City's powers hereunder shall preclude other and further exercise thereof or the exercise of any other power. The City may extend the maturity of this Promissory Note from time to time without in any way affecting the liability of Utility Services under the security

referred to in section 11.

8. **ASSIGNMENT**

This Promissory Note may be assigned by the City in whole or in part and without restraint, and upon notice of such assignment to Utility Services the assignee hereof shall for all purposes be deemed to be a holder or the holder of a beneficial interest herein, as the case may be.

9. **GOVERNING LAW**

This Promissory Note shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein, which laws shall be applicable to the interpretation, construction and enforcement thereof.

10. **GENERAL PROVISIONS**

This Promissory Note may not be changed, modified, discharged or cancelled, orally or in any manner, other than by agreement in writing signed by the parties hereto or their respective successors and assigns, and the provisions hereof shall bind and enure to the benefit of the respective successors and assigns of Utility Services and the City.

11. **SECURITY**

This Promissory Note shall be secured by a security agreement which shall grant to the City a security interest in all of the personal property of Utility Services and a charge against the real property of Utility Services.

IN WITNESS WHEREOF Utility Services has duly executed this Promissory Note, the date first appearing above.

INC.

OTTAWA HYDRO UTILITY SERVICES

Per:

SCHEDULE "H-2" TO THE OTTAWA HYDRO TRANSFER BY-LAW

PROMISSORY NOTE

Principal: \$10,000,000.00
lawful money of Canada

Made and delivered
at Ottawa

on this 31st day of December,

1999.

FOR VALUE RECEIVED, OTTAWA HYDRO UTILITY SERVICES INC., a corporation incorporated pursuant to the laws of the Province of Ontario, the maker hereof and hereinafter referred to as "Utility Services" hereby unconditionally promises to pay to the order of THE CORPORATION OF THE CITY OF OTTAWA, a municipal corporation, and hereinafter referred to as the "City" the principal sum of TEN MILLION (\$10,000,000.00) DOLLARS, without interest, in lawful money of Canada in accordance with the terms and conditions stated below:

1. **TERMS OF PAYMENT**

The principal sum due under this Promissory Note shall be payable as follows:

- (a) the principal sum of \$5,000,000.00 shall be due and payable on June 1, 2000; and
- (b) the remaining principal sum of \$5,000,000.00 shall be due and payable on December 1, 2000.

2. **PREPAYMENT**

Utility Services may at any time, without penalty, repay in whole or in part the principal amount owing under this Promissory Note.

3. **EVENT OF DEFAULT**

The principal amount due hereunder will accelerate and become due if an Event of Default (hereinafter defined) occurs. An "Event of Default" shall exist under this Promissory Note if Utility Services: (i) petitions or applies to any tribunal for or consents to the appointment of the receiver, trustee or liquidator of Utility Services or of all or any substantial part of its properties or assets, (ii) admits in writing its inability to pay its debts as they mature, (iii) makes a general assignment for the benefit of its creditors, (iv) is adjudicated bankrupt or insolvent; (v) files voluntarily or has filed against it a petition in bankruptcy or a petition seeking reorganization or an arrangement with creditors to take advantage of any statute, or (vi) breaches any of its obligations or is in default under this Promissory Note or the security described in section 9 hereof made in favour of the City and executed the date hereof by the Utility Service.

4. **WAIVER OF NOTICE IN EVENT OF DEFAULT**

Utility Services hereby waives demand, protest and notice of maturity, non-payment or protests, and any other requirements necessary to hold it liable as maker and endorser of this Promissory Note. Utility Services further agrees to pay all costs of collection, including legal fees on a solicitor and client basis, in case the principal of this Promissory Note or any payment on the principal is not made at the maturity thereof or when otherwise due, or in case it becomes necessary to protect the security referred to in section 9 and whether or not legal proceedings are commenced.

5. **INTEREST RATE AFTER DEFAULT AND/OR MATURITY**

During the period of any default under the terms of this Promissory Note and following maturity thereof, the interest rate on the entire indebtedness then outstanding shall be at the prime rate of the Royal Bank of Canada charged on commercial loans plus 2%, computed from the date of default and/or maturity. If any payment of interest is not made when due, interest on the overdue interest shall be due and payable, calculated at the aforesaid rate.

6. **RIGHTS AND REMEDIES IN EVENT OF DEFAULT**

The rights and remedies of the City under this Promissory Note and under the security described in section 9 which secures payment and performance of this Promissory Note, which the City may have at law or in equity against the Utility Services, or any other persons or legal entities, shall be distinct, separate and cumulative, and shall not be deemed inconsistent with one another, and none of the said rights whether or not exercised by the City, shall be deemed to be to the exclusion of any other, and any one or more of said rights and remedies may be exercised at the same time. The obligations of this Promissory Note shall continue until the entire debt evidenced hereby is paid, notwithstanding any court action or actions taken by the City which may be brought to recover any amounts due and payable under this Promissory Note. No delay or failure by the City in the enforcement of any covenant, promise or agreement of Utility Services hereunder shall constitute or be deemed to constitute a waiver of such right. Any waivers of the City shall only occur and be valid when set forth in writing by the City. No waiver of any event of default shall discharge or release any person at any time liable for the payment of this Promissory Note from such liability. No single or partial exercise of any of the City's powers hereunder shall preclude other and further exercise thereof or the exercise of any other power. The City may extend the maturity of this Promissory Note from time to time without in any way affecting the liability of Utility Services under the security referred to in section 9.

7. **ASSIGNMENT**

This Promissory Note may be assigned by the City in whole or in part and without restraint, and upon notice of such assignment to Utility Services the assignee hereof shall for all purposes be deemed to be a holder or the holder of a beneficial interest herein, as the case may be.

8. **GOVERNING LAW**

This Promissory Note shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein, which laws shall be applicable to the interpretation, construction and

enforcement thereof.

9. **GENERAL PROVISIONS**

This Promissory Note may not be changed, modified, discharged or cancelled, orally or in any manner, other than by agreement in writing signed by the parties hereto or their respective successors and assigns, and the provisions hereof shall bind and enure to the benefit of the respective successors and assigns of Utility Services and the City.

10. **SECURITY**

This Promissory Note shall be secured by a security agreement which shall grant to the City a security interest in all of the personal property of Utility Services and a charge against the real property of Utility Services.

IN WITNESS WHEREOF Utility Services has duly executed this Promissory Note, the date first appearing above.

OTTAWA HYDRO UTILITY SERVICES INC.

Per:

SCHEDULE "I" TO THE OTTAWA HYDRO TRANSFER BY-LAW

EMPLOYEE PLANS

| | <u>Plan</u> | <u>Policy #</u> | <u>Insurer</u> |
|-------|--|-----------------|---|
| I. | Health | 36970 | Manulife Financial |
| II. | Dental | 36971 | Manulife Financial |
| III. | Long Term Disability | 70986 | Sun Life of Canada |
| IV. | Group Life Insurance | 15925 | Sun Life of Canada |
| V. | Employee Assistance Plan | 138775 | Warren Shepell Consultants |
| VI. | Pension Plan | 429032 | Ontario Municipal Employees Retirement System (Inc. Taxes Registration No. 0345983) |
| VII. | Supplementary Pensioners | N/A | Ottawa Hydro (self funded approved annually) |
| VIII. | Municipal Hydro Pension | Group 12 | Canada Life (formerly administered Planby Confederation Life) |
| IX. | Ontario Workplace Safety and Insurance Board | 801275 | Ontario Government Agency |

SCHEDULE "J" TO THE OTTAWA HYDRO TRANSFER BY-LAW

LIST OF EXCLUDED ASSETS

| <u>Name</u> | <u>Location</u> | <u>File Reference</u> |
|---------------------------------|--|-----------------------|
| Bank - Vacant Land (1) | Bank Street and Randall Avenue | 106.0 |
| Elmvale Acres - Vacant Land (1) | Rear 1831 Haig Drive (Known as 1829 Haig Drive) | 24.0 |

Note: (1) Easement required for existing plant.

SCHEDULE "K" TO THE OTTAWA HYDRO TRANSFER BY-LAW

CITY OF OTTAWA

SHAREHOLDER DECLARATION

RELATING TO

OTTAWA HYDRO UTILITY SERVICES INC. AND ITS SUBSIDIARIES

December 31, 1999

Prepared by:

Borden Elliot Scott & Ayles
1000-60 Queen Street
Ottawa, Ontario, K1P 5Y7

SHAREHOLDER DECLARATION made as of the 31st day of December, 1999.

BY: **THE CORPORATION OF THE CITY OF OTTAWA,**
a municipal corporation established pursuant to the
provisions of the *Municipal Act* (Ontario)

(hereinafter referred to as the "City of Ottawa")

WHEREAS subsection 108(2) of the *Ontario Business Corporations Act* (the "Act") permits all of the shareholders of a corporation to enter into a unanimous shareholder agreement;

AND WHEREAS pursuant to subsection 108(3) of the Act, a written declaration by a sole shareholder of a corporation that restricts in whole or in part the powers of the directors to manage or supervise the management of the business and affairs of the corporation is deemed to be a unanimous shareholder agreement;

AND WHEREAS pursuant to subsection 108(5) of the Act, to the extent that a unanimous shareholder agreement restricts the discretion or powers of the directors of a corporation to manage or supervise the management of the business and affairs of a corporation, a shareholder who is a party to the unanimous shareholder agreement assumes such powers and the related duties and liabilities and the directors are thereby relieved of their duties and liabilities;

AND WHEREAS the City of Ottawa is the registered and beneficial owner of all the issued shares of Ottawa Hydro Utility Services Inc. (the "Corporation") and desires to make this Declaration with the intent that to the extent that it restricts the discretion and powers of the directors of the Corporation it shall constitute a unanimous shareholder agreement with respect to only those restrictions;

AND WHEREAS the Corporation together with its Subsidiaries are the successors to the business formerly known as the Hydro-Electric Commission of the City of Ottawa, Ottawa Hydro and Hydro-Ottawa ("Ottawa Hydro");

AND WHEREAS the Shareholder wishes to establish certain principles of governance and other fundamental principles and policies relating to the Corporation and its Subsidiaries;

NOW THEREFORE, the City of Ottawa hereby declares as follows:

ARTICLE I INTERPRETATION

1.1 Definitions

In this Declaration, in addition to the terms defined in the recitals, the following terms will have the meanings set out below:

“Act” means the *Ontario Business Corporations Act*, as now enacted or as the same may from time to time be amended, re-enacted or replaced;

“Affiliate” means a Body Corporate that is affiliated with the Corporation as such relationship is defined in the Act;

“Board” means the board of directors of the Corporation;

“Body Corporate” means a firm, partnership, unincorporated association, joint venture, corporation, bank, trust, pension fund, union, governmental agency, board, tribunal, ministry or commission or other legal entity of any kind whatsoever, but excludes an individual or natural person;

“Business Day” means a day, other than a Saturday or Sunday, on which the principal commercial banks located at Ottawa, Ontario are open for business during normal banking hours;

“Independent” means, with respect to a member of the Board, an individual who is not a councillor or employee of the City of Ottawa or an officer or employee of the Corporation or any Affiliate;

“Nominating Committee” means a committee of the Board established to assist in the selection of directors;

“Person” means an individual, a natural person or a Body Corporate;

“Regulator” means the Ontario Energy Board, the Independent Electricity Market Operator or any other governmental or regulatory authority having jurisdiction over the Corporation;

“Subsidiary” means, with respect to the Corporation, any body corporate of which more than 50% of the outstanding securities of any class carrying exercisable voting rights are beneficially owned, directly or indirectly, by the Corporation, and includes any Body Corporate in like relation to a Subsidiary; and

“Third Party” means a person who deals at arm's length (as interpreted by subsection 251 (1) of the *Income Tax Act* (Canada)) with the Corporation or the Subsidiaries.

1.2 Calculation of Time

In this Declaration, unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day which ends the period and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

1.3 Regulatory Matters

In the event of any conflict between any approval or direction or other requirement of the City of Ottawa and the Corporation or its Subsidiaries under this Declaration and any decision, order or policy of any Regulator, the decision, order or policy of the Regulator shall govern and the Corporation and its Subsidiaries will at all times comply with any decision, order or policy of the Regulator whether or not an approval or direction has first been given in respect thereof by the City of Ottawa under this Declaration. For greater certainty, the Corporation and its Subsidiaries will not seek any order from any Regulator for any matter that would require the approval of the City of Ottawa under this Declaration without first giving notice of their intention to seek such an order to the City of Ottawa.

ARTICLE 2 BUSINESS OF THE CORPORATION

2.1 Permitted Business Activities

Subject to its compliance with the *Energy Competition Act, 1998*, the Corporation, either directly or through a Subsidiary, may engage in any of the following business activities:

- (a) distributing electricity;
- (b) providing (i) through the Corporation, (ii) through a Third Party, (iii) through an Affiliate, or (iv) through a combination of the foregoing, the standard supply service of electricity to Persons connected to the distribution system of the Corporation;
- (c) owning, operating and having an ownership interest in the electricity generation facilities which were transferred by Ottawa Hydro to the Corporation or Ottawa Hydro Energy Services Inc.;
- (d) renting or selling hot water heaters;
- (e) using the real property that the Corporation has the right to use for the purpose of providing dark fibre telecommunications services, or entering into agreements with any Third Party, or Subsidiary, authorizing such Third Party or Subsidiary to use such real property for the purpose of providing dark fibre telecommunications services;
- (f) providing meter installation, repair, calibration and reading services; and

- (g) any other business activities carried on by Ottawa Hydro at the time Ottawa Hydro's assets were transferred to the Corporation and its Subsidiaries, the principal purpose of which is to use more effectively the assets of the distribution system of the Corporation, including, without limitation, providing billing services and streetlighting design, installation and maintenance services, and leasing any surplus assets.

2.2 Other Business Activities with Prior Approval

Subject to compliance with the *Energy Competition Act, 1998*, and with the prior written approval of the City of Ottawa, the Corporation, either directly or through a Subsidiary, may engage in any of the following business activities:

- (a) transmitting electricity;
- (b) owning, operating and having an ownership interest in any other generation facility not referred to in paragraph 2.1(c);
- (c) retailing electricity;
- (d) distributing or retailing gas or any other energy product which is carried through pipes or wires to the user;
- (e) business activities that develop or enhance the ability of the Corporation or its Subsidiaries to carry on any of the activities contemplated by paragraphs (a), (c) or (d);
- (f) business activities which are not referred to in paragraph 2.1(g), the principal purpose of which is to use more effectively the assets of the distribution system of the Corporation;
- (g) managing or operating the provision of a public utility or sewage or water services;
- (h) providing services relating to improving energy efficiency which are not referred to in paragraph 2.1(g); and
- (i) using the real property that the Corporation or its Affiliates have the right to use for the purpose of providing telecommunications services other than through dark fibre, or entering into agreements with any Third Party, or Subsidiary, authorizing such Third Party or Subsidiary to use such real property for the purpose of providing telecommunications services other than through dark fibre.

2.3 City of Ottawa Consent

The Board shall have the authority to prepare a business case for consideration by the City of Ottawa related to any business activity set out in Article 2.2 which business case shall include an assessment of whether or not the new business activity is financially viable or otherwise commercially prudent to be pursued by the Corporation or its Subsidiary. Upon a review of the business case the City of Ottawa shall advise the Corporation in writing whether or not the new business activity may be pursued by the

Corporation or its Subsidiary.

ARTICLE 3 OPERATION AND CONTROL

3.1 Number of Directors

The Corporation shall be managed by the Board which shall consist of 7 directors selected by the City of Ottawa, of whom:

- (a) 2 shall be members of the Council of the City of Ottawa;
- (b) 1 shall be the President and Chief Executive Officer of the Corporation; and
- (c) 4 shall be Independent.

3.2 Nominating Committee

The Shareholder shall consider candidates nominated by the Nominating Committee but shall not be obliged to select such candidates. It is expected that the Nominating Committee will develop a process to identify and evaluate potential Board candidates in order to recommend a slate of qualified candidates to the City of Ottawa, which process shall attempt to maintain a Board having the following competencies among one or more directors:

- (a) strong business background;
- (b) strong financial background;
- (c) accounting and tax acumen;
- (d) utility experience;
- (e) strategic planning and corporate stewardship experience;
- (f) government regulation experience;
- (g) competitive business experience;
- (h) an awareness of the needs of the Corporation's customers; and
- (i) a sensitivity for the public interest.

3.3 Term of Office

The term of office for a director shall be:

- (a) In the case of a director who is a Councillor, for a term which ends on the earlier of: (i) the date on which the term of office as Councillor ends; or (ii) the date on which his or her successor is elected;
- (b) In the case of the director who is the President and Chief Executive Officer of the Corporation, for so long as the director holds the office of President and Chief Executive Officer; and
- (c) In the case of any other director, for a term of 3 years or until his or her successor is elected.

Notwithstanding the foregoing, the term of office for the directors appointed January 1, 2000 shall

end on December 31, 2000.

Any director may stand for re-election by the Shareholder to the Board at the expiry of his or her term.

3.4 Board of Directors of Subsidiaries

The Corporation will determine the number and will elect the directors of the Subsidiaries from among the directors of the Corporation.

3.5 Vacancies

If a member of the Board ceases to be a director for any reason, the City of Ottawa will fill the vacancy created thereby as soon as reasonably possible. If a member of the board of directors of any Subsidiary ceases to be a director for any reason, the Corporation will cause the vacancy to be filled by another director of the Corporation as soon as reasonably possible.

3.6 Confidentiality

The City of Ottawa and the directors and officers of the Corporation and the Subsidiaries (each a "Receiving Party ") will ensure that no confidential information of the Corporation or its Subsidiaries is disclosed or otherwise made available to any Person, except to the extent that:

- (a) disclosure to a Receiving Party's employees or agents is necessary for the performance of any Receiving Party's duties and obligations under this Declaration;
- (b) disclosure is required in the course of judicial proceedings or pursuant to law; or
- (c) the confidential information becomes part of the public domain (other than through unauthorized disclosure by the Receiving Party).

3.7 Remuneration

The remuneration of the members of the Board or the board of directors of a Subsidiary for their respective services as directors will be as determined by the City of Ottawa from time to time. Initially, each director of the Corporation or a Subsidiary will be paid an annual stipend of \$6000.00, plus \$600.00 for each regular and committee meeting of the Board or the board of directors of a Subsidiary attended. The Chairperson of the Board shall be paid an additional annual stipend of \$3000.00. For greater certainty, only one annual stipend will be paid where an individual is a director of both the Corporation and a Subsidiary. Notwithstanding the foregoing:

- (a) directors of the Corporation who are members of the Council of the City of Ottawa will receive no remuneration directly, as all such remuneration will be paid to the City of Ottawa and will be credited to the general revenues of the City of Ottawa; and
- (b) the President and Chief Executive Officer will receive no remuneration in his or her capacity as director,

although the individuals described in paragraphs (a) and (b) will along with all other directors be reimbursed by the Corporation for their out-of-pocket expenses upon presentation of supporting receipts therefore.

ARTICLE 4 SHAREHOLDER MATTERS

4.1 Shareholder Approval under the Act

In accordance with the provisions of the Act, neither the Corporation nor any Subsidiary will, without the prior written approval of the City of Ottawa:

- (a) amend its articles or make, amend or repeal any by-law;
- (b) amalgamate (except for an amalgamation with one or more Subsidiaries), apply to continue as a body corporate under the laws of another jurisdiction, merge, consolidate or reorganize, or approve or effect any plan of arrangement, in each case whether statutory or otherwise;
- (c) take or institute proceedings for any winding-up, arrangement, reorganization or dissolution;
- (d) create new classes of shares or reorganize, consolidate, subdivide or otherwise change its outstanding securities;
- (e) sell or otherwise dispose of, by conveyance, transfer, lease, sale and leaseback or other transaction, all or substantially all of its assets or undertaking;
- (f) change its auditor;
- (g) make any change to the number of directors comprising the Board; or
- (h) enter into any other transaction or take any other action that requires shareholder approval pursuant to the Act.

4.2 Additional Matters Requiring Shareholder Consent

The powers of the Board, including without limitation any committee thereof, from time to time and the board of directors of the Subsidiaries are hereby restricted, in part, such that the Corporation and its Subsidiaries shall not without the prior written approval of the City of Ottawa:

- (a) make any change in the issued capital of the Corporation or a Subsidiary;
- (b) enter into any agreement or make any offer or grant any right capable of becoming an agreement to allot or issue any shares of the Corporation or a Subsidiary;
- (c) give shareholder approval, as shareholder of a Subsidiary, in respect of any matter which shareholder approval for a Subsidiary is required;

- (d) borrow any money on the credit of the Corporation or a Subsidiary in excess of \$1 million other than in the ordinary course of business or under any operating line for the Corporation with a Canadian chartered bank not to exceed \$10 million;
- (e) grant any security or create an encumbrance on the assets of the Corporation or a Subsidiary other than as is necessary to secure an operating line for the Corporation with a Canadian chartered bank not to exceed \$10 million or in respect of purchase money security interests granted pursuant to the purchase of capital assets;
- (f) make directly or indirectly loans or advances in excess of \$50,000 to any Person, other than a Subsidiary;
- (g) give security for or guarantee debts in excess of \$50,000 of any Person, other than a Subsidiary;
- (h) declare any dividend which is inconsistent with the dividend policy appended hereto as Schedule "A";
- (i) appoint any auditor to fill any casual vacancy which may occur during a year;
- (j) take, hold, subscribe for or agree to purchase or acquire shares in the capital of any Body Corporate except a Body Corporate authorized to be created in the by-law by which the assets of Ottawa Hydro were transferred to the Corporation and its Subsidiaries;
- (k) enter into any partnership or any arrangement for the sharing of profits, union of interests, joint venture or reciprocal concession with any Person; or
- (l) establish any financial year end of the Corporation or a Subsidiary which is not December 31.

4.3 Liability of the City of Ottawa

In the exercise of the rights, duties and powers assumed and transferred under this Declaration, the City of Ottawa shall be subject to the same obligations and liabilities to which the Board would otherwise have been subject if this Declaration had not been made and the Board is hereby wholly relieved of all powers, duties and liabilities as directors of the Corporation or its Subsidiaries to the extent that the City of Ottawa is subject thereto.

4.4 Residual Power of Board

Without restricting the application of Articles 4.1 and 4.2, the Board and the board of directors of the Subsidiaries shall have, subject to the Act and this Declaration, the full authority to manage the business and affairs of the Corporation and its Subsidiaries, respectively, including the authority to develop and recommend to the City of Ottawa decisions with respect to any of the matters specified in Articles 4.1 and 4.2.

4.5 Delegation of City Power to Consent

The rights, powers and duties vested in the City of Ottawa pursuant to the provisions of this Declaration may be exercised by or pursuant to a resolution or bylaw of the Council of the City of Ottawa or a written instrument signed by the City of Ottawa, or its representative, in addition to any other method permitted by law. The City of Ottawa may delegate any of its powers specified in this Declaration to the Board, which delegation may have general or specific application and may be for a specified period of time or for an indefinite period of time.

**ARTICLE 5
REPORTING TO CITY**

5.1 Reports

The Corporation will report to the Council of the City of Ottawa, or any successor thereto, on any and all matters as requested by the Council from time to time including reports relating to any of the Corporation's Subsidiaries. Without limiting the foregoing, the Corporation shall provide in a timely manner to the City of Ottawa an annual financial report containing such financial and other information as the Council may reasonably request and which information the Corporation is legally entitled to provide.

**ARTICLE 6
GENERAL PROVISIONS**

6.1 Reference on Certificate

The Corporation shall cause a reference to this Declaration to be noted conspicuously on every share certificate issued by the Corporation or its Subsidiaries.

6.2 Termination

This Declaration shall be effective as of the date hereof and shall continue in full force and effect until the City of Ottawa has given written notice to the Board of the revocation and termination of this Declaration.

6.3 Amendment of Declaration

This Declaration may be amended from time to time as circumstances may require and the City of Ottawa will consult with the Board prior to completing any amendments and will promptly provide the Board with copies of such amendments.

6.4 Governing Law

This Declaration shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF, the City of Ottawa has executed this Declaration as a unanimous shareholder agreement pursuant to subsections 108(2) and 108(3) of the Act.

**THE CORPORATION OF THE CITY
OF OTTAWA**

Per:

By: _____

Name: Pierre Pagé

Title: City Clerk

By: _____

Name: James Watson

Title: Mayor

SCHEDULE "A" TO SHAREHOLDER DECLARATION

OTTAWA HYDRO UTILITY SERVICES INC.
DIVIDEND POLICYARTICLE 1
INTERPRETATION1.1 Definitions

In this Policy, the following terms will have the meanings set out below:

"Act" means the *Ontario Business Corporations Act*, as now enacted or as the same may from time to time be amended, re-enacted or replaced;

"Board" means the board of directors of Utility Services;

"Business Day" means a day, other than a Saturday or Sunday, on which the principal commercial banks located at Ottawa, Ontario are open for business during normal banking hours;

"OEB" means the Ontario Energy Board;

"Regulator" means the OEB, the Independent Electricity Market Operator and any other government or regulatory authority having jurisdiction over Utility Services;

"Shareholder" means the Corporation of the City of Ottawa; and

"Utility Services" means Ottawa Hydro Utility Services Inc.

ARTICLE 2
PURPOSE AND OBJECTIVE2.1 Purpose

The purpose of this dividend policy is to set forth the principles which are to be applied by the Board in determining the amount and timing of any dividend payment to be made by Utility Services to the Shareholder. The payment of (or failure to pay) any dividend which is inconsistent with this dividend policy shall only be done with the consent of the Shareholder.

2.2 Shareholder Objective

This dividend policy has been prepared in recognition of the Shareholder's objective of protecting the financial stability of Utility Services by leaving the corporation with sufficient cash to satisfy its working capital, debt servicing and capital expenditure requirements while at the same time withdrawing excess cash earned from the operations of Utility Services in the form of dividends.

ARTICLE 3
DIVIDEND AMOUNT

3.1 Dividend Amount

The annual dividend which shall be payable by Utility Services to the Shareholder shall be equal to the greater of:

- (a) \$4,000,000.00; or
- (b) an amount which shall be equal to two-thirds of the product obtained by multiplying A times B, where:

A is equal to the percentage return which the OEB permits Utility Services to earn on shareholders equity from time to time as part of Utility Services' market-based rate of return. For illustrative purposes, this percentage was stated to be 9.75% in the OEB's Proposed Electric Distribution Rate Handbook issued June 30, 1999; and

B is equal to the Shareholder's Equity of Utility Services at the end of its immediately preceding fiscal year, as determined in accordance with generally accepted accounting principles.

3.2 Calculation of Dividend Amount

On or before March 15th of each and every year, Utility Services will prepare and submit to the Finance Department of the Shareholder for its review a detailed calculation of the dividend amount determined in accordance with section 3.1 and to be paid during that year, which shall include the assumptions and supporting documents used by Utility Services in the calculation.

3.3 Additional Dividends

Nothing contained in this Policy shall restrict the right of the Board to declare additional dividends to the Shareholder from time to time where the Board determines that Utility Services has accumulated excess cash, and that it would be in the best interests of Utility Services and not inconsistent with the Shareholder's objective set out in section 2.2, to declare additional dividends. Notwithstanding the foregoing, the Board shall not pay any additional dividends under this section 3.3 without the consent of the Shareholder if the payment of such dividends would result in Utility Services having a current ratio which is less than 1.5 to 1.

3.4 Compliance with Laws

The obligation of the Board to comply with this Policy shall be subject to its overriding obligation to comply with section 38 of the Act, the rules established by a Regulator and any other law which may restrict the declaration or payment of a dividend by Utility Services.

ARTICLE 4
TIMING OF DIVIDEND

4.1 Timing of Dividend

This dividend policy will become effective for the operations of Utility Services which commence after Utility Services receives a rate order from the Ontario Energy Board and is permitted to earn a market-based rate of return amount on its assets. Dividends shall be payable quarterly, with one-quarter of the amount determined under section 3.1 to be paid on March 31, June 30, September 30 and December 31 of each and every year provided such day is a Business Day, failing which the quarterly dividend shall be paid on the next Business Day. It is anticipated that the first dividend will become payable on March 31, 2001. Initially, dividends will be prorated for any partial year which may be completed by Utility Services.

ARTICLE 5
AMENDMENTS TO DIVIDEND POLICY

5.1 Amendments to Dividend Policy

This dividend policy shall be effective until amended by the City, in consultation with the Corporation, but shall be reviewed by the City and the Corporation for the dividend payable in the fiscal year of the Corporation commencing on January 1, 2003. Notwithstanding the foregoing, the Board may at any time request the Shareholder to reconsider and amend this policy if the Board believes that the dividend amount is such that it is inconsistent with the Shareholder's objective of protecting the financial stability of Utility Services by leaving the corporation with sufficient cash to satisfy its working capital, debt servicing and capital expenditure requirements.

SCHEDULE "L" TO THE OTTAWA HYDRO TRANSFER BY-LAW

LEGAL PROCEEDINGS

I. LEGAL PROCEEDINGS INITIATED BY OTTAWA HYDRO

| <u>Litigants</u> | <u>Quantum</u> | <u>Court</u> |
|--|----------------|---------------------------|
| Ottawa Hydro vs 936323 Ontario Ltd. COURT FILE #OT-61238/99 | \$6,000 | Ottawa Small Claims Court |

II. LEGAL PROCEEDINGS INITIATED AGAINST OTTAWA HYDRO

| <u>Litigants</u> | <u>Quantum</u> | <u>Court</u> |
|--|----------------|---------------------------|
| Helen & Richard Davis vs Ottawa Hydro COURT FILE #97442/96 | \$50,000 | Superior Court of Justice |
| Debbie Peters et al. vs Ottawa Hydro COURT FILE #101518/96 | \$200,000 | Superior Court of Justice |
| Ramish Mishra et al. vs Ottawa Hydro et al. COURT FILE #101671/96 | \$575,000 | Superior Court of Justice |
| 1213361 Ontario Ltd. vs Ottawa Hydro COURT FILE #OT-54888/97 | \$592 | Ottawa Small Claims Court |
| 1098 Wellington Ltd. vs Ottawa Hydro COURT FILE #OT-57835/98 | \$492 | Ottawa Small Claims Court |
| Don Newell vs Ottawa Hydro COURT FILE #OT-56072/98 | \$893 | Ottawa Small Claims Court |
| Marie Michelle Jean-Louis vs Ottawa Hydro COURT FILE #OT-59891/98 | \$1,000 | Ottawa Small Claims Court |
| Ian Spencer vs Ottawa Hydro COURT FILE #OT-63274/99 | \$4,000 | Ottawa Small Claims Court |
| Pars Empire North America et al. vs Ottawa Hydro COURT FILE #99-CV-9859 | \$47,850 | Superior Court of Justice |

III. **LABOUR ARBITRATION HEARINGS (Ottawa Hydro - IBEW Local 636, Unit 47)**

- *Grievance 99-01*
Richard Brown, Arbitrator
Hearing commenced September 15, 1999, scheduled to resume October 21, 1999.
- *Grievance 99-04 and 99-06*
Richard Brown, Arbitrator
Scheduled for December 3 and 16, 1999.
- *Complaint filed with Ontario Labour Relations Board.*
IBEW Local 636, Unit 47
File No. 1679-99-U

IV. **OTHERS**

A class action claiming \$500 million in restitutionary payments plus interest was served on Toronto Hydro on November 18, 1998. The action was initiated against Toronto Hydro Electric Commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario which have charged late payment charges on overdue utility bills at any time after April 1, 1981.

The claim is that late payment penalties result in the municipal electric utilities receiving interest at effective rates in excess of 60% per year, which is illegal under section 347(1)(b) of the Criminal Code.

The Municipal Electric Association is undertaking the defense of this class action.

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November 17, 1999

ACS1999-FN-FLM-0028
(File: ZZFO245/01-01)

Department of Finance

Ward/Quartier
City Wide

- Policy, Priorities and Budgeting Committee / Comité des politiques, des priorités et des budgets
- City Council / Conseil municipal

Action/Exécution

2. Capital Budget Status Report as at September 30, 1999

Rapport d'étape sur le budget des immobilisations au 30 septembre 1999

Recommendations

1. That the Capital Project close-outs and adjustments, as identified in Document 1 be approved.
2. That the Capital Project Status Report as at September 30, 1999 as detailed in Documents 2A and 2B be received.

November 17, 1999 (8:46a)

Mona Monkman
City Treasurer

November 19, 1999 (3:53p)

Approved by
John S. Burke
Chief Administrative Officer

JG:jg

Contact: John Goold - 244-5300 ext. 1-3793

Financial Comment

Subject to City Council approval, Capital Project close-outs and adjustments will be processed with funds being transferred to reserve funds. As outlined in Document 1, funds being returned to reserves will be used in future years' Capital Budgets.

| Transfer to Reserves | RGC | RRL | Total |
|------------------------|--------|-------|--------|
| Adjustments/Close-outs | 15,329 | 1,031 | 16,360 |

Mona Monkman

November 17, 1999 (8:46a)

Mona Monkman
City Treasurer

MM:tsc

Executive Report

Reasons Behind Recommendations

In accordance with City Council approved policy dated March 5, 1997, Capital Status Reports are to be forwarded to City Council on a quarterly basis.

Recommendation 1

Capital budget adjustments and close-outs require City Council approval. Adjustments are required when forecasted revenues are not realized or are over achieved and when expenditures are either higher or lower than forecasted. These type of situations can arise from unforeseen circumstances (ie: weather delays, market conditions) or from additions and deletions to the scope of work being undertaken. Capital Projects that require adjustments or are being closed-out are identified in Document 1.

The bulk of the projects being closed within this report relate to the Canada/Ontario Works Program (COIWP). An additional \$123,607 is being transferred from the 1998 Road and Sewer Program to the Alta Vista/Smyth COIWP project, due to extra work that was undertaken that was outside the original scope of the project which made it ineligible under the program.

The amount being returned to the City's reserves within this report totals \$16,360. The majority (\$10,424) is from surpluses in the St. Laurent Complex project.

Recommendation 2

Document 2A provides a Capital Status Report summary by Department as at September 30, 1999. While the Corporation's Capital Budget for open projects totals \$176,882,134, 83% of this amount (\$146,797,268) was spent at the end of September.

Document 2B contains the Status Report details for all open projects. It includes a list by department of the approved budget, actual expenditures/commitments to September 30, 1999 and the proposed budget to complete the project. Capital Projects approved as a bulk provision (ie: roads and sewers) are only reported at the bulk level in the report. Council approved on March 5th, 1997, that Department Heads will report on detail projects within bulk allocations at the end of the fiscal year.

Each project has been analysed by the managing department in order to provide the project's current status and estimated completion date. Any project marked with an asterisk has been included in Document 1 for close-outs.

Major Initiatives and Phased Projects

Coventry Road

Council recently approved the settlement of the outstanding claims with the ROC for Coventry Road. The revenue adjustments of approximately \$500,000, required as a result of this settlement will be identified in a future report. The revenues relating to the sale of the naming rights are now starting to be recorded.

Consultation

All Departments and the Ottawa public Library provided input into the report.

Disposition

Originating Department to take appropriate action.

List of Supporting Documentation

- | | |
|-------------|---|
| Document 1 | Capital Project Budget Adjustments and Close-outs as at September 30, 1999 |
| Document 2A | Capital Project Status Report Summary as at September 30, 1999 |
| Document 2B | Capital Project Status Report Status of Capital Projects as at September 30, 1999 |

Part II - Supporting Documentation

Document 1

| CAPITAL PROJECT STATUS REPORT CAPITAL PROJECT BUDGET ADJUSTMENTS AND CLOSE-OUTS AS AT SEPTEMBER 30, 1999 | | | | | | | |
|--|--------------------|-----------|-----------|--|-----|-------------------|----------|
| DESCRIPTION | TOTAL EXPENDITURES | | | REQUIRED BUDGET ADJUSTMENT INCREASE/(DECREASE) OR OTHER | | | |
| | | | | RGC | RSM | Other Revenues | Other |
| A. CAPITAL BUDGET ADJUSTMENTS | | | | | | | |
| URBAN PLANNING & PUBLIC WORKS | | | | | | | |
| Island Park Drive - COIWP | 1,925,648 | 1,798,151 | 1,798,151 | (42,499) | | | (84,998) |
| Sidewalk Projects - COIWP | 300,350 | 291,010 | 291,010 | (3,114) | | | (6,226) |
| Britannia-Pinecrest Storm Outlet - COIWP | 9,000,000 | 9,026,033 | 9,026,033 | | | | 26,033 |
| Minto Bridges - COIWP | 1,500,000 | 1,500,001 | 1,500,001 | | | | |
| Underground Wiring | 1,180,300 | 1,180,299 | 1,180,299 | | | | |
| Colonel By/Hogs Back/Pretoria - COIWP | 801,863 | 768,690 | 768,690 | (11,057) | | | (22,114) |
| Alta Vista/Smyth/Rolland - COIWP | 1,200,000 | 1,395,129 | 1,395,129 | 195,129 | | | |
| Belfast/CNR Overpass - COIWP | 153,000 | 122,910 | 104,654 | (16,116) | | | (32,230) |
| Britannia/Howe - COIWP | 65,000 | 73,879 | 73,879 | 7,633 | | | 1,246 |
| Traverse/Brookfield - COIWP | 26,344 | 26,344 | 26,344 | | | | |
| Fontenay/Southgate/Albion - COIWP | 48,793 | 48,794 | 48,794 | | | | |
| Somerset Heights/Primrose/Elm - COIWP | 35,000 | 29,514 | 29,514 | (1,830) | | | (3,656) |
| Centretown/Frank/Maclaren - COIWP | 12,500 | 0 | 9,577 | (974) | | | (1,948) |
| Ottawa South/Sunnyside - COIWP | 30,000 | 21,531 | 21,531 | (2,823) | | | (5,646) |
| Sandy Hill - COIWP | 13,000 | 10,774 | 10,774 | (742) | | | (1,484) |
| Laperierre/Coldrey - COIWP | 12,500 | 12,500 | 12,500 | | | | |
| 1998 Road and Sewer Program | | | | (123,607) | | | |

| CAPITAL PROJECT STATUS REPORT CAPITAL PROJECT BUDGET ADJUSTMENTS AND CLOSE-OUTS AS AT SEPTEMBER 30, 1999 | | | | | | | |
|--|--------------------|------------|------------|--|-----|-------------------|-----------|
| DESCRIPTION | TOTAL EXPENDITURES | | | REQUIRED BUDGET ADJUSTMENT INCREASE/(DECREASE) OR OTHER | | | |
| | | | | RGC | RSM | Other Revenues | Other |
| COMMUNITY SERVICES | | | | | | | |
| Facility, Service Improvements | 98,423 | 94,688 | 94,688 | | | (3,735) | |
| Playground Equipment Replacement | 39,515 | 36,381 | 43,250 | | | 3,735 | |
| LPA Retrofit Program | 196,138 | 191,353 | 191,353 | (4,785) | | | |
| St. Laurent Complex | 11,123,128 | 11,112,704 | 11,112,704 | (10,424) | | | |
| Sportsfield Development | 102,000 | 100,969 | 100,969 | | | (1,031) | |
| Routhier School Upgrading | 1,386,071 | 1,385,951 | 1,385,951 | (120) | | | |
| | | | | (15,329) | 0 | (1,031) | (131,023) |

| CAPITAL BUDGET STATUS REPORT SUMMARY AS AT SEPTEMBER 30, 1999 | | | | |
|--|---------------------------|---|--------------------------------------|--|
| DESCRIPTION | TOTAL EXPENDITURES | | | DIFFERENCE UNDER (OVER) COMMITTED |
| | BUDGET | EXPENDED & COMMITTED TO DATE | ESTIMATED TO COMPLETE PROJECT | |
| URBAN PLANNING AND PUBLIC WORKS | 119,004,439 | 93,896,522 | 119,015,276 | (10,837) |
| COMMUNITY SERVICES | 38,320,127 | 38,060,608 | 38,876,462 | * (556,335) |
| CHIEF ADMINISTRATIVE OFFICER | 3,084,375 | 2,059,381 | 3,084,375 | 0 |
| CORPORATE SERVICES | 14,800,193 | 11,917,172 | 14,800,193 | 0 |
| LAND TAX SALES | | (98,927) | | |
| TOTAL CITY DEPARTMENTS | 175,209,134 | 145,834,756 | 175,776,306 | (567,172) |
| OTTAWA PUBLIC LIBRARY | 1,673,000 | 962,512 | 1,673,000 | 0 |
| TOTAL | 176,882,134 | 146,797,268 | 177,449,306 | (567,172) |
| * Represents under-financing of Coventry Road project. Financing to be identified in future reports | | | | |

| CAPITAL PROJECT STATUS REPORT STATUS OF CAPITAL PROJECTS AS AT SEPTEMBER 30, 1999 | | | | | | |
|---|--------------------|------------------------------------|-------------------------------------|------------|---------------------------------|--|
| DESCRIPTION | TOTAL EXPENDITURES | | | DIFFERENCE | ESTIMATED COMPLETION DATE | PROJECT STATUS |
| | BUDGET | EXPENDED & COMMITTED TO DATE | ESTIMATED TO COMPLETE PROJECT | | | |
| URBAN PLANNING & PUBLIC WORKS | | | | | | |
| Facilities - Repair/Rehabilitation | 3,151,995 | 2,675,262 | 3,151,995 | 0 | September 2000 | Work on-going with retaining wall to be repaired at Central Park/Strathcona Park |
| Life Cycle Renewal - General Buildings | 2,529,275 | 1,241,816 | 2,529,275 | 0 | September 2000 | Work underway |
| Health and Safety Retrofits | 230,000 | 256,984 | 230,000 | 0 | December 1999 | Work underway |
| Life Cycle Renewal - Parks & Public Spaces | 900,000 | 350,832 | 900,000 | 0 | September 2000 | Parks component to be spent by year-end Public Spaces by Sept. 2000 |
| Life Cycle Renewal - Grounds | 58,000 | 0 | 58,000 | 0 | December 1999 | Work on-going |
| Buildings and Equipment Facility | 16,437,940 | 15,914,241 | 16,437,940 | 0 | sale date | Balance of work will not be completed |
| Relocation of Bayview Complex | 3,020,629 | 2,702,605 | 3,020,629 | 0 | sale date | until sale of Tweedsmuir. Projects will |
| Relocation of Bayview Complex | 489,867 | 489,867 | 489,867 | 0 | complete | be adjusted if sales less than budgeted. |
| Central Storage Tunnel | 4,268,800 | 0 | 4,268,800 | 0 | October 2001 | Design work underway |
| Sanitary Disconnect | 1,517,580 | 904,752 | 1,517,580 | 0 | December 1999 | Work on-going |

| CAPITAL PROJECT STATUS REPORT STATUS OF CAPITAL PROJECTS AS AT SEPTEMBER 30, 1999 | | | | | | |
|---|--------------------|------------------------------------|-------------------------------------|------------|---------------------------------|--|
| DESCRIPTION | TOTAL EXPENDITURES | | | DIFFERENCE | ESTIMATED COMPLETION DATE | PROJECT STATUS |
| | BUDGET | EXPENDED & COMMITTED TO DATE | ESTIMATED TO COMPLETE PROJECT | | | |
| Sanitary Disconnect | 1,000,000 | 483,535 | 1,000,000 | 0 | September 2000 | Donald St to be completed in 1999. Balance to be completed in 2000 |
| Ward Infrastructure Minor Impr. Prog. | 235,471 | 31,848 | 235,471 | 0 | on-going | Councillor |
| Dry Grinding/Road Overlay | 2,158,422 | 1,982,161 | 2,158,422 | 0 | December 1999 | Substantially Complete |
| Road and Sewer Program ## | 20,456,446 | 18,229,159 | 20,456,446 | 0 | December 1999 | Work on-going |
| Road and Sewer Program | 16,600,500 | 14,461,968 | 16,600,500 | 0 | December 2000 | Work on-going |
| New Sidewalk Program | 174,923 | 108,554 | 174,923 | 0 | December 1999 | Work underway |
| Bridge Rehabilitation Program | 594,298 | 298,384 | 594,298 | 0 | December 2000 | Harmer overpass & Rideau River footbridge |
| Retaining Wall Rehabilitation Study | 40,000 | 0 | 40,000 | 0 | December 1999 | Complete review of city owned retaining walls |
| Island Park Drive - COIWP ** | 1,925,648 | 1,798,151 | 1,798,151 | 127,497 | complete | Complete |
| Sidewalk Projects - COIWP ** | 300,350 | 291,010 | 291,010 | 9,340 | complete | Complete |
| Britannia-Pinecrest Storm Outlet - COIWP ** | 9,000,000 | 9,026,033 | 9,026,033 | (26,033) | complete | Complete |
| Minto Bridges - COIWP ** | 1,500,000 | 1,500,001 | 1,500,000 | 0 | complete | Complete |
| Underground Wiring ** | 1,180,300 | 1,180,299 | 1,180,300 | 0 | complete | Complete |
| Colonel By/Hogs Back/Pretoria - COIWP ** | 801,863 | 768,690 | 768,690 | 33,173 | complete | Complete |
| Alta Vista/Smyth/Rolland - COIWP ** | 1,200,000 | 1,395,129 | 1,395,129 | (195,129) | complete | Complete |
| Belfast/CNR Overpass - COIWP ** | 153,000 | 122,910 | 122,910 | 30,090 | complete | Complete |

| CAPITAL PROJECT STATUS REPORT STATUS OF CAPITAL PROJECTS AS AT SEPTEMBER 30, 1999 | | | | | | |
|---|--------------------|------------------------------------|-------------------------------------|------------|---------------------------------|--|
| DESCRIPTION | TOTAL EXPENDITURES | | | DIFFERENCE | ESTIMATED COMPLETION DATE | PROJECT STATUS |
| | BUDGET | EXPENDED & COMMITTED TO DATE | ESTIMATED TO COMPLETE PROJECT | | | |
| Britannia/Howe - COIWP ** | 65,000 | 73,879 | 73,879 | (8,879) | complete | Complete |
| Traverse/Brookfield - COIWP ** | 26,344 | 26,344 | 26,344 | 0 | complete | Complete |
| Fontenay/Southgate/Albion - COIWP ** | 48,793 | 48,794 | 48,793 | 0 | complete | Complete |
| Somerset Heights/Primrose/Elm - COIWP ** | 35,000 | 29,514 | 29,514 | 5,486 | complete | Complete |
| Centretown/Frank/Maclaren - COIWP ** | 12,500 | 0 | 9,577 | 2,923 | complete | Complete |
| Ottawa South/Sunnyside - COIWP ** | 30,000 | 21,531 | 21,531 | 8,469 | complete | Complete |
| Sandy Hill - COIWP ** | 13,000 | 10,774 | 10,774 | 2,226 | complete | Complete |
| Laperierre/Coldrey - COIWP ** | 12,500 | 12,500 | 12,500 | 0 | complete | Complete |
| Comprehensive Energy Retrofit | 291,203 | 195,246 | 291,203 | 0 | December 1999 | On-going energy audits |
| Streetlighting | 784,845 | 584,827 | 784,845 | 0 | December 1999 | Streetlighting installation/upgrade underway |
| Major Repairs Parking Garage | 857,526 | 469,148 | 857,526 | 0 | August 2000 | Life cycle repairs at Byward Garage |
| Life Cycle Renewal - Parking Facilities | 335,000 | 0 | 335,000 | 0 | December 2000 | Life cycle repairs various parking facilities |
| Parking Meters Unallocated | 850,000 | 836,191 | 850,000 | 0 | December 1999 | Meters ordered. Committed |

| CAPITAL PROJECT STATUS REPORT STATUS OF CAPITAL PROJECTS AS AT SEPTEMBER 30, 1999 | | | | | | |
|---|--------------------|------------------------------------|-------------------------------------|------------|---------------------------------|---|
| DESCRIPTION | TOTAL EXPENDITURES | | | DIFFERENCE | ESTIMATED COMPLETION DATE | PROJECT STATUS |
| | BUDGET | EXPENDED & COMMITTED TO DATE | ESTIMATED TO COMPLETE PROJECT | | | |
| | | | | | | to be reduced by GST rebate. |
| Surface Parking Lot | 1,060,000 | 0 | 1,060,000 | 0 | March 2000 | Analysis to be undertaken in spring 1999 as to feasibility of parking facility on Preston St. |
| Parking Studies | 162,303 | 31,132 | 162,303 | 0 | October 2000 | Complete institution parking analysis and update existing parking demand analysis |
| Traffic Control Signals Upgrade | 139,025 | 138,745 | 139,025 | 0 | September 2000 | Installation of intersection pedestrian signal - Booth St at Willow and Donald/Quill |
| Transportation Measures Implementation | 1,000,000 | 868,980 | 1,000,000 | 0 | September 2000 | Measures to be completed in Sandy Hill and Rideau Area Transportation Study |
| Transportation Measures Implementation | 110,500 | 59,230 | 110,500 | 0 | September 2000 | Work to be complete in New Edinburgh, Parkdale, Lowertown West & Laperierre |
| Transportation Measures Implementation | 42,278 | 1,005 | 42,278 | 0 | September 2000 | Work to be done on Kitchener and in Sandy Hill |
| Roadway Modifications | 150,000 | 13,000 | 150,000 | 0 | | |
| Comprehensive Cycling Plan | 462,796 | 66,171 | 462,796 | 0 | September 2000 | Alta Vista, Stewart, Echo Dr. and supervised bicycle parking |
| Transportation Studies | 211,415 | 118,652 | 211,415 | 0 | September 2000 | CO2 reduction study |
| Replacements to V.E.P. | 7,039,626 | 2,325,839 | 7,039,626 | 0 | December 2000 | vehicles and equipment |
| Sandy Hill Heritage District | 426,656 | 414,873 | 426,656 | 0 | December 1999 | Grants have been approved for specific properties but can |

| CAPITAL PROJECT STATUS REPORT STATUS OF CAPITAL PROJECTS AS AT SEPTEMBER 30, 1999 | | | | | | |
|---|--------------------|------------------------------------|-------------------------------------|------------|---------------------------------|--|
| DESCRIPTION | TOTAL EXPENDITURES | | | DIFFERENCE | ESTIMATED COMPLETION DATE | PROJECT STATUS |
| | BUDGET | EXPENDED & COMMITTED TO DATE | ESTIMATED TO COMPLETE PROJECT | | | |
| | | | | | | only be paid after all work has been completed |
| Rideau Mall Improvements | 4,894,000 | 4,858,123 | 4,894,000 | 0 | December 1999 | Balance will be used for the completion of the Marketing Study |
| Dalhousie Gateway Improve. Ped. Lighting | 223,000 | 210,246 | 223,000 | 0 | December 1999 | Substantially Complete |
| Heritage Grant Program | 100,000 | 55,420 | 100,000 | 0 | December 1999 | Grants have been approved for specific properties but can only be paid after all work has been completed |
| Property Grants - Province of Ontario | 147,574 | 112,624 | 147,574 | 0 | December 1999 | Grants have been approved for specific properties but can only be paid after all work has been completed |
| Heritage Grant Program | 249,508 | 229,103 | 249,508 | 0 | December 1999 | Grants have been approved for specific properties but can only be paid after all work has been completed |
| Central Area Heritage Conserv. District | 50,000 | 51,365 | 50,000 | 0 | December 1999 | Substantially complete - encumbrances outstanding |
| Centretown Heritage Conserv. District | 310,000 | 266,927 | 310,000 | 0 | December 1999 | On-going |
| Innovative Housing Loan Fund | 150,000 | 108,099 | 150,000 | 0 | December 1999 | On-going |
| Revolving Housing Loan Fund | 220,000 | 0 | 220,000 | 0 | December 1999 | On-going |
| Salt/Grit Mix Domes | 72,000 | 0 | 72,000 | 0 | December 1999 | Process initiated for purchase of domes |

| CAPITAL PROJECT STATUS REPORT STATUS OF CAPITAL PROJECTS AS AT SEPTEMBER 30, 1999 | | | | | | |
|---|--------------------|------------------------------------|-------------------------------------|------------|---------------------------------|--|
| DESCRIPTION | TOTAL EXPENDITURES | | | DIFFERENCE | ESTIMATED COMPLETION DATE | PROJECT STATUS |
| | BUDGET | EXPENDED & COMMITTED TO DATE | ESTIMATED TO COMPLETE PROJECT | | | |
| New City Hall Phase V | 2,579,890 | 2,545,142 | 2,579,890 | 0 | December 1999 | To finalize outstanding claims |
| Sewer Alarm System | 250,000 | 0 | 250,000 | 0 | December 2000 | Under review |
| Hunt Club Creek Stormwater Management | 465,000 | 91,000 | 465,000 | 0 | December 1999 | On-going review of Hunt Club Creek |
| Rideau River Stormwater Management | 200,000 | 15,759 | 200,000 | 0 | December 1999 | On-going review of Rideau River |
| McEwan Creek Water Quality Study | 112,000 | 99,778 | 112,000 | 0 | December 1999 | Study on water quality underway |
| Lane Rehabilitation Program | 20,000 | 0 | 20,000 | 0 | December 2000 | Work not to start until 2000 |
| Life Cycle Renewal - Jetform Park | 20,000 | 7,565 | 20,000 | 0 | July 1999 | On-going |
| Terry Fox Track | 1,100,000 | 9,958 | 1,100,000 | 0 | December 1999 | Contract Awarded |
| Britannia Beach House | 380,000 | 327,139 | 380,000 | 0 | December 1999 | Substantially Complete |
| Streetlighting - 600 Volt System | 550,000 | 550,000 | 550,000 | 0 | December 1999 | Streetlighting installation/upgrade underway |
| Upgrade Underground Wiring/Streetlight. | 400,000 | 350,000 | 400,000 | 0 | December 1999 | Streetlighting installation/upgrade underway |
| Purchase Parking Meters/Repl. Old Stock | 100,000 | 100,000 | 100,000 | 0 | December 1999 | Complete conversion & expansion of meter program |
| Parking Automation Lot 1 | 130,000 | 128,807 | 130,000 | 0 | December 1999 | Implementation of phase II of the automation of Lot #1 to be undertaken. |
| Pay and Display Machines | 100,000 | 4,635 | 100,000 | 0 | June 2000 | Pilot project to be undertaken in Byward Market Area |

| CAPITAL PROJECT STATUS REPORT STATUS OF CAPITAL PROJECTS AS AT SEPTEMBER 30, 1999 | | | | | | |
|---|--------------------|------------------------------------|-------------------------------------|------------|---------------------------------|---|
| DESCRIPTION | TOTAL EXPENDITURES | | | DIFFERENCE | ESTIMATED COMPLETION DATE | PROJECT STATUS |
| | BUDGET | EXPENDED & COMMITTED TO DATE | ESTIMATED TO COMPLETE PROJECT | | | |
| Purchase Parking Meters/Repl. Old Stock | 300,000 | 310,596 | 300,000 | 0 | December 1999 | Complete conversion & expansion of meter program |
| Water System Rehab. - Canada - Phase 1 | 479,787 | 130,716 | 479,787 | 0 | December 2000 | Fully funded by CIDA. Canadian visit to Romania complete |
| Centretown Traffic Calming | 175,400 | 135,000 | 175,400 | 0 | September 2000 | Work to be performed on Argyle ave. and Cartier St. |
| Land Purchase for Environmental Reasons | 200,000 | 194,374 | 200,000 | 0 | December 1999 | On-going review of environmental lands |
| Environmental Lands | 200,000 | 144,376 | 200,000 | 0 | December 1999 | On-going review of environmental lands |
| Westboro BIA - Development/Marketing | 400,000 | 43,572 | 400,000 | 0 | December 1999 | Consultant hired for Physical Improvement Plan & Design Concept |
| Central Area Transportation Study | 132,067 | 112,068 | 132,067 | 0 | December 1999 | Council directed survey of office workers |
| Gateway Improvement - King Edward Ave. | 202,596 | 143,564 | 202,596 | 0 | December 1999 | Construction to coincide with future RMOC work |
| | 119,004,439 | 93,896,522 | 119,015,276 | (10,837) | | |
| COMMUNITY SERVICES | | | | | | |
| Minor Park and Facility Improvements | 75,000 | 52,719 | 75,000 | 0 | December 1999 | Work orders issued |
| Facility, Service Improvements ** | 98,423 | 94,688 | 98,423 | 0 | September 1999 | Complete |
| Accessibility Improvements | 25,391 | 21,332 | 25,391 | 0 | September 2000 | Work orders issued |
| Accessibility Improvements | 50,000 | 0 | 50,000 | 0 | September 2000 | Work orders to be issued |
| LPA Coliseum Retrofit | 1,422,900 | 1,403,418 | 1,422,900 | 0 | December 1999 | Emergency structural repairs |

| CAPITAL PROJECT STATUS REPORT STATUS OF CAPITAL PROJECTS AS AT SEPTEMBER 30, 1999 | | | | | | |
|---|--------------------|------------------------------------|-------------------------------------|------------|---------------------------------|---|
| DESCRIPTION | TOTAL EXPENDITURES | | | DIFFERENCE | ESTIMATED COMPLETION DATE | PROJECT STATUS |
| | BUDGET | EXPENDED & COMMITTED TO DATE | ESTIMATED TO COMPLETE PROJECT | | | |
| | | | | | | Horticultural building |
| LPA Retrofit Program ** | 196,138 | 191,353 | 196,138 | 0 | July 1999 | Complete |
| LPA Landscaping | 666,300 | 557,917 | 666,300 | 0 | June 2000 | Work complete. Ongoing discussion with N.C.C. |
| St. Laurent Complex ** | 11,123,128 | 11,112,704 | 11,123,128 | 0 | September 1999 | Complete |
| Sportsfield Development ** | 102,000 | 100,969 | 102,000 | 0 | September 1999 | Complete |
| Playground Equipment Replacement ## | 39,515 | 36,381 | 39,515 | 0 | June 2000 | Work in progress |
| Capital Self Help | 153,066 | 151,034 | 153,066 | 0 | March 2000 | Work in progress |
| Recreation Self Help | 50,000 | 41,147 | 50,000 | 0 | March 2000 | Work in progress |
| Recreation Self Help | 150,000 | 183,573 | 150,000 | 0 | September 2000 | Work in progress |
| Coventry Road Triple "A" | 17,572,555 | 17,591,927 | 17,587,775 | (15,220) | December 2007 | Project Complete. Revenue to be received |
| Infrastructure Triple "A" | 3,580,571 | 4,121,688 | 4,121,686 | (541,115) | December 1999 | Project Complete |
| Booking Registration System | 101,265 | 45,939 | 101,265 | 0 | December 2000 | 16 sites identified to bring on-line |
| Routhier School Upgrading ** | 1,386,071 | 1,385,951 | 1,386,071 | 0 | September 1999 | Complete |
| Strathcona Park | 200,000 | 191,052 | 200,000 | 0 | June 2000 | Work in progress |
| Greenboro Ball Park | 391,572 | 377,948 | 391,572 | 0 | June 2000 | City share for cargo net |
| Glebe Community Centre | 145,000 | 70,531 | 145,000 | 0 | December 2006 | Funds to be used for working drawings |
| Plant Pool | 230,000 | 40,432 | 230,000 | 0 | December 2005 | Funds to be used for working drawings |
| Mooney's Bay Park | 228,592 | 144 | 228,592 | 0 | December 2000 | CC Report for 1st phase 1st quarter 2000 |

| CAPITAL PROJECT STATUS REPORT STATUS OF CAPITAL PROJECTS AS AT SEPTEMBER 30, 1999 | | | | | | |
|---|--------------------|------------------------------------|-------------------------------------|------------|---------------------------------|--|
| DESCRIPTION | TOTAL EXPENDITURES | | | DIFFERENCE | ESTIMATED COMPLETION DATE | PROJECT STATUS |
| | BUDGET | EXPENDED & COMMITTED TO DATE | ESTIMATED TO COMPLETE PROJECT | | | |
| Resuscitation Equipment | 70,069 | 61,251 | 70,069 | 0 | December 1999 | Equipment on order |
| Specialized Rescue Equipment | 75,000 | 58,244 | 75,000 | 0 | December 1999 | Equipment on order |
| Bunker Suit Replacement | 187,571 | 168,266 | 187,571 | 0 | December 1999 | Purchase orders to be processed |
| | 38,320,127 | 38,060,608 | 38,876,462 | (556,335) | | |
| CHIEF ADMINISTRATIVE OFFICER | | | | | | |
| Hawthorne Business Park | 1,301,500 | 1,305,657 | 1,301,500 | 0 | sale date | Sale of lots on-going |
| Employment Area Development | 1,082,875 | 753,724 | 1,082,875 | 0 | December 1999 | Balance for Scott Wellington Study - Laperierre intersection |
| York Street Fountain | 220,000 | 0 | 220,000 | 0 | | |
| Hawthorne Business Park | 480,000 | 0 | 480,000 | 0 | sale date | Work will not proceed until land sold |
| | 3,084,375 | 2,059,381 | 3,084,375 | 0 | | |
| CORPORATE SERVICES | | | | | | |
| Y2000 Projects | | | 210,000 | (210,000) | | Project status for all Y2000 projects to be reported in the Y2000 Quarterly Report |
| Fire - Computer Aided Dispatch | 200,000 | 200,000 | 200,000 | 0 | | |
| Tax Information System | 400,597 | 349,377 | 400,597 | 0 | | |
| Parking Ticket System | 675,000 | 641,371 | 650,000 | 25,000 | | |
| Licensing System | 185,000 | 202,466 | 205,000 | (20,000) | | |
| Operations Management System | 250,000 | 290,322 | 311,700 | (61,700) | | |
| Fire Administration System | 25,000 | | | 25,000 | | |

| CAPITAL PROJECT STATUS REPORT STATUS OF CAPITAL PROJECTS AS AT SEPTEMBER 30, 1999 | | | | | | |
|---|--------------------|------------------------------------|-------------------------------------|-------------|---------------------------------|--|
| DESCRIPTION | TOTAL EXPENDITURES | | | DIFFERENCE | ESTIMATED COMPLETION DATE | PROJECT STATUS |
| | BUDGET | EXPENDED & COMMITTED TO DATE | ESTIMATED TO COMPLETE PROJECT | | | |
| Financial System (Business System Acq.) | 1,450,000 | 1,702,202 | 1,724,400 | (274,400) | | |
| VEP/Stores Inventory System | 400,000 | 103,826 | 140,000 | 260,000 | | |
| PDIS/GIS Information System | 800,000 | 593,368 | 698,700 | 101,300 | | |
| 7780 Remittance Processor | 70,000 | 62,802 | 70,000 | 0 | | |
| Booking and Registration | 25,000 | 23,877 | 25,000 | 0 | | |
| Sewer Alarm System | 500 | 120 | 500 | 0 | | |
| Security Deposit Tracking | 20,000 | 0 | | 20,000 | | |
| Micro CAD/Apl./Byers Plotting SW | 5,000 | 0 | | 5,000 | | |
| Medium Priority Systems | 740,000 | 222,206 | 394,000 | 346,000 | | |
| Low Priority Systems | 400,000 | 117,523 | 322,400 | 77,600 | | |
| Software Tools | 200,000 | 192,200 | 192,200 | 7,800 | | |
| Infrastructure | 750,000 | 503,552 | 578,100 | 171,900 | | |
| Embedded Systems | 500,000 | 144,284 | 300,000 | 200,000 | | |
| General Contingencies | 1,138,500 | 625,623 | 1,132,000 | 6,500 | | |
| Systems Integration Costs | | 1,814,000 | 1,880,000 | (1,880,000) | | |
| Fire CAD System | 1,200,000 | 0 | | 1,200,000 | | |
| GIS Applications | 1,600,000 | 965,618 | 1,600,000 | 0 | | |
| Corporate Renewal Informatics Technology | 178,000 | 110,117 | 178,000 | 0 | June 2000 | Implement Technological Processes including Call Management & Service Request Systems |
| Environmental Impairment Costs | 988,596 | 962,150 | 1,003,154 | (14,558) | December 1999 | On-going groundwater monitoring on Lees Avenue |
| Human Resources | 1,100,000 | 1,064,265 | 1,100,000 | 0 | December 1999 | Project substantially |

| CAPITAL PROJECT STATUS REPORT STATUS OF CAPITAL PROJECTS AS AT SEPTEMBER 30, 1999 | | | | | | |
|---|--------------------|------------------------------------|-------------------------------------|------------|---------------------------------|--|
| DESCRIPTION | TOTAL EXPENDITURES | | | DIFFERENCE | ESTIMATED COMPLETION DATE | PROJECT STATUS |
| | BUDGET | EXPENDED & COMMITTED TO DATE | ESTIMATED TO COMPLETE PROJECT | | | |
| Management Info. | | | | | | complete, final payments to be processed |
| Geographic Information System | 250,000 | 197,001 | 250,000 | 0 | December 1999 | To meet on-going requirements to implement GIS program |
| Corporate Computer Networking | 150,000 | 140,794 | 150,000 | 0 | December 1999 | To finalize Corporate Network Systems |
| Bayview Yard Groundwater Remediation | 269,000 | 283,467 | 292,000 | (23,000) | December 1999 | On-going Environment Management and Groundwater Monitoring Program |
| St. Laurent Complex Remediation | 830,000 | 404,641 | 792,442 | 37,558 | December 2005 | Commenced Remedial Action and Risk Management Program |
| | 14,800,193 | 11,917,172 | 14,800,193 | 0 | | |
| LAND TAX SALES | | | | | | |
| 1132 Merivale | | 2,094 | | | | Property Listed for Sale |
| 2019 Bank Unit 105 | | (11,822) | | | | Sold cost to be finalized 4th quarter |
| 2019 Bank Unit 106 | | (14,705) | | | | Sold cost to be finalized 4th quarter |
| 2761 Salina Street | | 0 | | | | |
| 1208-1214 Wellington | | (74,494) | | | | Sold cost to be finalized 4th quarter |
| 2019 Bank Unit 101-102 | | | | | | Sold cost to be finalized 4th quarter |
| | 0 | (98,927) | 0 | | | |

| CAPITAL PROJECT STATUS REPORT STATUS OF CAPITAL PROJECTS AS AT SEPTEMBER 30, 1999 | | | | | | |
|--|---------------------------|---|--|-------------------|--|---|
| DESCRIPTION | TOTAL EXPENDITURES | | | DIFFERENCE | ESTIMATED COMPLETION DATE | PROJECT STATUS |
| | BUDGET | EXPENDED & COMMITTED TO DATE | ESTIMATED TO COMPLETE PROJECT | | | |
| OTTAWA PUBLIC LIBRARY | | | | | | |
| Repairs and Renovations - Buildings | 182,000 | 154,500 | 182,000 | 0 | December 1999 | Part of project 981760 - Elmvale Acres |
| Repairs and Renovations - Buildings | 241,000 | 28,809 | 241,000 | 0 | December 1999 | |
| Expand Lease Space - Elmvale Acres | 60,000 | 6,909 | 60,000 | 0 | December 1999 | |
| Main Library | 50,000 | 0 | 50,000 | 0 | December 1999 | |
| Office Furniture and Equipment | 97,000 | 95,761 | 97,000 | 0 | July 1999 | |
| Office Furniture and Equipment | 152,000 | 91,512 | 152,000 | 0 | December 1999 | |
| Office Furniture and Equipment | 146,000 | 31,627 | 146,000 | 0 | December 1999 | |
| HRMIS | 60,000 | 24,683 | 60,000 | 0 | December 1999 | |
| Information Technology | 235,000 | 133,736 | 235,000 | 0 | July 1999 | |
| Information Technology | 350,000 | 328,290 | 350,000 | 0 | December 1999 | |
| Telephone System | 50,000 | 44,090 | 50,000 | 0 | September 1999 | |
| Y2000 Projects | 50,000 | 22,595 | 50,000 | 0 | December 1999 | |
| | 1,673,000 | 962,512 | 1,673,000 | 0 | | |
| | 176,882,134 | 146,797,268 | 177,449,306 | (567,172) | | |

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November 17, 1999

ACS1999-CS-PTY-0018
(File: RHI2882/3000)

Department of Corporate Services

Ward/Quartier
OT9 - Capital

- Policy, Priorities and Budgeting Committee / Comité des politiques, des priorités et des budgets
- City Council / Conseil municipal

Action/Exécution

3. Property - Civic - Disposal - 1145 Bronson Place

Propriété municipale - Cession - 1145 place Bronson

Recommendation

That 1145 Bronson Place as outlined in Document 1, be declared surplus to City requirements in accordance with By-law 87-95.



November 17, 1999 (1:15p)

R.T. Leclair
Commissioner of Corporate Services



November 22, 1999 (10:42a)

Approved by
John S. Burke
Chief Administrative Officer

DR:dr

Contact: David Richardson - 244-5300 ext. 1-3736

Financial Comment

There are no financial implications subject to City Council approval of this report.



November 19, 1999 (2:13p)

for Mona Monkman
City Treasurer

RL:ari

Executive Report

Reasons Behind Recommendation

The property at 1145 Bronson Place, the site of the former Provincial Family and Juvenile Court Building, was conveyed by the City of Ottawa and the Regional Municipality of Ottawa-Carleton to the Province of Ontario in 1972, subject to reversionary rights in the event the lands and premises ceased to be used for the administration of justice.

The interest transferred by the City was 100% of the land component as well as 74% capital contribution towards the construction of the building. The interest transferred by the Region was 26 % capital contribution towards the construction of the building only.

In January 1999 management of the lands and building was transferred by the Province back to the City and the Region as per the original covenant in the 1972 conveyance. The property was subsequently circulated to all City Departments and it was determined that there was no Corporate requirement for its use. As well, the Region advised the City that the property was surplus to their requirements.

In discussions with the Region it was determined that the City would take the lead in the disposition of the property. In accordance with By-law 87-95 it is necessary for City Council to declare 1145 Bronson Place surplus to Corporate needs to permit its disposal.

Disposition

Originating Department

List of Supporting Documentation

Document 1 Sketch to illustrate property to be declared surplus.

Document 1

