

restrictions on any business the corporation may carry on or on powers the corporation may exercise.

Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la compagnie.

There are no restrictions.

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6. The classes and any maximum number of shares that the corporation is authorized to issue:

Catégories et nombre maximal, s'il y a lieu, d'actions que la compagnie est autorisée à émettre:

The corporation is authorized to issue an unlimited number of common shares.

rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series:

Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série.

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- (1) The rights, privileges, restrictions and conditions attaching to the common shares are as follows:
 - (a) **Payment of Dividends:** The holders of the common shares shall be entitled to receive dividends if, as and when declared by the board of directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends in such amounts and payable in such manner as the board of directors may from time to time determine. Subject to the rights of the holders of any other class of shares of the Corporation entitled to receive dividends in priority to or concurrently with the holders of the common shares, the board of directors may in its sole discretion declare dividends on the common shares to the exclusion of any other class of shares of the Corporation.
 - (b) **Participation upon Liquidation, Dissolution or Winding Up:** In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the common shares shall, subject to the rights of the holders of any other class of shares of the Corporation entitled to receive assets of the Corporation upon such a distribution in priority to or concurrently with the holders of the common shares, be entitled to participate in the distribution. Such distribution shall be made in equal amounts per share on all the common shares at the time outstanding without preference or distinction.
 - (c) **Voting Rights:** The holders of the common shares shall be entitled to receive notice of and to attend all annual and special meetings of the shareholders of the Corporation and to one vote in respect of each common share held at all such meetings.

3. The issue, transfer or ownership of shares is/are not restricted and the restrictions (if any) are as follows:

L'émision, le transfert ou la propriété d'actions est/est pas restreinte. Les restrictions, s'il y a lieu, sont les suivantes:

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No share in the capital of the Corporation shall be transferred without the consent of the directors expressed by the votes of a majority of the directors present at a meeting of the directors or by an instrument or instruments in writing signed by a majority of the directors.

- (1) The number of shareholders of the Corporation, exclusive of persons who are in its employment and exclusive of persons who, having been formerly in the employment of the Corporation, were, while in that employment and have continued after the termination of that employment to be, shareholders of the Corporation, is limited to not more than fifty, two or more persons who are the joint registered owners of one or more shares being counted as one shareholder;
- (2) Any invitation to the public to subscribe for securities of the Corporation is prohibited

the names and addresses of the incorporators are
Nom et adresse des fondateurs
First name, initials and last name or corporate name
Prénom, initiale et nom de famille ou dénomination sociale

Full address for service or address of registered office or
of principal place of business giving street & No. or R.R.
No., municipality and postal code
*Domicile élu, adresse du siège social ou adresse de
l'établissement principal, y compris la rue et le numéro, le
numéro de la R.R., le nom de la municipalité et le code postal*

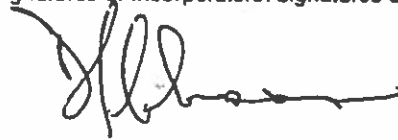
Donald G. Gibson

299
Box 48, Suite 4700
Toronto Dominion Bank Tower
Toronto, Ontario
M5K 1E6

These articles are signed in duplicate.

Les présents statuts sont signés en double exemplaire.

Signatures of incorporators / *Signatures des fondateurs*



CITY OF ORILLIA

TO: Council Committee – May 26, 2014 Meeting
FROM: Chief Administrative Office
DATE: May 16, 2014
REPORT NO: CAO-2014-10
SUBJECT: Nordia (Teletch) Building Roof Replacement

Recommended Motion

THAT Council authorize replacement of the roof membrane at 2 Hunter Valley Road;

AND THAT the \$100,000 of the total cost be appropriated from the 2 Hunter Valley reserve fund;

AND THAT OPGC fund the approximate \$200,000 balance of the cost;

AND THAT the Mayor and Clerk be authorized to sign the necessary agreement.

Purpose & Background

The purpose of this report is to outline options for the timing of replacement of the roof membrane at 2 Hunter Valley Road (now the Nordia building; formerly the Teletch building), given that Orillia Power Generation Corporation (OPGC) has been awarded a Feed In Tariff (FIT) contract to put solar panels at this location.

Key Facts

The following are key points for consideration with respect to this report:

- The Nordia building was constructed twelve years ago, in 2002, and the roof was completed with a single ply PVC membrane. Non-serious leaks have been an issue for the last four years, but the Facilities Department had not planned to raise a capital request for its replacement until (probably) 2017.
- OPGC has determined that the existing roof structure cannot support the additional weight of the solar panels. Completion of the solar project will require extending of all the internal columns through the roof to support new horizontal beams on which the panels will be placed. This will necessitate cutting holes in the roof at the locations of all of the internal beams.

- Given the age and condition of the roof, and the potential for further leaks after the solar panels are installed, OPCG is willing to share the cost of the roof replacement if it is done after the columns are extended, but prior to the installation of the solar panels.
- The cost of the roof replacement is approximately \$200,000 if done during normal business hours. This work includes internal hoarding to protect the Nordia workspace from metal and grit falling from the ceiling.
- Nordia has requested that the work be performed in the early hours of the day (approx. midnight to 8 a.m.). This requirement adds approximately \$100,000 in cost, bringing the total cost to approximately \$300,000.

Options & Analysis

Option 1:

Proceed with the roof replacement and accept OPCG funding a portion. OPCG is willing to fund \$200,000 of the roof replacement. With this level of funding OPCG will still achieve a 10% Internal Rate of Return (IRR). This would require that the City fund the remaining \$100,000 from the 2 Hunter Valley reserve Fund, which has a current balance of approximately \$700,000.

Option 2:

That the City not fund any portion, but allow OPCG to replace the roof. This will result in the OPCG IRR falling to 7.9%. This is below the minimum IRR set by the OPC Board as an acceptable investment, so this option may not be viable to OPCG. OPCG will then be obliged to move to Option 3 as an alternative or not move forward with the project at all.

Option 3:

Wait until the full life of the existing roof has been consumed before replacement. This option is not recommended because it will require the solar panels to be removed and reinstalled in order that the roof can be replaced in approximately three years. Also, the City will not benefit from the OPCG funding and will be responsible for the total cost of the roof replacement at that time.

Financial Impact

OPGC has offered to fund approximately \$200,000 of the \$300,000 cost to re-roof the building at 2 Hunter Valley Road. This will save the City expending an additional \$100,000 to \$200,000 in three years' time.

The City \$100,000 portion of funding is available from the 2 Hunter Valley reserve, which has a current balance of approximately \$700,000.

Comments from Departments/Agencies

This report was circulated to OPGC for review. OPCG concurs with the report's contents.

Committee Comments

Comments were neither solicited nor obtained from City Committees.

Communications

Comments were neither solicited nor obtained from the City's Manager of Communications.

Link to Strategic Plan

The recommendation included in this report is related ensuring financial sustainability as identified in the City of Orillia's 2010-2014 Strategic Plan.

Conclusion

Given the age and condition of the roof, and the potential for further leaks after the solar panels are installed, OPCG is willing to share the cost of the roof replacement if it is done after the columns are extended, but prior to the installation of the solar panels. This has the potential to save the City between \$100,000 and \$200,000 in three years' time.

Prepared by and Key Contact:

Bob Ripley
Digitally signed by Bob Ripley
DN: cn=Bob Ripley, o=City of Orillia,
ou=Chief Administrative Office,
email=mwilliams@orillia.ca, c=CA
Date: 2014.05.21 15:58:48 -04'00'

Bob Ripley
Chief Financial Officer



Access/Correction Request
Municipal Freedom of Information and Protection of Privacy

Request for:	Name of Institution request made to:
<input checked="" type="checkbox"/> Access to General Records <input type="checkbox"/> Access to Own Personal Information <input type="checkbox"/> Correction to Own Personal Information	CITY OF ORILLIA

If request is for access to, correction of, own personal information records:

Last name appearing on records: same as below or

Details			<input checked="" type="checkbox"/> Mr.	<input type="checkbox"/> Mrs.
Last Name	First Name	Middle Name	<input type="checkbox"/> Ms.	<input type="checkbox"/> Miss.
KEHOE	FRANK			

Address (Street/Apt. No./P.O. Box No./R.R. No.) City or Town Province

304-95 MATCHEDASH STN. DRILLIA ONTARIO

Postal Code	Telephone Number(s)	Area Code	Area Code	Area Code
L3V4T9	325-6608 Day	705	705	826 6608

Detailed description of requested records, personal information records or personal information to be corrected. (If you are requesting access to, or correction of, your personal information, please identify the personal information bank or record containing the personal information, if known)

BY LAW 2600-146

- (1) COPY OF GENERAL CONVEYANCE ASSIGNMENT AND BILL OF SALE FROM THE COMMISSION
- (2) CHAPTER 524 OF THE CITY OF ORILLIA MUNICIPAL CODE.
- (3) COPY OF THE DEBT NOTES ASSIGNED TO THE CITY OF ORILLIA FROM THE O.W.L.P. SHOWING THE DATE TIME AND METHOD OF TRANSFER
- (4) ALL DOCUMENTS USED TO DETERMINE THE PURCHASE PRICE OF THE SALE FROM THE CITY TO HYDRO ONE.
- (5) THE SALE DOCUMENT ASSIGNED BY THE PARTIES ON THE HYDRO SALE TO HYDRO ONE (OVER)

Preferred method of access to records	Signature	Date		
<input type="checkbox"/> Examine Original <input checked="" type="checkbox"/> Receive Copy	<i>[Signature]</i>	SEPT 6TH 2016		
		Day	Month	Year

For Institution Use Only				
Date received			Request Number	
Day	Month	Year	Comments	

Personal information contained on this form is collected pursuant to Freedom of Information and Protection of Privacy legislation and will be used for the purpose of responding to your request. Questions about this collection should be directed to the City of Orillia Freedom of Information and Privacy Coordinator.

- (6) ALL CORRESPONDENCE AND NEGOTIATION PAPERS RELATED TO THE HYDRO DISTRIBUTION SALE TO HYDRO ONE INCLUDING THE OFFERS AND CONDITIONS RELATED TO THE HYDRO ONE SALE.
- (7) ALL NOTICES TO THE PUBLIC RE THE SALE AND THE BYLAW APPROVING THE SALE.
- (8) ANY CORRESPONDENCE THAT WENT TO THE ELECTED O.W.L.P COMMISSION MEMBERS TO SAY OR INDICATE THAT THEIR SERVICE AS A COMMISSIONER WAS NO LONGER REQUIRED.
- (9) WHAT WAS CONTAINED IN CHAPTER 524 OF THE CITY OF RILLIA MUNICIPAL CODE AS REPEALED BY BY-LAW 2000-146 - COPY REQUIRED.



ORILLIA CITY CENTRE
50 ANDREW ST. S.,
SUITE 300
ORILLIA, ON L3V 7T5

TELEPHONE
705-325-1311
FACSIMILE
705-325-5178

OFFICE OF THE CAO/CITY CLERK

E-MAIL: scrawford@orillia.ca
DIRECT LINE: 705-329-7234

October 21, 2016

SENT VIA COURIER

Frank Kehoe
304-95 Matchedash St. N.
Orillia, ON L3V 4T9

Dear Mr. Kehoe:

**Re: *Municipal Freedom of Information and Protection of Privacy Act*
Access Request for Various Records**

On September 6, 2016, I received the following access request under the *Municipal Freedom of Information and Protection of Privacy Act (MFIPPA)*:

- “1. Copy of General Conveyance Assignment and Bill of Sale from the commission.
2. Chapter 524 of the City of Orillia Municipal Code.
3. Copy of the debt notes assigned to the City of Orillia from the O.W.L.P. showing the date, time and method of transfer.
4. All documents used to determine the purchase price of the sale from the City to Hydro One.
5. The sale document assignment by the parties on the hydro sale to hydro one.
6. All correspondence and negotiation papers related to the hydro distribution sale to hydro one including the offers and conditions related to the hydro one sale.
7. All notices to the public re the sale and the by-law approving the sale.
8. Any correspondence that went to the elected O.W.L.P. commission members to say or indicate that their service as a commissioner was no longer required.
9. What was contained in Chapter 524 of the City of Orillia Municipal Code as repealed by By-law 2000-146 – copy required.”

Please be advised that the decision has been made to:

1) Grant *full* access to the following records:

- a) By-law 2000-144 and amending By-laws 2000-155, 2001-48, 2005-184, 2014-88, 2001-169, 2006-27, and 2006-67 pertaining to the transfer of certain assets, liabilities, employees, rights and obligations of the Orillia Water, Light and Power Commission and The Corporation of the City of Orillia (42 pages).
- b) Chapter 524 of the City of Orillia Municipal Code (2 pages). Please note that Chapter 524 was repealed by City of Orillia By-law 2000-146.
- c) Executed Share Purchase Agreement dated August 15, 2016 (79 pages).
- d) News Release dated September 22, 2015 (1 page)
- e) Media Advisory dated September 22, 2015 (1 page)
- f) Mayor Steve Clarke's Address dated September 22, 2015 (3 pages)
- g) Mayor Steve Clarke's Municipal Monthly Column dated October 15, 2015 (2 pages)
- h) Gayle Jackson, CAO/Clerk's article in Opinion Column dated November 11, 2015 (2 pages)
- i) News Release dated November 3, 2015 (2 pages)
- j) Media Advisory dated December 16, 2015 (1 page)
- k) Bulletin Board Ad (January 7, 2016) (2 pages)
- l) News Release dated January 14, 2016 (1 page)
- m) Mayor Steve Clarke's Municipal Monthly Column dated January 21, 2016 (2 pages)
- n) Media Advisory dated May 25, 2016 (1 page)
- o) Bulletin Board Ad (May 26, 2016) (1 page)
- p) News Release dated August 15, 2016 (1 page)
- q) Mayor Steve Clarke's Address dated August 15, 2016 (3 pages)

- r) Mayor Steve Clarke's Municipal Monthly Column dated August 18, 2016 (2 pages)
 - s) News Release dated September 20, 2016 (1 page)
 - t) The following additional information currently posted on City's website entitled: 'Community Investment Opportunity with Hydro One' as of September 23, 2016 (4 pages) including:
 - Backgrounder dated August, 2016 (2 pages)
 - Frequently asked questions dated August, 2016 (4 pages)
 - u) City of Orillia By-law 2016-89 dated August 17, 2016 (1 page)
 - v) City of Orillia By-law 2000-146 (1 page)
 - w) Promissory Notes dated November 1, 2000 between Orillia Power Generation Corporation and the City of Orillia (4 pages). For clarification purposes, please note that By-law No. 2005-184 changed the interest rate applied to the promissory notes to be the maximum allowed by the Ontario Energy Board (OEB) Handbook.
- 2) Access is denied to the following records pursuant to Section 6(1)(b) - records of closed meetings, Section 7 - advice or recommendations, Section 10(1) - third party information, Section 11 - economic and other interests, and Section 12 - Solicitor - client privilege, under *MFIPPA*:
- a) All documents used to determine the purchase price of the sale from the City to Hydro One.
 - b) All correspondence and negotiation papers related to the hydro distribution sale to hydro one including the offers and conditions related to the hydro one sale.

Please also note that I am unable to provide access to the following records as they do not exist:

- a) Any correspondence that went to the elected O.W.L.P. commission members to say or indicate that their service as a commissioner was no longer required. Please note that such records may have existed, but if they did so, were destroyed in accordance with the City's Records Retention Schedule.

Pursuant to Ontario Regulation 823, the fee calculation for your access request is noted below:

Search time	4 hours @ \$30.00/hour	\$120.00
Photocopies and/or scanning	165 pages @ \$0.20 each	\$33.00
Record preparation time such as	.0 hours @ \$30.00/hour	N/A

severing personal information		
Amount due		\$153.00

Please make payment to the City of Orillia in the amount of **\$153.00** and we will release the information described above.

Pursuant to Section 22(1)(b) of *MFIPPA*, you may request that this decision be reviewed by the Information and Privacy Commissioner. The Commissioner can be reached at:

The Information and Privacy Commissioner/Ontario
 2 Bloor Street East, Suite 1400,
 TORONTO, Ontario M4V 1A8
 Telephone: 1-800-387-0073 Fax: 1-416-325-9195

You have thirty days from the receipt of this letter to request a review. If you decide to appeal a decision, please provide the Commissioner's Office with the following:

- the file number listed at the beginning of this letter;
- a copy of this decision letter;
- a copy of the original request you sent to this institution.

In addition, you must send an appeal fee to the Commissioner's Office. The appeal fee is \$25.00. Please include the fee with your letter of appeal – appeal fees should be in the form of either a cheque or money order, payable to the Minister of Finance.

Section 45 of *MFIPPA* provides that all or part of the fee can be waived if in our opinion it is fair and equitable to do so, if the fee will cause you financial hardship or if dissemination of the record will benefit public health or safety. You may be required to provide proof to support any waiver claims. A copy of Section 45 of the *MFIPPA* is enclosed for your information.

If you disagree with any aspect of the fees, or wish to revise your request, please discuss this matter with us. Afterward, you may request that this fee estimate be reviewed by the Information and Privacy Commissioner. The Commissioner can be reached at the address noted above.

If you have any questions, do not hesitate to call me at the phone number listed above.

Sincerely,



Shawn Crawford
 Manager of Legislative Services

Attachments: Sections 6, 7, 10, 11, 12, and 45 of *MFIPPA*

Excerpts from *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, CHAPTER M.56

“Draft by-laws, etc.

6. (1) A head may refuse to disclose a record,

- (a) that contains a draft of a by-law or a draft of a private bill; or
- (b) that reveals the substance of deliberations of a meeting of a council, board, commission or other body or a committee of one of them if a statute authorizes holding that meeting in the absence of the public.

Exception

(2) Despite subsection (1), a head shall not refuse under subsection (1) to disclose a record if,

- (a) in the case of a record under clause (1) (a), the draft has been considered in a meeting open to the public;
- (b) in the case of a record under clause (1) (b), the subject-matter of the deliberations has been considered in a meeting open to the public; or
- (c) the record is more than twenty years old. R.S.O. 1990, c. M.56, s. 6.”

“Advice or recommendations

7. (1) A head may refuse to disclose a record if the disclosure would reveal advice or recommendations of an officer or employee of an institution or a consultant retained by an institution.

Exceptions

(2) Despite subsection (1), a head shall not refuse under subsection (1) to disclose a record that contains,

- (a) factual material;
- (b) a statistical survey;
- (c) a report by a valuator;
- (d) an environmental impact statement or similar record;
- (e) a report or study on the performance or efficiency of an institution;
- (f) a feasibility study or other technical study, including a cost estimate, relating to a policy or project of an institution;
- (g) a report containing the results of field research undertaken before the formulation of a policy proposal;
- (h) a final plan or proposal to change a program of an institution, or for the establishment of a new program, including a budgetary estimate for the program;
- (i) a report of a committee or similar body within an institution, which has been established for the purpose of preparing a report on a particular topic;
- (j) a report of a body which is attached to an institution and which has been established for the purpose of undertaking inquiries and making reports or recommendations to the institution;
- (k) the reasons for a final decision, order or ruling of an officer or an employee of the institution made during or at the conclusion of the exercise of discretionary power conferred by or under an enactment or scheme administered by the institution.

Idem

(3) Despite subsection (1), a head shall not refuse under subsection (1) to disclose a record if the record is more than twenty years old. R.S.O. 1990, c. M.56, s. 7.”

“Third party information

10. (1) A head shall refuse to disclose a record that reveals a trade secret or scientific, technical, commercial, financial or labour relations information, supplied in confidence implicitly or explicitly, if the disclosure could reasonably be expected to,

- (a) prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization;
- (b) result in similar information no longer being supplied to the institution where it is in the public interest that similar information continue to be so supplied;
- (c) result in undue loss or gain to any person, group, committee or financial institution or agency; or
- (d) reveal information supplied to or the report of a conciliation officer, mediator, labour relations officer or other person appointed to resolve a labour relations dispute. R.S.O. 1990, c. M.56, s. 10 (1); 2002, c. 18, Sched. K, s. 18.

Consent to disclosure

(2) A head may disclose a record described in subsection (1) if the person to whom the information relates consents to the disclosure. R.S.O. 1990, c. M.56, s. 10 (2).”

“Economic and other interests

11. A head may refuse to disclose a record that contains,

- (a) trade secrets or financial, commercial, scientific or technical information that belongs to an institution and has monetary value or potential monetary value;
- (b) information obtained through research by an employee of an institution if the disclosure could reasonably be expected to deprive the employee of priority of publication;
- (c) information whose disclosure could reasonably be expected to prejudice the economic interests of an institution or the competitive position of an institution;
- (d) information whose disclosure could reasonably be expected to be injurious to the financial interests of an institution;
- (e) positions, plans, procedures, criteria or instructions to be applied to any negotiations carried on or to be carried on by or on behalf of an institution;
- (f) plans relating to the management of personnel or the administration of an institution that have not yet been put into operation or made public;
- (g) information including the proposed plans, policies or projects of an institution if the disclosure could reasonably be expected to result in premature disclosure of a pending policy decision or undue financial benefit or loss to a person;
- (h) questions that are to be used in an examination or test for an educational purpose;
- (i) submissions in respect of a matter under the *Municipal Boundary Negotiations Act* commenced before its repeal by the *Municipal Act, 2001*, by a party municipality or other body before the matter is resolved. R.S.O. 1990, c. M.56, s. 11; 2002, c. 17, Sched. F, Table; 2002, c. 18, Sched. K, s. 19.”

“Solicitor-client privilege

12. A head may refuse to disclose a record that is subject to solicitor-client privilege or that was prepared by or for counsel employed or retained by an institution for use in giving legal advice or in contemplation of or for use in litigation. R.S.O. 1990, c. M.56, s. 12.”

"Fees

45. (1) A head shall require the person who makes a request for access to a record to pay fees in the amounts prescribed by the regulations for,

- (a) the costs of every hour of manual search required to locate a record;
- (b) the costs of preparing the record for disclosure;
- (c) computer and other costs incurred in locating, retrieving, processing and copying a record;
- (d) shipping costs; and
- (e) any other costs incurred in responding to a request for access to a record. 1996, c. 1, Sched. K, s. 23 (1).

(2) Repealed: 1996, c. 1, Sched. K, s. 23 (1).

Estimate of costs

(3) The head of an institution shall, before giving access to a record, give the person requesting access a reasonable estimate of any amount that will be required to be paid under this Act that is over \$25. R.S.O. 1990, c. M.56, s. 45 (3).

Waiver of payment

(4) A head shall waive the payment of all or any part of an amount required to be paid under subsection (1) if, in the head's opinion, it is fair and equitable to do so after considering,

- (a) the extent to which the actual cost of processing, collecting and copying the record varies from the amount of the payment required by subsection (1);
- (b) whether the payment will cause a financial hardship for the person requesting the record;
- (c) whether dissemination of the record will benefit public health or safety; and
- (d) any other matter prescribed in the regulations. R.S.O. 1990, c. M.56, s. 45 (4); 1996, c. 1, Sched. K, s. 23 (2).

Review

(5) A person who is required to pay a fee under subsection (1) may ask the Commissioner to review the amount of the fee or the head's decision not to waive the fee. R.S.O. 1990, c. M.56, s. 45 (5); 1996, c. 1, Sched. K, s. 23 (3).

Disposition of fees

(6) The fees provided in this section shall be paid and distributed in the manner and at the times prescribed in the regulations. 1996, c. 1, Sched. K, s. 23 (4)."

CITY OF ORILLIA

TO: Council Committee – November 7, 2016
FROM: Chief Administrative Office and Treasury Department
DATE: November 2, 2016
REPORT NO: Treas-2016 G17
SUBJECT: **OPC Request to Lease Rooftop Space at the New Recreation Centre for a Potential Solar Farm**

Recommended Motion

THAT Council authorizes staff to negotiate a 20 year term lease agreement with Orillia Power Corporation (OPC) and subsidiaries for the rental of roof space at the new recreation facility located at 255 West Street South to construct and operate a rooftop Solar Photovoltaic (PV) project.

Purpose

The purpose of this report is to seek Council authorization to proceed with entering into a long term lease agreement with OPC and subsidiaries for the lease of City owned roof space to accommodate the installation of Solar Photovoltaic systems at the new recreation centre. The lease is conditional upon completion of a satisfactory application and award of a contract under the terms of the Feed-in Tariff program (FIT 5.0).

Background & Key Facts

The following are key points for consideration with respect to this report:

- The Provincial Government through the Independent Electricity System Operator (IESO) is conducting another round of procurement under the Feed-in Tariff program (FIT 5.0).
- The City's new recreation facility at 255 West Street South has been designed to allow for the installation of solar panels.
- OPC is proposing to apply for a contract under the terms of FIT 5.0 to construct a 250 kW solar rooftop project at the new recreation facility.
- OPC presently operates three rooftop facilities on City owned property which include the Rotary Place (500 kW), Barnfield Point Recreation Centre (100 kW), 2 Hunter Valley Road, also known as Nordia (250 kW) and one on its own roof at the Operations Centre (120 kW), all of which have contracts under the FIT program.

- The project would receive a rate of approximately 20.0 cents per kWh, plus a potential municipal adder of 1.0 cent per kWh. The term of the contract would be 20 years.
- At this time only an application is proposed to be submitted to the IESO to obtain a power purchase contract. Final project economics would be verified once construction quotations have been received, and if favorable, a decision would be made at that time to proceed with construction of the solar facility, though preliminary estimates are positive.
- To enable the FIT 5.0 application, access rights to construct and operate a rooftop solar generation facility on the new recreation facility must be demonstrated. This would be established in an "Option to Lease" agreement between OPC and subsidiaries and the City of Orillia.

Options & Analysis

Option 1 – Recommended Option

THAT Council authorizes staff to negotiate a 20 year term lease agreement with Orillia Power Corporation (OPC) and subsidiaries for the rental of roof space at the new recreation facility located at 255 West Street South to construct and operate a rooftop Solar Photovoltaic (PV) project.

This option is recommended for the following reasons:

- OPC recommends lease terms and rates would be similar to the leases already in place at the Rotary Place, Barnfield Point Recreation Centre and the Nordia facility. For 2015, the City earned \$34,329 in revenue from these leases.
- Construction of this project is in line with OPC's mandate to expand generation.
- In addition to lease rates, income earned by OPC is eventually returned to the City by way of dividends.
- OPC has adequate debt capacity to finance the project.
- There is minimal risk associated with this project and the potential for reasonable revenues has been demonstrated with existing projects.
- The project will need to pass final economic test based on construction prices received before a full commitment is made by OPC.

Negotiations will include provisions to ensure any repairs and/or maintenance related to the solar installation on the facilities roof will be the responsibility of OPC and subsidiaries.

Option 2

THAT Council receives this report as information.

CITY OF ORILLIA

TO: Council Committee – November 7, 2016
FROM: Treasury Department
DATE: November 1, 2016
REPORT NO: Treas-2016 G16
SUBJECT: Orillia Power Generation Corporation – Refinancing

Recommended Motion

THAT Council approves Orillia Power Generation Corporation (OPGC) to borrow an additional \$12 million to fund past and current growth opportunities.

AND THAT OPGC be authorized to enter into negotiations with TD Canada Trust to finalize the terms and conditions of a Committed Term Facilities agreement of up to \$19 million and Committed Operating Loan up to \$2 million.

AND THAT OPGC be required to request Council approval before drawing in excess of \$12 million on the \$19 million Term Facility agreement.

AND THAT the City of Orillia agrees to a general security agreement in first position and a postponement of repayment relating to the outstanding promissory note of \$5.034 million.

AND THAT Orillia Power Distribution Corporation (OPDC) be authorized to refinance \$9.762 million in existing City debt, prior to closing the sale of OPDC to Hydro One.

AND THAT the City's CFO be authorized to sign the necessary documents.

Purpose

The purpose of this report is to re-establish OPGC borrowing limits and to provide Council with a recommendation to allow OPGC to incur additional indebtedness up to the original capitalization levels, not exceeding the debt-to-equity ratio of 70:30. This ratio indicates the proportion of equity and debt used to finance assets. In addition, OPDC is requesting authority to refinance the City debt prior to the completion of the sale to Hydro One Networks Inc. (Hydro One) through the existing Share Purchase Agreement.

Pending the Hydro One acquisition of Orillia Power Distribution Corporation (OPDC) and future expansion opportunities, OPGC is in need of a recapitalization strategy that allows flexibility and provides the ability to react in a timely manner to future unknowns.

Background & Key Facts

The needs for funding include:

- Beginning in 2011, OPGC embarked on a plant modernization strategy for all three waterpower stations ("CAPEX"), as a result of the signing of the contracts under the Heritage Contract Initiative in 2010. Capital spending has significantly increased over historical levels as CAPEX from 2001 – 2010 totaled \$5.1 million and CAPEX from 2011 – 2016 totals \$13.1 million.
- During 2014 – 2016, OPGC completed the construction of 1MW roof top solar in Orillia and sourced an opportunity to expand its roof top solar by purchasing a 1.5 MW generating capacity project in the City of Cobourg, Ontario. Total costs for both equate to \$9.2 million.
- OPGC had been awarded a contract to develop a hydro generating station, "the Bawitik project", which in the short term will require \$700,000 for the acquisition of land.
- Total cash outflows of \$22.3 million for capital refurbishment and expansion over the last six years have been financed by OPGC utilizing existing cash reserves, earnings from operations and short-term credit facility loans.
- OPGC has identified opportunities for growth in power generation and requires City approval for a recapitalization strategy which would include incurring capital expenditures greater than 30% of consolidated net book value.

The following are key points for consideration with respect to this report:

- As a result of the pending OPDC sale, effective borrowing approvals have changed.
- OPGC was originally financed with a debt ratio of 70%. OPGC would currently need to borrow \$27 million in order to exceed a debt to capital ratio of 70%.
- Large power utilities typically have a debt to capital ratio [debt/ (debt +equity)] of 70% to 80%.
- The December 31, 2015 consolidated book value of Orillia Power Corporation is \$26.5 million.
- The current debt ratio of OPGC is 28.5% and assuming OPGC would utilize up to \$10 million as a term loan immediately (with the remaining held back for future contingencies), the ratio would climb to 52% as a result. As debt is repaid and equity gained, this ratio declines to 37% by 2022.
- The City currently holds \$5.034 million in OPGC debt.
- The City currently holds \$9.762 million in OPDC debt; this debt must be refinanced prior to acquisition by Hydro One.

Options & Analysis

There are two options available for consideration by Council Committee:

Option 1 – Recommended Option

THAT Council approves Orillia Power Generation Corporation (OPGC) to borrow an additional \$12 million to fund past and current growth opportunities.

AND THAT OPGC be authorized to enter into negotiations with TD Canada Trust to finalize the terms and conditions of a Committed Term Facilities agreement of up to \$19 million and Committed Operating Loan up to \$2 million.

AND THAT OPGC be required to request Council approval before drawing in excess of \$12 million on the \$19 million Term Facility agreement.

AND THAT the City of Orillia agrees to a general security agreement in first position and a postponement of repayment relating to the outstanding promissory note of \$5.034 million.

AND THAT Orillia Power Distribution Corporation (OPDC) be authorized to refinance \$9.62 million in existing City debt, prior to closing the sale of OPDC to Hydro One.

AND THAT the City’s CFO be authorized to sign the necessary documents.

This option is recommended as the calculated debt to capitalization ratio would remain below 70% which is the initial capitalization ratio established at incorporation in 2000. TD Canada Trust (TD) has provided a Term Sheet outlining financing for up to \$19 million in Committed Term Facilities and up to \$2 million in a Committed Operating Loan, amortized over 15 years. TD has provided OPGC with the option of splitting the drawn amounts across various fixed rate terms and floating rate options.

OPGC has an excellent working relationship with TD. The bank’s representatives provide customer focused service and work with OPGC to explore financial solutions to improve the operations. The Term Facilities schedule offered by the bank continues their competitive approach while offering OPGC as much flexibility as possible.

TD currently provides banking services to the City of Orillia, as well as the majority of municipalities located within Simcoe County.

Option 2

That Council receives the OPGC request to proceed with a recapitalization strategy as information.

This option is not recommended as the advantages of Option 1 could not be realized and OPGC would be limited as a result in the amount of expenditures on capital, which may eliminate their participation in some future proposed projects.

Financial Impact

Under either Option there is no anticipated cost to the City. As a result, the only financial implication for the City resulting from the proposed recommendation is a general security agreement, postponing the repayment relating to the outstanding promissory note of \$5.034 million.

Comments from Departments/Agencies

Comments were neither solicited nor obtained from other City Departments.

Comments from Committees

Comments were neither solicited nor obtained from other Committees.

Communications

Comments were neither solicited nor obtained from the Communications Manager.

Link to Strategic Plan

The recommended option in this report would facilitate Council's efforts in demonstrating financial sustainability as identified in the City of Orillia's 2010-2014 Strategic Plan.

Conclusion

Council has encouraged growth of OPGC generation capabilities and given the pending Hydro One acquisition of OPDC and future expansion opportunities, OPGC is in need of a recapitalization strategy that not only allows for flexibility but the capacity to react in a timely manner to future unknowns.

Prepared by and Key Contacts: Jas Rattigan, CPA, CGA, Manager of Accounting Services

Approved by: Bob Ripley, CFO

