

## SCHEDULE 21

### REFINANCING

#### SECTION A DEFINITIONS

**A1. The following terms shall have the following meanings:**

A1.1 “**Base Case Equity IRR**” means **18(1)(c)(iii)** which for greater certainty, is calculated on a nominal after-tax basis;

A1.2 “**Distribution**” means, whether in cash or in kind, any:

- (a) dividend or other distribution in respect of the Equity;
- (b) reduction of capital, redemption or purchase of shares or any other reorganization or variation to the Equity;
- (c) payment, loan, contractual arrangement or transfer of assets or rights to the extent (in each case) it was put in place after Financial Close and was neither in the ordinary course of business nor on reasonable commercial terms; or
- (d) the receipt of any other benefit which is not received in the ordinary course of business nor on reasonable commercial terms,

and where any such Distribution is not in cash, the equivalent cash value of such Distribution shall be calculated;

A1.3 “**Equity IRR**” means the projected internal rate of return to the providers of Equity over the full term of this Project Agreement, taking into account the aggregate of all Equity investments and of all Distributions made and projected to be made;

A1.4 “**Exempt Refinancing**” means any Refinancing that:

- (a) has the effect of replacing or extending any Mini-Perm Financing, provided that Project Co shall assume any and all risks and benefits associated with such Refinancing without adjustment to the Monthly Payments or any other form of compensation to Project Co under the Project Agreement, including any risk that such Refinancing results in higher financing costs than the financing costs assumed by Project Co in its Financial Model as of the date of this Project Agreement for the Refinancing of any Mini-Perm Financing;
- (b) is related to a change in taxation or change in accounting treatment pursuant to a Designated Change in Law or change in Canadian GAAP;
- (c) is related to the exercise of any right, the grant of any amendment, waiver or consent or any similar action under the Lending Agreements by the Lenders that does not provide for a financial benefit to Project Co under those agreements;
- (d) is related to any sale of Equity or securitization of the existing rights or interests attaching to such Equity, unless such sale or securitization involves increasing

the Project Financing, as applicable, or amending the Redemption Payment as applicable, on terms more favourable to Project Co than contained in the Lending Agreements;

- (e) is related to any Qualifying Bank Transaction;
- (f) is related to any Rescue Refinancing; or
- (g) is related to any amendment, variation or supplement of any agreement approved by the City as part of any Change Order under this Project Agreement;

A1.5 **“Mandatory Refinancing”** means an Exempt Refinancing described in Section A1.4(a);

A1.6 **“Mini-Perm Financing”** means a financing facility under any Lending Agreement that, pursuant to the applicable Lending Agreement, is scheduled to be repaid in whole or in part from the proceeds of a new financing;

A1.7 **“Qualifying Bank”** means a lending institution that is:

- (a) a bank listed in Schedule I, II or III of the *Bank Act* (Canada); or
- (b) a bank, life insurance company, pension fund or fund managed by a professional fund manager that controls, either directly or through its affiliates, funds in excess of 18(1)(c)(ii),

provided such institution is not a Restricted Person or a person whose standing or activities are inconsistent with the City’s role, or may compromise the City’s reputation or integrity, so as to affect public confidence;

A1.8 **“Qualifying Bank Transaction”** means:

- (a) the disposition by a Lender of any of its rights or interests in the Lending Agreements to a Qualifying Bank;
- (b) the grant by a Lender to a Qualifying Bank of any rights of participation in respect of the Lending Agreements; or
- (c) the disposition or grant by a Lender to a Qualifying Bank of any other form of benefit or interest in either the Lending Agreements or the revenues or assets of Project Co, whether by way of security or otherwise;

A1.9 **“Qualifying Refinancing”** means any Refinancing that will give rise to a Refinancing Gain that is not an Exempt Refinancing;

A1.10 **“Refinancing”** means:

- (a) any amendment, variation, novation, supplement or replacement of any Lending Agreement;
- (b) the exercise of any right, or the grant of any waiver or consent, under any Lending Agreement;

- (c) the disposition of any rights or interests in, or the creation of any rights of participation in respect of, the Lending Agreements or the creation or granting of any other form of benefit or interest in either the Lending Agreements or the contracts, revenues or assets of Project Co whether by way of security or otherwise; or
- (d) any other arrangement put in place by Project Co or another person which has an effect which is similar to any of the foregoing provisions of this definition above or which has the effect of limiting Project Co's ability to carry out any of the foregoing provisions of this definition;

A1.11 **"Refinancing Financial Model"** means a comprehensive and detailed financial model satisfactory to the City, acting reasonably, prepared for the purpose of Section B of this Schedule 21, which financial model shall be similar in form and content to the Financial Model, suitable for the purposes for which it will be used in this Schedule 21, and shall take into account:

- (a) cash flows for the entire remaining Project Term;
- (b) any changes in structure and funding since the date of this Project Agreement;
- (c) the performance of the OMR Services to the date of the Refinancing;
- (d) macroeconomic assumptions; and
- (e) all other relevant factors;

A1.12 **"Refinancing Gain"** means an amount equal to the greater of zero and  $(A - B)$ , where:

A = the net present value, discounted at a discount rate equal to the Base Case Equity IRR, of all Distributions as projected immediately prior to the Refinancing (using the Refinancing Financial Model and taking into account the effect of the Refinancing) to be made over the remaining term of this Project Agreement following the Refinancing; and

B = the net present value, discounted at a discount rate equal to the Base Case Equity IRR, of all Distributions as projected immediately prior to the Refinancing (using the Refinancing Financial Model but without taking into account the effect of the Refinancing) to be made over the remaining term of this Project Agreement following the Refinancing;

A1.13 **"Refinancing Information"** has the meaning given in Section B1.8;

A1.14 **"Refinancing Notice"** has the meaning given in Section B1.9;

A1.15 **"Rescue Refinancing"** means any Refinancing which takes place due to the failure or prospective failure of Project Co to comply with any material financial obligation under the Lending Agreements, or any of them, which does not increase any liability of the City, whether actual or potential; and

A1.16 “**Restricted Person**” means any person who, or any member of a group of persons acting together, any one of which:

- (a) has, directly or indirectly, its principal or controlling office in a country that is subject to any economic or political sanctions imposed by Canada or Manitoba;
- (b) has as its primary business the illegal manufacture, sale, distribution or promotion of narcotics substances or arms, or is or has been involved in terrorism;
- (c) in the case of an individual, he or she (or in the case of a legal entity, any of the members of its board of directors or its senior executive managers) has been sentenced to imprisonment or otherwise given a custodial sentence, other than a suspended sentence, for any criminal offence or for any offence under Provincial statute, other than offences under the *Highway Traffic Act* (Manitoba) or corresponding legislation in any other jurisdiction, or under any municipal laws, less than five years prior to the date at which the consideration of whether such individual is a “Restricted Person” is made hereunder;
- (d) has as its primary business the acquisition of distressed assets or investments in companies or organizations which are or are believed to be insolvent or in a financial standstill situation or potentially insolvent;
- (e) is subject to a material claim of the City under any proceedings (including regulatory proceedings) which have been concluded or are pending at the time at which the consideration of whether such person is a “Restricted Person” is made hereunder, and which (in respect of any such pending claim, if it were to be successful) would, in the City’s view, in either case, be reasonably likely materially to affect the ability of Project Co to perform its obligations under the Project Agreement; or
- (f) has a material interest in the production of tobacco products.

## **SECTION B REFINANCING**

### **B1. Refinancing**

B1.1 Project Co shall not carry out:

- (a) any Qualifying Refinancing unless Project Co has obtained the prior written consent of the City, which consent, subject to Section B1.2, shall not be unreasonably withheld or delayed; or
- (b) any Exempt Refinancing or any other Refinancing which does not result in a Refinancing Gain unless Project Co has delivered a notice of such Refinancing to the City before five Business Days of such Refinancing, except that such notice shall not be required for a disposition by a Lender of its rights or participation in the Lending Agreements where such disposition is a trade of bonds issued as provided for under a book-based system of a depository or pursuant to a trust indenture that comprises a portion of the Project Financing.

B1.2 The City may withhold its consent to any Qualifying Refinancing, in its sole discretion:

- (a) where any person with whom Project Co proposes to carry out a Qualifying Refinancing is a Restricted Person;
- (b) if, at the time the Qualifying Refinancing is contemplated and effected, the Qualifying Refinancing will materially adversely affect the ability of Project Co to perform its obligations under the Project Agreement; or
- (c) if, at the time the Qualifying Refinancing is contemplated and effected, the Qualifying Refinancing will have the effect of increasing any liability of the City, whether actual or contingent, present or future, known or unknown.

B1.3 The City shall be entitled to receive:

- (a) a (b)(1)(c)(iii) share of any Refinancing Gain arising from a Qualifying Refinancing, in respect of any Refinancing Gain.

B1.4 Project Co shall promptly provide the City with full details of any proposed Qualifying Refinancing, including a copy of the proposed Refinancing Financial Model and the basis for the assumptions used in the proposed Refinancing Financial Model. The City shall (before, during and at any time after any Refinancing) have unrestricted rights of audit over the Refinancing Financial Model and any documentation (including any aspect of the calculation of the Refinancing Gain) used in connection with such Refinancing (whether or not such Refinancing is determined to be a Qualifying Refinancing). Project Co shall promptly, and, in any event, within five Business Days of receiving a written request from the City, provide any information in relation to a proposed Refinancing as the City may reasonably require. Project Co shall keep the City informed as to any changes to the terms of the Refinancing. Both the City and Project Co shall at all times act in good faith with respect to any Refinancing.

B1.5 Subject to Section B1.6, the City shall have the right to elect to receive its share of any Refinancing Gain as:

- (a) a single payment in an amount less than or equal to any Distribution made on or about the date of the Refinancing; and/or
- (b) a reduction in the Monthly Payments over the remaining Project Term,

such that the total net present value, discounted at the Discount Rate, of the foregoing, calculated at the time immediately prior to the Refinancing, shall equal the City's share of the Refinancing Gain.

B1.6 The City and Project Co will negotiate in good faith to agree upon the basis and method of calculation of the Refinancing Gain and payment of the City's share of the Refinancing Gain (taking into account how the City has elected to receive its share of the Refinancing Gain under Section B1.5 and the profile of the Refinancing Gain). If the parties fail to agree upon the basis and method of calculation of the Refinancing Gain or the payment of the City's share, the Dispute shall be determined in accordance with Schedule 7 – Dispute Resolution Procedure.

- B1.7 Both the City and Project Co shall work collaboratively to establish the rate setting process required to complete the Qualifying Refinancing. The Refinancing Gain shall be calculated after taking into account the reasonable out-of-pocket costs that each Party directly incurs in relation to the Qualifying Refinancing and on the basis that, within 15 Business Days of any Qualifying Refinancing, Project Co will reimburse the City for all such reasonable out-of-pocket costs incurred by the City. Project Co and the City shall not be entitled to claim as out-of-pocket costs, any charge, cost, expense, fee or similar amount that is incurred by either Party in relation to a Refinancing outside of the ordinary course.
- B1.8 If Project Co must, at a future date, undertake a Mandatory Refinancing, then the City may at any time request that Project Co provide to the City full and complete details and information with respect to the Mandatory Refinancing and its plan for the Mandatory Refinancing, including in respect to all relevant assumptions regarding the Mandatory Refinancing set out in the Financial Model (the “**Refinancing Information**”). For clarity, if Project Co must, at a future date, undertake a Mandatory Refinancing, the City must request Project Co to provide the Refinancing Information before it can issue a Refinancing Notice pursuant to Section B1.9. If the City and Project Co mutually agree, acting reasonably, that based on the Refinancing Information, a Refinancing prior to the Mandatory Refinancing would not have a negative material financial impact on the Mandatory Refinancing, then the City may provide Project Co with a Refinancing Notice pursuant to Section B1.9.
- B1.9 If the City considers the funding terms generally available in the market to be more favourable than those reflected in the Lending Agreements, the City may, by notice in writing to Project Co (a “**Refinancing Notice**”), require Project Co to request potential funders to provide terms for a potential Refinancing.
- B1.10 The Refinancing Notice shall set out in reasonable detail the grounds upon which the City believes such funding terms to be available. Project Co and the City shall meet to discuss the Refinancing Notice within 20 Business Days. Such a meeting will consider the evidence available to both parties about the availability of funding terms for a potential Refinancing. The City shall be entitled to withdraw the Refinancing Notice at or before such a meeting, or within seven Business Days following the meeting.
- B1.11 If the City serves a Refinancing Notice which is not withdrawn pursuant to Section B1.10, then Project Co shall:
- (a) act promptly, diligently and in good faith with respect to the potential Refinancing;
  - (b) use all reasonable endeavours to obtain the most favourable available terms from existing and/or new lenders for any potential Refinancing (provided that Project Co shall not be required to propose Refinancing in a manner which a prudent board of directors of a company operating the same business in Canada to that operated by Project Co, in similar circumstances, would not approve), for the avoidance of doubt also being terms which are likely to generate a positive Refinancing Gain after the deduction of costs in accordance with the provisions of Section B1.7; and
  - (c) either:

- (i) as soon as reasonably practicable after receipt of the Refinancing Notice, provide to the City
  - (A) full details of the proposed Refinancing, including a financial model and the basis for the assumptions used in the financial model and evidence to the reasonable satisfaction of the City that these assumptions represent the most favourable available terms for the potential Refinancing on the basis set out in Section B1.11(b); and
  - (B) initial drafts of any changes to the Project Agreement including in relation to potential compensation on termination which might be required to give effect to the proposed Refinancing; or
- (ii) if Project Co (acting reasonably) believes that it is not possible to obtain funding terms which are more favourable than those reflected in the Lending Agreements in accordance with the requirements of Section B1.11(b), provide evidence to the reasonable satisfaction of the City for such belief and evidence to the reasonable satisfaction of the City that Project Co has complied with its obligations in Sections B1.11(a) and B1.11(b) above.

B1.12 Following receipt of the information referred to in Section B1.11(c)(i), the City shall, acting reasonably, either:

- (a) instruct Project Co to implement the proposed Refinancing; or
- (b) instruct Project Co to discontinue the proposed Refinancing,

provided that if the City reasonably considers that the requirements of Sections B1.11(c)(i) or B1.11(c)(ii) have not been satisfied, the City may require Project Co to satisfy its obligations under Sections B1.11(c)(i) or B1.11(c)(ii). If Project Co must, at a future date, undertake a Mandatory Refinancing, the City shall not instruct Project Co to implement the proposed Refinancing unless both the City and Project Co, acting reasonably, agree that such Refinancing will be likely to generate a positive Refinancing Gain after the deduction of costs in accordance with the provisions of Section B1.7 and will not have a negative material financial impact on the Mandatory Refinancing.

B1.13 If the City instructs Project Co to implement the proposed Refinancing:

- (a) Project Co shall, as soon as reasonably practicable, use all reasonable endeavours to ensure that such proposed Refinancing is implemented;
- (b) such proposed Refinancing shall be deemed to be a Qualifying Refinancing; and
- (c) the provisions of Sections B1.1 to B1.7 shall apply.

B1.14 If:

- (a) the City instructs Project Co to discontinue the potential Refinancing pursuant to Section B1.12(b); or

(b) the requirements of Section B1.11(c)(ii) are satisfied

then, the City shall reimburse Project Co for the reasonable and proper professional costs incurred by Project Co in relation to the potential Refinancing, such costs to be paid to Project Co by the City within 20 Business Days after receipt of a valid invoice in respect of such amount. Such costs shall not include any internal management costs incurred by Project Co except insofar as (i) it can be demonstrated to the reasonable satisfaction of the City that such costs have been incurred in place of professional costs which would in the normal course of such business have been paid to third parties and (ii) the City has, by prior written agreement, approved the use of such internal management resource.

**B1.15** The City shall be entitled to issue a Refinancing Notice under Section B1.9 at any time but not more than once in any two-year period. For the avoidance of doubt, a Refinancing Notice that has been withdrawn under Section B1.10 has been issued for the purpose of this Section B1.15.