

## SCHEDULE 4

### FUNDING REQUIREMENTS

#### 1. Definitions

Any capitalized term not defined in this Schedule 4 shall have the meaning given to such term in the Project Agreement. In this Schedule 4, unless the context otherwise requires:

- (a) “**Actual Monthly Project Co Costs**” means all costs incurred by Project Co in a given Contract Month including, without being limited to, maintenance expenses, lifecycle expenses, payments to the Maintenance and Rehabilitation Contractor, insurance premiums, administrative costs (including Special Purpose Vehicle expenses). For clarity, Distributions to Equity Capital shall not be included as part of the Actual Monthly Project Co Costs.
- (b) “**Actual Monthly Project Co Payments**” means the Monthly Service Payment received by Project Co from the City in a given Contract Month in accordance with Schedule 19.
- (c) “**Capital Coverage Ratio**” has the meaning set out in Section 2.3.
- (d) “**Capital Coverage Ratio Calculation Period**” on a given calculation date shall be the period which ends on the last day of the Contract Month that is 2 Contract Months prior to such date, and commences on the later of (i) the start of the Contract Month that is 11 (eleven) Contract Months prior to such period end date and (ii) the Payment Commencement Date. For clarity, the Capital Coverage Ratio Calculation Period shall capture a twelve (12) month period other than in respect of reporting for the first 13 Contract Months.
- (e) “**Capital Coverage Ratio Reporting Period**” means the period commencing on the first day of Contract Month three (3) and ending on the Expiry Date.
- (f) “**Maintenance Fee Reference Amount**” means with respect to any Contract Year, the total Annual Service Payment (excluding any Lifecycle Payments payable in that year) PLUS the average annual Lifecycle Payments over the Maintenance Period, in each case indexed in accordance with the provisions of the Project Agreement, all amounts being exclusive of HST.
- (g) “**Threshold Capital Coverage Ratio**” has the meaning set out in Section 2.1.

#### 2. Financing of the Project

- 2.1 At Financial Close, the Financial Model shall show Project Co maintaining a minimum annual Capital Coverage Ratio equal to [REDACTED] or, for Service Levels other than Service Level 1, such lower value as indicated in the Financial Model (“**Threshold Capital Coverage Ratio**”). Project Co’s Performance Monitoring Report during the Capital Coverage Ratio Reporting Period shall include confirmation of Project Co’s actual Capital Coverage Ratio.

For clarity, in no cases shall the Threshold Capital Coverage Ratio be less than [REDACTED].

2.2 For each month during the Capital Coverage Ratio Reporting Period, confirmation of Project Co's actual Capital Coverage Ratio shall be based on data from monthly unaudited financial statements. Where audited financial statements are available, Project Co shall use such statements for purposes of calculating the Capital Coverage Ratio. The City reserves the right to request from Project Co evidence validating the calculation of the Capital Coverage Ratio for any given Contract Month within the Capital Coverage Ratio Reporting Period.

2.3 **“Capital Coverage Ratio”** shall be calculated as the quotient of (i) the aggregate Actual Monthly Project Co Payments for the relevant Capital Coverage Ratio Calculation Period, and (ii) the aggregate Actual Monthly Project Co Costs for the relevant Capital Ratio Calculation Period.

### **3. Positive Covenants**

3.1 Project Co shall provide to the City:

(a) for Project Co:

(i) within forty-five (45) days of Project Co's first three (3) fiscal quarter ends, quarterly unaudited management financial statements prepared in accordance with Canadian GAAP or International Financial Reporting Standards; and

(b) for Maintenance and Rehabilitation Guarantor:

(i) within sixty (60) days of the second and fourth quarter ends, semi-annual unaudited financial statements prepared in accordance with Canadian GAAP or International Financial Reporting Standards; and

(ii) within one hundred and eighty (180) days of Maintenance and Rehabilitation Guarantor's fiscal year-end, annual audited financial statements prepared in accordance with Canadian GAAP or International Financial Reporting Standards;

(c) from the Project Co Parties and the Maintenance and Rehabilitation Guarantor, as applicable, the security set out in Section 4;

(d) For each of the accounts specified in Sections 3.2, 3.3 and 3.4:

(i) within thirty days following each calendar month following Substantial Completion, an account statement showing all transactions, including, without being limited to, any deposits, draws, interest earned and balance changes, issued by the financial institution holding such account.

3.2 Project Co shall establish and maintain following Substantial Completion, at its sole expense, the Proceeds Account which shall be opened in the name of Project Co and the balance of which, including all income and returns thereon, shall be for the benefit of Project Co which, save as provided below, shall be subject to Project Co control at all times, but shall be subject to the relevant Blocked Accounts Agreement in favour of the City. Project Co shall deposit, or cause to be deposited, to the Proceeds Account (a) any interest income from investments; (b) all revenues; (c) all payments by the City under the Project Agreement; (d) all other monies paid to or received by Project Co (including liquidated damages and insurance proceeds) and (e) the Equity

Contributions. On the occurrence and during the continuation of a Project Co Event of Default, the City will control the Proceeds Account. For greater certainty, so long as a Project Co Event of Default is not continuing, Project Co shall be entitled to deal with amounts in the Proceeds Account in its sole discretion.

- 3.3 Project Co shall establish and maintain following Substantial Completion, at its sole expense, the Distribution Account which shall be opened in the name of Project Co and the balance of which, including all income and returns, shall be for the benefit of Project Co and which shall not be subject to the control of the City under and in accordance with the relevant Blocked Accounts Agreement and shall not be subject to the security in favour of the City. Distributions on Equity Capital shall be made to the Distribution Account.
- 3.4 Project Co shall establish and maintain, at its sole expense, the Equity Lock-Up Account which shall be opened in the name of Project Co and the balance of which, including all income and returns, shall be for the benefit of Project Co and which shall be subject to the relevant Blocked Accounts Agreement and subject to the security in favour of the City. Amounts which would otherwise be capable of being transferred from the Proceeds Account to the Distribution Account shall be deposited into the Equity Lock-Up Account where any failure to meet the Restricted Payment Conditions has occurred and is continuing. So long as the Restricted Payment Conditions are not met, funds on deposit in the Equity Lock-Up Account shall be available, at the discretion of Project Co, to cover any costs or other amounts payable by Project Co (other than for certainty, Distributions) to provide or otherwise remediate Maintenance and Rehabilitation Services. Once the Restricted Payment Conditions are satisfied, amounts in the Equity Lock-Up Account shall be available for distribution to the Distribution Account.
- 3.5 Project Co shall not make any payment or distribution from the Proceeds Account to the Distribution Account unless at such time each of the following conditions (the “**Restricted Payment Conditions**”) are satisfied:
- (a) Substantial Completion has been achieved; and
  - (b) the Capital Coverage Ratio is greater than or equal to [REDACTED].

#### 4. Security

- 4.1 Project Co shall cause the Maintenance and Rehabilitation Contractor to deliver the following documents and agreements no later than Substantial Completion:
- (a) a letter of credit as security for Maintenance and Rehabilitation Services, in form and content satisfactory to the Parties, each acting reasonably (each a “**Maintenance LC**”);
  - (b) a parent company guarantee, in form and substance satisfactory to the Parties, each acting reasonably and executed by Maintenance and Rehabilitation Guarantor with respect to the Maintenance and Rehabilitation Services (the “**Maintenance PCG**”);
  - (c) the Blocked Accounts Agreement; and
  - (d) such other documents and agreements as the City may require, acting reasonably, based on the financial structure proposed in the Financial Model.

The letter of credit will be delivered to, and held by, the Insurance Trustee.

- 4.2 With respect to any Contract Year, the Maintenance LC amount shall be established at the start of the Contract Year (no later than 20 days from the start of such Contract Year) and will be equal to **[REDACTED]**% of the Maintenance Fee Reference Amount.
- 4.3 With respect to any year, the Maintenance PCG amount shall be equal to **[REDACTED]**% of the Maintenance Fee Reference Amount.
- 4.4 Security requirements identified in Section 4.1(a) and (b) may be submitted by the Maintenance and Rehabilitation Contractor identifying both Project Co and the City as joint beneficiaries of such security. Any Maintenance LC and the Maintenance PCG shall be released on or after the Expiry Date once Project Co's responsibilities with respect to the Maintenance and Rehabilitation Services have been completed.