WHEREAS Peterborough Utilities Inc. ("PUI") is constructing a 10 MW solar photovoltaic electricity generation facility on property owned by PUI's subsidiary Lily Lake Solar Inc. ("LLSI") near Peterborough at 306, 370 and 394 Lily Lake Road in Smith-Ennismore-Lakefield Township, Ontario (the "Project");

AND WHEREAS all of PUI’s interest in the Project will be sold to LLSI (with the price paid to PUI being, all or in part, shares issued by LLSI to PUI) upon certain tax objectives of PUI having been achieved;

AND WHEREAS the certain provisions of the Shareholder Direction and Unanimous Shareholder Declaration (as amended to February 8, 2010, the “Shareholder Direction”) given by the City to City of Peterborough Holdings Inc. ("CoPHI"), which is applicable to PUI and LLSI, are relevant to certain aspects of the Project and the Project’s financing;

AND WHEREAS in connection with the financing of the Project by PUI and LLSI the City has been requested to subordinate and postpone the debt owed to the City by CoPHI and its subsidiaries (including PUI and LLSI) and related security to the repayment of PUI's debt to Ontario Infrastructure Projects Corporation and its related security, and the City is prepared to do so.

NOW THEREFORE, THE CORPORATION OF THE CITY OF PETERBOROUGH BY THE COUNCIL THEREOF HEREBY ENACTS AS FOLLOWS:

1. That the City does hereby provide the following approvals to the directors of CoPHI:
   a) the purchase of assets for the Project by PUI and/or LLSI with an aggregate value in excess of $20 million;
   b) the assumption of PUI and LLSI of financial obligations in relation to the Project that may or do increase the debt/equity ratio of CoPHI and its Subsidiaries (including PUI and LLSI) above the ratio of 60:40;
   c) entering into agreements, commitments or investments by PUI and/or LLSI in relation to the Project that create any Lien (as described in the Shareholder Direction) or recourse in favour of any third party in priority to the security given to the City by CoPHI and its Subsidiaries (including PUI and LLSI) to a value of more than 25% of the book value of all assets of CoPHI as reported at the end of its most recently completed fiscal year; and
   d) the issuance of shares by LLSI to PUI as payment or part payment for the sale to LLSI by PUI of PUI’s interest in the Project;
2. That the City execute and deliver a Subordination and Postponement Agreement (the "Postponement Agreement") in favour of Ontario Infrastructure Projects Corporation which postpones and subordinates the repayment by CoPHI and its subsidiaries (including PUI) to the City of their debt to the City and the security granted to the City relative thereto to the repayment of PUI’s debt to Ontario Infrastructure Projects Corporation and its related security, in the form approved by the City Solicitor on behalf of the City.

By-law read a first, second and third time this 13th day of December, 2010.

(Sgd.) Daryl Bennett, Mayor

(Sgd.) Nancy Wright-Laking, City Clerk