



590 Steven Court, Newmarket, Ontario L3Y 6Z2

Tel: [905] 895-2309

Fax: [905] 895-8931

Email: nmhydro@nmhydro.ca

Newmarket Hydro Holdings Inc.

April 22, 2016

Newmarket Hydro Holdings Inc. Report of the President

TO: Town of Newmarket Committee of the Whole

SUBJECT: Subscription of Shares in CustomerFirst Inc. and the Entering Into a Declaration of Bare Trust and Nominee Agreement with Tay Hydro Inc. by Newmarket Hydro Holdings Inc.

ORIGIN: President, Newmarket Hydro Holdings Inc.

RECOMMENDATIONS:

THAT the Newmarket Hydro Holdings Inc. PowerPoint presentation of the President together with the Report of the President dated April 22, 2016 regarding CustomerFirst Inc. be received and the following recommendations be adopted:

WHEREAS the Corporation of the Town of Newmarket (the "Sole Shareholder") is the sole shareholder of Newmarket Hydro Holdings Inc. (the "Corporation");

AND WHEREAS the Sole Shareholder by a Shareholder Declaration dated November 1, 2000 appointed the Mayor as its legal representative for the purpose of communicating any shareholder consent or approval required by either the terms of the Shareholder Declaration or the *Business Corporations Act* (Ontario) (the "OBCA");

AND WHEREAS the Corporation is seeking shareholder approval to enter into a partnership, strategic alliance, joint venture, union of interests or reciprocal concession with any party or any other arrangement with any party for the sharing of profits, specifically CustomerFirst Inc.;

AND WHEREAS the Board of Directors of Newmarket – Tay Power Distribution Ltd. has recommended that the Corporation subscribe to shares in CustomerFirst Inc.;

NOW THEREFORE BE IT RESOLVED by the Municipal Council of the Corporation of the Town of Newmarket as follows:

Subscription of Shares in CustomerFirst Inc. and the Entering Into a Declaration of Bare Trust and Nominee Agreement with Tay Hydro Inc. by Newmarket Hydro Holdings Inc.

- 1. THAT the Mayor, as the Sole Shareholder's legal representative, direct R.N. Shelton, the sole director and legal representative of the Corporation, to subscribe for certain Class A and Class B shares in the capital of CustomerFirst Inc. described below:**

| Subscriber | Class and Number of Shares | Aggregate Consideration | NHHI Portion | Price per Share |
|-------------------------------|-----------------------------------|--------------------------------|---------------------|------------------------|
| Newmarket Hydro Holdings Inc. | 1 Class A Share | \$5,000.00 | \$4,650.00 | \$5,000.00 |
| Newmarket Hydro Holdings Inc. | 33,883 Class B Shares | \$338.83 | \$315.11 | \$0.01 |

- 2. AND THAT the Mayor, as the Sole Shareholder's legal representative, direct R.N. Shelton, the sole director and legal representative of the Corporation, to execute the Declaration of Bare Trust and Nominee Agreement with Tay Hydro Inc.**

[Original signed by]

P.D. Ferguson P.Eng.
President,
Newmarket Hydro Holdings Inc.

DECLARATION OF BARE TRUST AND NOMINEE AGREEMENT

THIS DECLARATION OF BARE TRUST AND NOMINEE AGREEMENT made effective as of the ____ day of _____, 2016.

AMONG:

NEWMARKET HYDRO HOLDINGS INC.
("NHHI")

- and -

TAY HYDRO INC.
("THI")

(NHHI and THI collectively referred to as the "**Shareholders**")

WHEREAS NHHI is the registered owner of 1 Class A Share and 33,883 Class B Shares (the "**Shares**") of CustomerFirst Inc. (the "**Company**"), an Ontario corporation;

AND WHEREAS NHHI has agreed to act, in its capacity as registered owner of the Shares, as bare nominee for and on behalf of both of the Shareholders;

AND WHEREAS NHHI acknowledges and declares that it holds any and all right, title and interest to the Shares for and on behalf of each of the Shareholders solely as bare trustee and nominee for the Shareholders on the terms and conditions herein contained;

NOW THEREFORE IN CONSIDERATION OF the mutual covenants and conditions herein contained, the parties hereto agree as follows:

1. NHHI hereby acknowledges and declares that it holds the Shares as bare trustee and nominee for the benefit of itself and THI as to the following interests (collectively, the "**Interests**" and each, individually, an "**Interest**");

| <u>Shareholder</u> | <u>Percentage Interest</u> |
|--------------------|----------------------------|
| NHHI | 93% |
| THI | 7% |

for the sole use, benefit and advantage of the Shareholders and that the Shareholders own all right, title and interest in their respective Interests in the Shares.

2. NHHI hereby acknowledges and declares that all monies, dividends, distributions, profits, advantages and/or other benefits from the Shares (collectively, the "**Distributions**") are the property of the Shareholders in accordance with their respective Interest. NHHI shall promptly remit to THI, in accordance with THI's respective Interest, all Distributions and all other funds or other property which are received by NHHI in its capacity as registered owner of the Shares. NHHI shall incur no liability to THI for making any such remittance as NHHI is directed to make (i) pursuant to any notice received from any creditor or other person of, or (ii) pursuant to any standing or special instructions received from THI. NHHI shall, at the expense and request of THI, account to THI for all Distributions, funds and other property received by NHHI in connection with the Shares.

3. NHHI shall promptly transmit to THI copies of all notices, claims, demands, directions or other communications which NHHI receives and which relate in any way to the Shares and/or any interest that the Company may hold in any other corporation, partnership or other entity. NHHI shall at all times during the term of this Declaration of Bare Trust and Nominee Agreement cause the Shares and any and all other interests the Company may hold in any other corporation, partnership or other entity to be voted as mutually agreed by the Shareholders (if applicable); provided, however, in the event that the Shareholders are unable to agree upon the manner in which the Shares are to be voted after discussion between the Shareholders, NHHI, as the holder of the majority Interest, shall have the right and discretion to determine how such Shares shall be voted.

4. All costs and expenses incurred by NHHI in connection with the performance of its duties and obligations hereunder, or in connection with the holding by NHHI of registered title to the Shares, shall be borne by the Shareholders in accordance with their respective Interest.

5. NHHI shall not transfer, hypothecate or otherwise deal with any of the Shares except in accordance with the terms and conditions of this Declaration of Bare Trust and Nominee Agreement. NHHI shall only deal with the Shares in such a manner as the Shareholders may, from time to time, agree; provided, however, THI may, at any time, transfer and assign its Interest in the Shares to NHHI upon and subject to such terms and conditions as THI and NHHI agree at such time.

6. NHHI shall, if requested by THI, keep and maintain complete and accurate books of accounts or other records relating to the Shares. Such books and records will be available for inspection by THI and THI shall have the right to make copies of such books and records or to extract from them such information as THI may desire.

7. NHHI accepts the bare trust and nominee relationship hereby created and agrees to comply with all of the terms and conditions of this Declaration of Bare Trust and Nominee Agreement until:

- (a) NHHI is legally discharged from the terms and conditions of this Declaration of Bare Trust and Nominee Agreement by a court of competent jurisdiction; or
- (b) NHHI and THI agree in writing that NHHI shall no longer be bound by the terms and conditions of this Declaration of Bare Trust and Nominee Agreement.

8. NHHI shall receive no remuneration, compensation or benefit of any kind by reason of its holding the Shares for the Shareholders as trustee.

9. NHHI shall not assign or transfer its right, title or interest in and to any of the Shares or the duties and obligations of the nominee and trustee of such Shares as set out in this Declaration of Bare Trust and Nominee Agreement without first obtaining the written consent of THI.

10. NHHI shall have no rights or duties other than those expressly set out in this Declaration of Bare Trust and Nominee Agreement or otherwise agreed upon in writing executed by the Shareholders.

11. On demand in writing from THI, but subject to compliance with applicable law, NHHI shall transfer or assign to or at the direction of THI, THI's Interest in the Shares and shall account to THI for all Distributions realized by NHHI from the Shares which have not been previously paid to the Shareholders.

12. NHHI neither carries on nor intends to carry on a business that is a trust business.
13. The Shareholders shall have the power to revoke this bare trust and re-vest to the Shareholders title to the Shares at any time, subject to compliance with applicable law.
14. All notices or other communications and deliveries required by this Declaration of Bare Trust and Nominee Agreement or desired to be given or made by any of the parties hereto shall be sufficiently given if personally delivered or if mailed by registered mail, receipt requested, addressed to the recipient at the address noted at the end of this Declaration of Bare Trust and Nominee Agreement or such other address of which written notice is given. Each such notice, communication or delivery shall be deemed delivered on the date of delivery (if personally delivered) or on the third business day following mailing thereof (if mailed).
15. This Declaration of Bare Trust and Nominee Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.
16. This Declaration of Bare Trust and Nominee Agreement shall be governed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
17. This Declaration of Bare Trust and Nominee Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written (including, without limitation, the Original Bare Trust).

[Balance of page left intentionally blank. Signature page follows]

IN WITNESS WHEREOF the parties have executed this Declaration of Bare Trust and Nominee Agreement effective as of the date first written above.

NEWMARKET HYDRO HOLDINGS INC.

Per: _____

Name: R.N. Shelton
Title :Director

I/we have the authority to bind the corporation

Address for Service:
590 Steven Court
Newmarket, Ontario
L3Y 6Z2

TAY HYDRO INC.

Per: _____

Name: R. Lamb
Title: Director

I/we have the authority to bind the corporation

Address for Service:
489 Finlayson Street
P.O Box 160
Port McNicoll, Ontario
L0K 1R0