

The Corporation of the City of Kenora

By-law Number 33 - 2022

A By-Law to Authorize a Subordination and Postponement Agreement with Synergy North Corporation

Whereas the Corporation of the City of Kenora has been requested to sign a Subordination and Postponement Agreement with Synergy North Corporation; and

Whereas Synergy North requires debt financing for capital projects over the next three years; and

Whereas Synergy North has arranged for financing through Ontario Infrastructure and Lands Corporation; and

Whereas as part of the financing agreement, Infrastructure Ontario requires a subordination and postponement agreement to be signed by the City as the City currently holds debt financing of Synergy North in the amount of \$3,069,279, with monthly interest payments based on bank prime; and

Whereas the City will not receive any payment on this debt until Infrastructure Ontario has been paid in full; and

Whereas under the Agreement, Synergy North is required to maintain a current ratio of 1.3:1 and the current ratio represents current assets (ie, bank, receivables, etc.) divided by current liabilities (ie, operating loans, payables, etc.); and

Whereas under the Agreement, the City agrees that, if Synergy North is unable to maintain a current ratio of 1.3:1, the City will not receive interest payments on the debt; and

Whereas given Synergy North's flexibility to repay the note payable over time, Council authorized the Subordination and Postponement Agreement and hereby directs Synergy North to repay the note payable with the schedule as agreed to in a letter of understanding from Synergy North demonstrating their intent to repay the debenture over time;

Now Therefore the Council of the City of Kenora enacts as follows:

1. That authorization is hereby given for the Corporation of the City of Kenora to enter into a Subordination and Postponement Agreement with Synergy North Corporation.
2. That the Mayor and CAO of the Corporation of the City of Kenora are hereby authorized to execute the Subordination and Postponement Agreement on behalf of the City of Kenora in accordance with the terms and conditions set out therein and to affix the Seal of the Corporation thereto.

3. That the Letter of Understanding from Synergy North Corporation regarding financing from Infrastructure Ontario and outlines the agreement to a payment plan for the outstanding debenture which Kenora holds and Synergy North will provide written assurance of its intention to make payments to Kenora on the outstanding debenture forms part of this bylaw.
4. That this by-law shall come into force and be in effect from and after the final passing thereof.

By-Law Read a First and Second Time this 19th day of April, 2022

By-Law Read a Third and Final Time this 19th day of April, 2022

The Corporation of the City of Kenora:-

Daniel Reynard, Mayor

Heather L. Pihulak, City Clerk