

**RESOLUTION RE: DIVIDEND POLICY OF
BURLINGTON ENTERPRISES CORPORATION
("BEC")**

The Council of the Corporation of the City of Burlington ("the City") as the sole shareholder of all issued shares in Burlington Enterprises Corporation ("BEC" formerly Burlington Hydro Electric Inc.), authorizes and approves the following resolution:

WHEREAS the Shareholder issued a Shareholder Direction dated October 15, 2019 to the BEC replacing an earlier Shareholder Direction to BEC dated December 7, 1999, the purpose of which was to establish certain principles of governance relating to BEC without restricting the power of the Board of Directors of BEC to manage or supervise the management of BEC, except as expressly provided for in the Shareholder Direction;

AND WHEREAS section 7.2 of the Shareholder Direction provides that the Direction can be amended solely at the discretion of the Shareholder and that the Shareholder will provide 30 days written notice to the Board of any proposed amendments to this Direction;

AND WHEREAS the City as the Sole Shareholder of BEC wishes to amend the Shareholder Direction dated October 15, 2019 to establish a new Dividend Policy between the City as the sole shareholder and BEC as more specifically set out in report F-07-23;

NOW THEREFORE BE IN RESOLVED as a resolution of the Council of the Corporation of the City of Burlington as Sole Shareholder of BEC that:

1. Section 7.1 of the Shareholder Direction dated October 15, 2019 is hereby deleted and replaced with the following new section 7.1:

7.1 Dividend Policy

The Dividend Policy of Burlington Enterprises Corporation ("BEC") is predicated on the mandate of its Board of Directors ("the Board"). This mandate, which is outlined in section 2.2 of this Shareholder Direction, includes maximizing the shareholder value to its sole shareholder, the City of Burlington (the "Shareholder").

Subject to the "Conditions Precedent to the Payment of Dividends" below, the Board will use its best efforts to declare and pay dividends from available earnings and cash flow with the objective of maximizing Shareholder value.

Regular Dividends – Determination and Payment

Annual dividends (“Regular Dividends”) will be forecast by the Board for the next fiscal year when approving the annual budget for that fiscal year.

Regular Dividends will be forecast by the Board in an amount of, whichever is greater, up to 50% of BEC’s budgeted consolidated annual net earnings or \$2,400,000 annually.

Dividends will be declared quarterly, in an amount up to 20% of the forecasted Regular Dividends but will not be less than \$500,000 per payment. Payment of the quarterly dividend by BEC to the Shareholder will be made following the financial close of the June 30, September 30 and December 31 fiscal quarters. The dividend payment for the fiscal quarter ending March 31, will include the dividend instalment for the first fiscal quarter and any adjustment to bring the total Regular Dividends for the preceding year to a maximum of 50% of BEC’s budgeted consolidated annual net earnings, and will be paid by BEC following approval of the Annual Audited Consolidated Financial Statements of BEC.

Special Dividends – Determination and Payment

The Board, acting in its discretion, may declare special dividends payable to the Shareholder for amounts in excess of the requirements for working capital and capital expenditures.

Where a Special Dividend has been declared by the Board, BEC will endeavour to pay this dividend following the Board’s approval of the Annual Audited Consolidated Financial Statements of BEC for the preceding year.

Conditions Precedent to the Payment of Dividends

At the discretion of the Board, dividends will only be paid if such payment would not otherwise create:

- non-compliance with relevant statutes and regulations,
- a breach of contract or the immediate or anticipated failure to otherwise meet the terms of financing arrangements,
- an impairment in the operations and maintenance of electricity distribution infrastructure,
- an impairment in the maintenance of financial prudence, including capital investment in electricity distribution infrastructure to sustain reliability,
- a deterioration in the credit standing of BEC, BHI, or BESI

- an impairment in the maintenance and growth of approved businesses, or logical extensions of existing or related businesses, in line with a Board approved business plan.

Dividend Payment Discretion and Shareholder Reporting

The payment of Regular Dividends and Special Dividends is subject, at all times, to the review and approval of the Board in accordance with this Dividend Policy and subject to the “Conditions Precedent to the Payment of Dividends”.

Where the Board does not approve the payment of a Regular Dividend under this Policy, it will promptly report the circumstances underlying the non-approval to the Shareholder. In addition, the Board will, thereafter, provide progress reports on a quarterly basis to the Shareholder until such time as the approval and payment of Regular Dividends resumes.

2. The foregoing special resolution is hereby consented to and passed by the Council of the Corporation of the City of Burlington as the sole shareholder of BEC entitled to vote thereon at a meeting of shareholders, as evidenced by the signature of its authorized signing authority in accordance with the provisions of section 104(1) of the *Business Corporations Act* (Ontario), this 14th day of February, 2023.
3. That Council direct the Mayor and the City Clerk to execute the special resolution on behalf of the sole shareholder and provide a copy of this resolution, as executed, to the Board of the Burlington Enterprises Corporation (“BEC”) in satisfaction of the requirements of section 7.2 of the Shareholders Direction.

THE CORPORATION OF THE CITY OF BURLINGTON

Per: _____
Name: Kevin Arjoon
Title: City Clerk

Per: _____
Name: Marianne Meed Ward
Title: Mayor