

THE CORPORATION OF THE CITY OF BROCKVILLE

BY-LAW NUMBER 86-2000

WHEREAS the City of Brockville Council passed By-Law Number 80-2000 (the "Transfer By-Law") pursuant to which, among other things, on November 1, 2000 (the "Effective Date") the Corporation of the City of Brockville (the "City") shall transfer the Transferred Assets (as defined in the Transfer By-Law) to Brockville Utilities Inc. ("DistributionCo") in consideration of which DistributionCo shall assume the Assumed Liabilities (as defined in the Transfer By-Law) and issued 100 common shares in the capital of the DistributionCo to the City; and

WHEREAS the insurance policy, policy number L2000BROV1, maintained by the City with the Municipal Electric Association Reciprocal Insurance Exchange, as more particularly described in Schedule 3.1(p) "Insurance Policies" of the Transfer By-Law (the 'MEARIE Policy') was listed as part of the Transferred Assets to be transferred to DistributionCo on the Effective Date pursuant to the Transfer By-Law; and

WHEREAS it is the desire of City Council that the rights of the City under the MEARIE Policy not be transferred to DistributionCo as part of the Transferred Assets and that any liabilities of the City associated with the MEARIE Policy be Excluded Liabilities for the purposes of the Transfer By-Law.

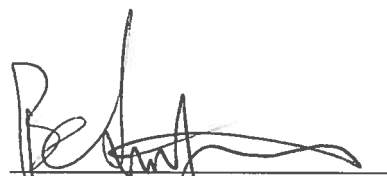
NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE CITY OF BROCKVILLE ENACTS AS FOLLOWS:

1. The Transfer By-Law is hereby amended such that the rights of the City under the MEARIE Policy and any liabilities of the City in respect of the MEARIE Policy shall not be transferred to or assumed by DistributionCo on the Effective Date.
2. Schedule 1.1(8) "Excluded Assets" of the Transfer By-Law is hereby amended to add the MEARIE Policy to the list of Excluded Assets listed thereon and, to this effect, the revised Schedule 1.1(8) attached to the By-Law shall replace the Schedule 1.1(8) currently attached to the Transfer By-Law.
3. Schedule 1.1(9) "Excluded Liabilities" of the Transfer By-law is hereby amended to add any liabilities associated with the MEARIE Policy to the list of Excluded Liabilities listed thereon and, to this effect, the revised Schedule 1.1(9) attached to this By-law shall replace the Schedule 1.1(9) currently attached to the Transfer By-law.
4. Schedule 3.1(p) "Insurance Policies" of the Transfer By-law is hereby amended to delete all references to the MEARIE Policy and, to this effect, the revised Schedule 3.1(p) attached to this By-law shall replace the Schedule 3.1(p) currently attached to the Transfer By-law.

GIVEN UNDER THE SEAL OF
THE CORPORATION OF THE CITY OF BROCKVILLE
PASSED THIS 30TH DAY OF OCTOBER, 2000



Mayor B.W. TeKamp



B.C. Switzer, Clerk

SCHEDULE 1.1(8)

EXCLUDED ASSETS

1. Properties and Buildings located at the Water Treatment Plant.
2. Properties and Buildings located at Water Pumping Stations.
3. Properties, Buildings and Structures located at Water Storage Sites.
4. All water pipes and related infrastructure used for the distribution and supply of water.
5. All assets described in the Balance Sheet of the Brockville Public Utilities Commission – Water Utility
6. The insurance policy maintained with Municipal Electric Association Reciprocal Insurance Exchange, Policy Number L2000BROV1.

SCHEDULE 1.1(9)

EXCLUDED LIABILITIES

- 1 All liabilities, debts and obligations of the Commission – Water Utility (including, without limitation, deposits, loans, debenture issues and legal actions), except for the liabilities associated with Retiree Benefits for the Water Utility.
2. All liabilities, debts and obligations relating to the insurance policy maintained with Municipal Electric Association Reciprocal Insurance Exchange, Policy Number L2000BROV1.

SCHEDULE 3.1(p)
INSURANCE POLICIES

Insurer: Frank Cowan Company Limited

Policy Type: Comprehensive Insurance Program (Electric and Water)

Policy Period: January 15, 2000 to January 15, 2001

Summary of Coverages:

Casualty

Comprehensive Crime
Commissioner's Accident
Legal Expense

Property

Property Insurance/Data Processing Insurance
Boiler and Machinery

Automobile

Owned Automobile
Excess Automobile