

RESOLUTION OF THE BOARD OF DIRECTORS

HALTON HEALTHCARE SERVICES

May 20, 2011

WHEREAS Halton Healthcare Services (the “**Hospital**”) with the assistance of the Ontario Infrastructure Projects Corporation (“**Infrastructure Ontario**”) has been proceeding with the procurement of the Halton Healthcare Services New Oakville Hospital Project (the “**Hospital Project**”) under the Province of Ontario’s Alternative Financing and Procurement Design-Build-Finance-Maintain model;

AND WHEREAS the Hospital Project includes the design, construction and maintenance including life-cycle for the IES Facility, being an integrated energy system facility providing thermal and electrical energy to the New Oakville Hospital;

AND WHEREAS the funding, affordability and risk to the Hospital of the IES Facility and risk to the financial close of the Hospital Project is of considerable concern to the Hospital;

AND WHEREAS the First Negotiations Proponent has been identified for the Hospital Project by Infrastructure Ontario and Infrastructure Ontario anticipates proceeding to Preferred Proponent Notification with the First Negotiations Proponent by the end of May;

AND WHEREAS the Hospital, the Town of Oakville and Oakville Hydro Corporation have been working together and making their best efforts to find a solution to the material risk of a funding shortfall to the Hospital proceeding with the IES Facility;

AND WHEREAS the Hospital must make a decision to either proceed with the IES Facility or to request Infrastructure Ontario to introduce a full Central Utility Plant into the New Oakville Hospital as soon as possible in order to avoid undue delay in the procurement of the Hospital Project as Financial Close with the Preferred Proponent must be achieved within a prescribed period of time otherwise there may be a failure of the procurement for the Hospital Project;

AND WHEREAS the Hospital must proceed without delay to implement its funding for its Local Share Plan and the Hospital’s advisors on the Local Share Plan financing have advised that the offering memorandum documentation for such financing must be determinative as between an IES Facility or a full Central Utility Plant and that the offering memorandum documentation must be put into circulation with proposed lenders without delay in order to have a settled term sheet and commitments for this financing in place for a Financial Close;

AND WHEREAS after receiving a presentation from senior management and after receiving a recommendation from the HHS Advisory Committee to the Board, and after full and due consideration and discussion the Board determined that;

**ON A MOTION DULY MADE, SECONDED AND APPROVED, IT IS HEREBY
RESOLVED THAT:**

1. Proceeding with the IES Facility is no longer in the best interests of the Hospital for reasons beyond the control of the Hospital and notwithstanding the best efforts of the Hospital, the Town of Oakville and Oakville Hydro Corporation to find an appropriate solution which would allow the IES Facility to proceed within an acceptable level of risk to the Hospital;
2. Senior management is directed to request that Infrastructure Ontario proceed to negotiate with the First Negotiations Proponent for the replacement of the IES Facility with a Central Utility Plant on terms fair and reasonable to the Hospital;
3. The HHS Board acknowledges and thanks the Town of Oakville for their financial commitment for the New Oakville Hospital Project and advises the Town of Oakville that the Hospital will not be requesting the \$40 Million contribution over the 30 year concession period to fund the life cycle costs, nor will the Hospital be requesting access to the \$30 Million discretionary fund;
4. The HHS Board acknowledges and thanks Oakville Hydro for their efforts to develop the IES Project in collaboration with the Hospital and advises Oakville Hydro that the Hospital will make a provision to offset Oakville Hydro's direct pursuit costs for the IES Project;
5. The Board Chair is directed to advise the key stakeholder partners of the Hospital of these decisions.