Message

From: Anthony Martinello [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=3FB7D76317B34780B15D96309B995C31-ANTHONY MAR]
Sent: 2018-09-27 5:35:54 PM
To: Barb Anderson [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=aed9ac5b497c451d900820d1687ba9e9-Barb Anders]
Subject: RE: FH - chat with FHT manager

Carrying costs:

- Currently, the FH Trust submits their on-going monthly carrying costs (e.g. interest, operating costs etc.) to the IESO for payment. The IESO pays the FHT and adds this amount paid to the FH variance balance each month. Even though the government is changing the FH program, the FHT may have regular carrying costs each month that continue....and FHT wants to know that IESO will continue to pay these.

FH Trust' warehousing

- When the FH Trust buys the FH variance from the IESO, the FH Trust will issue bonds (senior, subordinated, and junior), but in some cases they may not issue all into bonds and instead hold some of the amount as a warehousing balance funded by bank debt until they achieve a material amount for future issuances as bonds.
- In general, (or I do not recall) the IESO and FH Trust did not contemplate a situation where the IESO would "re-purchase" any amount already purchased by FH Trust – so this will require legal's review.
- The FH Trust could in theory issue the $24 million as new bonds, but there may not be any public interest, given the gov't interference into the program, or any bank's willing to underwrite such a small offering amount.

Let me know if you need any further info.

From: Barb Anderson
Sent: September 27, 2018 3:58 PM
To: Anthony Martinello
Subject: RE: FH - chat with FHT manager

I do not understand this ask.
Cheers

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From: Anthony Martinello
Sent: September 27, 2018 1:57 PM
To: Barb Anderson; Michael Boll; Jeannette Briggs
Subject: FH - chat with FHT manager

I spoke with Lubna (VP, FHT) today.

I informed her that given the recent news on FH that the IESO will not be issuing any Transfer Notices going forward (as MBoll noted to me first) – Lubna had no concerns.

Lubna did have the following items:

- FHT wants to continue to submit "carrying costs" to the IESO by 4th bus day for payment each month – I indicated that I did not object but will confirm if any issues;
- FHT has about $24 million in outstanding warehousing line of credit balance (from RBC, CIBC, Goldman) and Lubna suggested that the IESO should pay the FHT the full amount so they can repay the line of credit – i.e. put back into the FH variance that the IESO hold – I indicated that I would investigate and get back to her once I chatted internally.

Regards.