

Present: Mayor Mitchell
Councillor Drumm (arrived at 7:02 p.m.)
Councillor Emm
Councillor Gleed
Councillor Leahy
Councillor Mulcahy
Councillor Roy
Councillor Yamada

Also Present: M. Gaskell, Chief Administrative Officer
W. Mar, Commissioner of Legal and By-law Services/Town Solicitor
K. Nix, Commissioner of Corporate Services/Treasurer
C. Harris, Town Clerk
S. Dave, Legislative Coordinator (Recording Secretary)

Regrets: None noted

1. Declarations of Pecuniary Interest

- 1.1** Councillor Emm made a declaration of pecuniary interest under the Municipal Conflict of Interest Act regarding Item 2.1, Presentation by John Sanderson, President and Chief Executive Officer, Whitby Hydro Energy Corporation, Troy MacDonald, Partner, Grant Thornton and Ron Clark, Partner, Aird & Berlis regarding the Potential Merger - Veridian Corporation and Whitby Hydro Energy Corporation as he has a family member who sits on the Whitby Hydro Board. Councillor Emm left the meeting room for the remainder of the meeting.

2. Presentations

- 2.1** John Sanderson, President and Chief Executive Officer, Whitby Hydro Energy Corporation, Troy MacDonald, Partner, Grant Thornton and Ron Clark, Partner, Aird & Berlis
Re: Potential Merger - Veridian Corporation and Whitby Hydro Energy Corporation

John Sanderson, President and Chief Executive Officer, Whitby Hydro

Energy Corporation, Troy MacDonald, Partner, Grant Thornton and Ron Clark, Partner, Aird & Berlis appeared before Council and provided a PowerPoint presentation pertaining to the potential merger of Veridian Corporation and Whitby Hydro Energy Corporation. Key highlights of the presentation included:

- an overview of the merger process to date including background information outlining the rationale of the merger proposal;
- the collaboration undertaken thus far in the merger process including the engagement of stakeholders and conducting of independent valuations and reviews;
- the benefits of the proposed merger including savings to Whitby ratepayers, stronger and more sustainable cash flow, more efficient use of resources and improved customer service;
- the merits and concerns surrounding the option to sell and the option to remain status quo;
- the changing industry landscape, pressures for Local Distribution Companies (LDCs) and the increased options available to customers through Distributed Energy Resources (DERs);
- rate harmonization to ensure that all customers are experiencing benefits from the merger relative to their stand-alone expectations;
- savings through economies of scale, eliminating duplication and improved operational ability with increased resources to respond to outages and emergencies if the merger were to occur;
- benefits for municipal shareholders and increases in dividend payout ratios over time;
- the risks of merging versus not merging;
- the governance model of the newly merged company and the collaborative mix of skills and experience to bring the best value to customers; and,
- next steps in the process.

3. Public Input

3.1 Public Input

John Ecker, 113 Whitburn Street, appeared before Council and stated that he had a long time interest in hydro and energy issues, as he had been adversely affected by costly provincial energy policies over the last 15 years. He provided examples of such policies, and advised that based on the research he has conducted and his own personal experience, he was supportive of the proposed merger.

He further advised that he had reviewed all of the documents available regarding the proposed merger, and it represented a good opportunity

for Whitby for five reasons:

- The merger was not a sale, as the resulting entity would remain in public hands;
- The resulting merged company will remain rooted in Durham Region with Whitby having the largest share;
- The new company will have more resources and greater capability;
- The Town of Whitby, as a majority stakeholder, would continue to receive increased sustainable dividends; and
- Customers would enjoy greater rate certainty under the new company.

3.2 Public Input

Czarina Puentespina, 21 Westport Drive, appeared before the Committee, and requested information regarding the improvement in customer experience if the merger were to proceed. She advised that currently there were not many self-service options with Whitby Hydro, and the hours of operation for the company were not conducive to those residents who were in the workforce. She further inquired about employment opportunities with the newly merged company, and whether it would affect classification densities within the Town.

Mr. Sanderson returned to the delegation table and discussion ensued regarding:

- The opportunity to provide more self-service options due to an increase in resources with the newly merged company;
- The potential for new employment opportunities within Durham related to new technology; and
- The importance of harmonizing rates with Veridian.

A question and answer period ensued between Members of Council and Mr. Sanderson with respect to:

- The composition of the Board of the newly merged company; and
- The difference between a HoldCo and an OpCo, and their respective responsibilities and governance.

Resolution # 128-18

Moved By Councillor Roy

Seconded By Councillor Leahy

That Staff report back with a recommendation on the proposed merger between Whitby Hydro Energy Corporation (WHEC) and Veridian

Corporation, based on the information provided by the WHEC Board of Directors and its consultants, to a Special Council meeting to be called by the Mayor.

Carried

Brief discussion ensued regarding the timelines for bringing the report to Council for consideration.

4. Adjournment

4.1 Motion to Adjourn

Moved By Councillor Leahy
Seconded By Councillor Drumm

That the meeting adjourn.

Carried

The meeting adjourned at 7:32 p.m.

Christopher Harris, Town Clerk

Don Mitchell, Mayor