

**Present:** Mayor Mitchell  
Councillor Emm  
Councillor Gleed  
Councillor Leahy (arrived at 7:04 p.m.)  
Councillor Mulcahy  
Councillor Roy  
Councillor Yamada (arrived at 7:01 p.m.)

**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. Siopis, Manager of Corporate Communications  
C. Harris, Town Clerk  
S. Cassel, Deputy Clerk (Recording Secretary)

**Regrets:** Councillor Drumm

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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** Richard Bertolo, 14 Cork Drive, appeared before Council and stated that he had worked in the utility industry for many years and was part of some of the Hydro One acquisitions that were currently before the Ontario Energy Board (OEB). Mr. Bertolo commented that he was before Council as a ratepayer and taxpayer in Whitby and proceeded to raise concerns pertaining to the proposed merger of Whitby Hydro and Veridian Corporation. Mr. Bertolo stated that he had acquired information from the OEB and Town's websites noting that Whitby had the highest hydro rates of all the Local Distribution Companies (LDCs) in Ontario. Mr. Bertolo commented that this has resulted in the Town experiencing higher dividends and noted the importance of these

dividends staying in Whitby. Mr. Bertolo continued, expressing that in all the merger transactions he had been part of in the last five years, the business document presented to Whitby Council was the most misleading he had seen. He questioned how municipalities are measuring and testing the data, the value of the LDC, municipal economic development, utility rates and quality of service. He referred to the presentation provided by Whitby Hydro and Veridian earlier in the meeting and pointed to the lack of timeframe for the rate decrease and reference to the rate stability given that the starting point for Whitby was already at a high rate.

Moved By Councillor Roy  
Seconded By Councillor Leahy

That the rules of procedure be suspended to allow the delegation to exceed the five minute speaking limit.

### **Carried on a Two Thirds Vote**

Mr. Bertolo continued, questioning the cost for service and the projected synergies after the ten year deferral period. He compared the projected synergies to other companies and stated that the Whitby-Veridian merger was amongst the lower range. He commented on the rejection of merging with Veridian by the Cities of Oshawa and Peterborough stating that it was due to there being no value to taxpayers. He stated that Veridian had not been able to facilitate a successful merger in over 13 years. He requested that Council engage knowledgeable consultants to appropriately assess the business document and consider other merger options.

A question and answer period ensued between Members of Council and Mr. Bertolo regarding:

- the reference to Peterborough and Oshawa and the reasons why the parties walked away from the merger;
- whether Mr. Bertolo had advocated for the purchase of Whitby Hydro by Hydro One; and,
- the reference to other merger options and whether Mr. Bertolo had any discussions of this nature with other potential merge partners.

### **3.2 Public Input**

Gerald Parker, 47 Stratton Crescent, appeared before Council and stated that he had questions of the Veridian Executive, Council and Staff

and commented on the three day notice to the public for the meeting stating that it was questionable and self-serving. Mr. Parker posed the following questions:

- Does Veridian have routine annual general or stakeholder meetings and when do they provide notice of such meetings?
- Did Council consider a public referendum for the 2018 Municipal Election for the proposed merger?
- What are the procedures surrounding delegates speaking at Council and which Committee meeting would this matter be heard at?

Messrs. Sanderson, MacDonald and Clark returned to the delegation table and a question and answer period ensued with Members of Council regarding:

- the review of dividends and the independent reviews that had been conducted to support the business case;
- the long term dividends and the ability to sustain them under the current status quo situation of Whitby Hydro;
- the testing and validation of the business case and incorporation of the feedback;
- whether merger options had been considered with companies other than Veridian Corporation and Oshawa PUC;
- the operation synergies and subsequent savings after the merger and the potential benefits to all ratepayers; and,
- providing more detailed information regarding the independent reviews, rate harmonization, the no harm test and process for raising rates under the Ontario Energy Board (OEB) before the next public meeting.

It was requested that any unanswered questions raised by Mr. Bertolo be provided to Members of Council and Mr. Bertolo directly in advance of the next public meeting.

Prior to the adjournment of the meeting Mayor Mitchell announced that this was the first of two public meetings with the next meeting being held on Wednesday, April 25th at 7:00 p.m. in the Council Chambers and a Staff recommendation then being considered at a meeting scheduled for Wednesday, May 9th at 7:00 p.m. He reminded those in attendance who wished to be notified of future upcoming meetings to sign in at the Interested Party kiosks located at the back of the Chambers.

#### 4. Adjournment

##### 4.1 Motion to Adjourn

Moved By Councillor Gleed  
Seconded By Councillor Leahy

That the meeting adjourn.

**Carried**

The meeting adjourned at 8:02 p.m.

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Christopher Harris, Town Clerk

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Don Mitchell, Mayor