



Memorandum

To: City of Markham
From: Navigant
Date: November 19, 2015
Re: Potential risks associated with the status quo

In addition to the risks unique to the transaction and the risks common to the transaction and the status quo, there are risks unique to the status quo. These risks were not as significant a month ago, but have arisen as a result of the natural evolution of the deliberation and transaction process.

Shareholder alignment

- » The transaction is consistent with the existing strategic vision for PowerStream
- » Vaughan and Barrie have affirmed their commitment to that vision
- » If Markham does not, a new vision will likely need to be agreed between the parties

Goodwill

- » Markham asked for a number of amendments / changes to the transaction over the last four weeks
- » The Vaughan and Barrie mobilised resources and responded quickly and positively to those requests
- » Other parties to the transaction were also asked to consider late changes, which they largely accepted

Regulatory

- » Status Quo financials are based on a successful outcome from current and subsequent rate applications

Reputation

- » PowerStream is viewed as a leader in the industry and is a preferred merger/acquisition partner due to low cost, innovative culture, strong performance, and vision

The outcome of this transaction could impact any or all of these and as such should be taken into consideration as part of Council's deliberation.