



Report to: Council

Date Report Authored: June 25, 2012

SUBJECT: Postponement of Markham's Debt from PowerStream re EDFIN
PREPARED BY: Catherine M. Conrad, Town Solicitor, Ext. 4737

RECOMMENDATION:

- 1) That the report entitled "Postponement of Markham's Debt from PowerStream re EDFIN" dated June 25, 2012 be received;
- 2) That the Mayor and Clerk be authorized and directed to execute postponements of Markham's Promissory Note or other debt from PowerStream, including any other documents required to give effect to this report, to facilitate the refinancing of PowerStream's EDFIN debenture, to the satisfaction of the Chief Administrative Officer;
- 3) That staff be directed to do all things necessary to give effect to the recommendations of this report.

PURPOSE:

The purpose of this report is to obtain Council authority for the Mayor and Clerk to execute documents required to facilitate PowerStream's re-financing of their EDFIN debenture.

BACKGROUND:

On June 11, 2012, staff reported to General Committee on PowerStream's intention to put in place financing as a backstop to the expiry of their \$125M EDFIN (Electricity Distributors Finance Corporation) debenture, which comes due on August 15, 2012. Council approved the postponement of the Town's promissory note to PowerStream to facilitate that backstop financing. The backstop will act as security should volatility in the financial markets prevent PowerStream from refinancing the EDFIN debenture prior to its expiry.

OPTIONS/ DISCUSSION:

PowerStream is currently targeting to issue a \$200M bond for a term of 30 years, to replace the EDFIN debenture, in late July. The proceeds of this new bond will repay the EDFIN debenture, refinance \$40M of short term borrowing (TD) and fund PowerStream's capital program.

Once again, PowerStream has requested a postponement of the Town's promissory note for the new debenture. PowerStream has advised that the issue of the 30 year bond will have no impact on the Town's promissory note. The Town's promissory note comes due in 2024 and PowerStream has indicated that, at that time, PowerStream will work with the Town to either extend the promissory note, for a further term acceptable to both parties, or PowerStream will repay the promissory note.

The postponement provided to the Town in respect of the replacement financing is substantially the same as the postponement authorized for the backstop financing, which has been reviewed by outside counsel.

PowerStream made a presentation to the Board of Directors of Markham Enterprises Corporation (MEC) on June 25, 2012, with respect to their financing initiatives and other matters. At that meeting, the Board passed the following resolution:

That the Board of Directors of Markham Enterprises Corporation recommend:

- 1) That the Town of Markham execute the postponements of Markham's Promissory Note from PowerStream; and,
- 2) That the Mayor and Clerk be authorized and directed to execute postponements of Markham's Promissory Note or other debt from PowerStream, and any other documents required, to facilitate PowerStream refinancing initiatives.

FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)

None.

HUMAN RESOURCES CONSIDERATIONS

None.


ALIGNMENT WITH STRATEGIC PRIORITIES:

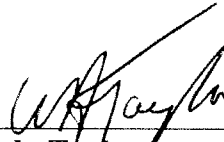
N/A.

BUSINESS UNITS CONSULTED AND AFFECTED:

The Finance Department was consulted in the preparation of this report and concurs with its recommendations.

**RECOMMENDED
BY:**


Catherine M. Conrad
Town Solicitor


Andy Taylor
Chief Administrative Office

ATTACHMENTS:

None.