



**Minutes  
General Committee  
October 7, 2015  
Meeting Number 26**

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**Finance & Administrative Issues**

Chair: Deputy Mayor Jack Heath  
Vice Chair: Councillor Colin Campbell

**Community Services Issues**

Chair: Councillor Alan Ho  
Vice Chair: Councillor Alex Chiu

**Environment & Sustainability Issues**

Chair: Councillor Valerie Burke  
Vice Chair: Councillor Karen Rea

**Building, Parks, & Construction Issues**

Chair: Councillor Colin Campbell  
Vice Chair: Regional Councillor Nirmala Armstrong

**Alternate formats are available upon request.**

**Attendance**

Mayor Frank Scarpitti  
Deputy Mayor Jack Heath  
Regional Councillor Jim Jones  
Regional Councillor Joe Li  
Regional Councillor Nirmala Armstrong  
Councillor Valerie Burke  
Councillor Alan Ho  
Councillor Don Hamilton  
Councillor Karen Rea  
Councillor Amanda Collucci  
Councillor Logan Kanapathi  
Councillor Alex Chiu

Andy Taylor, Chief Administrative Officer  
Trinela Cane, Commissioner of Corporate Services  
Brenda Librecz, Commissioner of Community & Fire Services  
Catherine Conrad, City Solicitor  
Joel Lustig, Treasurer  
Mark Visser, Senior Manager, Financial Strategy & Investments  
Don Taylor, Manager Executive Operations  
Graham Seaman, Director Sustainability  
Alida Tari, Council/Committee Coordinator

**Guests**

Brian Bentz, President and Chief Executive Officer, PowerStream  
John McNeil, BDR NorthAmerica Inc.  
Paula Zarnet, BDR NorthAmerica Inc.  
Benjamin Grunfeld, Navigant

**Regrets**

Councillor Colin Campbell

The General Committee meeting convened at the hour of 7:11 PM with Deputy Mayor Jack Heath in the Chair.

## **Disclosure of Pecuniary Interest**

None disclosed.

- 1. PROPOSED POWERSTREAM INC. MERGER  
WITH HORIZON UTILITIES CORPORATION  
AND ENERSOURCE HYDRO MISSISSAUGA INC.  
AND PURCHASE OF HYDRO ONE BRAMPTON NETWORKS INC. (13.7)**  
[PowerStream's Business Case Report](#)  
[Navigant's Report](#)  
[BDR Decision Support Report](#)  
[PowerStream Presentation](#)  
[Navigant Consulting Ltd Presentation](#)  
[Andy Taylor, Chief Administrative Officer, Presentation](#)

## **Presentations**

Andy Taylor, Chief Administrative Officer provided some opening remarks relative to the proposed PowerStream Inc. merger with Horizon Utilities Corporation and Enersource Hydro Mississauga Inc. and the purchase of Hydro One Brampton Networks Inc.

Brian Bentz, President & CEO, PowerStream delivered a PowerPoint presentation regarding the proposed PowerStream merger and acquisition. The presentation included value proposition; value to shareholders and customers; synergies and conclusion.

The Committee discussed the following with respect to PowerStream's presentation regarding the proposed merger and acquisition:

- Proposed customer savings (reduction in rate that customers would otherwise pay)
- Expected return on initial investment and increase of shareholder value
- Environmental benefits (Conservation Demand Management)

Benjamin Grunfeld of Navigant Consulting Ltd. delivered a PowerPoint presentation entitled "PowerStream Merger Acquisition: Decision Report."

The Committee discussed the following regarding the Navigant Consulting Ltd. presentation:

- Negative shareholder value (noted that the shareholder is not losing investment, rather making a lower rate of return)
- Potential risk of under-realised synergies
- If rate application required sooner than planned would result in benefit to customers rather than shareholder
- Potential culture clash

Andy Taylor, Chief Administrative Officer, delivered a PowerPoint presentation entitled "Proposed Merger of PowerStream, Enersource, and Horizon, and Acquisition of Brampton Hydro."

The Committee discussed the following with respect to Andy Taylor, Chief Administrative Officer's PowerPoint presentation:

- Required financing for the acquisition of Brampton Hydro
- Funding options
- Negotiations - currently on-going and City staff will be reporting back to the holding company (Markham Enterprises Corporation), then General Committee and Council to ratify the recommendation
- Anticipated closing date of March 31, 2016 and approval process timeline

### **Deputations**

Peter Miasek, Markham resident addressed the Committee regarding the proposed merger and acquisition and requested a further explanation regarding the proposed Solar Class shares.

Mr. Bentz advised that PowerStream negotiated to have the Solar Class shares carved out to retain the assets and dividends separate from the merged company. It was noted that future investments in solar would be done collectively by MergeCo.

Mayrose Gregorios, Markham resident addressed the Committee with respect to the proposed merger and acquisition and posed some questions such as: why private investors are not investing in this proposal if it is such a profitable investment? What are some of the other companies Navigant advised? How much longer will Navigant be involved? If this merger/acquisition is successful will Mayor Frank Scarpitti be a member of new Board of Directors?

Mr. Bentz and Mr. Gunfeld provided responses to the questions raised by Mr. Gregorios.

Cheryl Wang, Markham business owner addressed the Committee regarding the proposed merger and acquisition and stated her strong support.

Fred Watt, President of CUPE 905 addressed the Committee with respect to the proposed merger and acquisition and stated concern with potential job losses. He inquired if sales of shares are within the municipal shareholder or private?

It was noted that there is an opportunity for private interest to buy shares of the holding companies, but as long as it is less than 10% to not trigger tax implications.

There was discussion regarding whether job losses are possible to achieve the forecasted synergies. It was noted that with past mergers there have been staffing reductions, but the majority will be done through retirement and voluntary departure.

It was suggested to include what the forecasted rates and dividends would be if PowerStream remains status quo (not proceeding with the merger/acquisition) in future presentations.

There was discussion regarding forecasted Municipal and York Region savings that will be realized through the proposed merger/acquisition. Mr. Bentz advised that they have calculated those figures for York Region facilities and will forward that information to Members of Council.

Moved by Councillor Don Hamilton  
Seconded by Regional Councillor Jim Jones

That the deputations from Peter Miasek, Mayrose Gregorios, Cheryl Wang and Fred Watt be received; and,

That the presentations from Brian Bentz of PowerStream, President & CEO, PowerStream ; Benjamin Grunfeld of Navigant Consulting Ltd. and Andy Taylor, Chief Administrative Officer regarding the proposed PowerStream Inc. merger with Horizon Utilities Corporation, Enersource Hydro Mississauga Inc. and the purchase of Hydro One Brampton Networks Inc., be received.

Carried

## **Adjournment**

Moved by Councillor Don Hamilton  
Seconded by Regional Councillor Jim Jones

That the General Committee adjourn at 10:22 PM.

Carried