

CITY OF VAUGHAN
REPORT NO. 33 OF THE
COMMITTEE OF THE WHOLE
(WORKING SESSION)

*For consideration by the Council
of the City of Vaughan
on October 7, 2015*

The Committee of the Whole (Working Session) met at 9:37 a.m., on September 22, 2015.

Present: Councillor Alan Shefman, Chair
Hon. Maurizio Bevilacqua, Mayor
Regional Councillor Michael Di Biase (10:00 a.m.)
Regional Councillor Mario Ferri
Regional Councillor Gino Rosati
Councillor Rosanna DeFrancesca
Councillor Marilyn Iafrate
Councillor Sandra Yeung Racco

The following items were dealt with:

1 POWERSTREAM MERGER AND ACQUISITION

The Committee of the Whole (Working Session) recommends:

- 1) That the recommendation contained in the following report of the Commissioner of Finance and City Treasurer and Interim Commissioner of Legal and Administrative Services and City Solicitor, dated September 22, 2015, be approved;**
- 2) That the following be approved in accordance with Communication C1 from the Commissioner of Finance and City Treasurer and the Interim Commissioner of Legal and Administrative Services/City Solicitor, dated September 18, 2015:**
 - 1. That the City of Vaughan approve the Vaughan Holdings Inc. Board's recommendation that PowerStream Holdings Inc. ("PowerStream") enter into a three way merger with Enersource Corporation ("Enersources") and Horizon Holdings Inc. ("Horizon") and then proceed to acquire Hydro One Brampton Networks Inc. ("Hydro One Brampton"), subject to the identical conditions set out by Vaughan Holdings Inc. as further described in this communication;**
 - 2. That the City of Vaughan agree to subscribe for equity common shares in Vaughan Holdings Inc. in the maximum amount of \$45,600,000 to partially fund Vaughan Holdings Inc.'s portion of the acquisition of Hydro One Brampton;**

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3. That the City of Vaughan's investment in such common shares be made consistent with the timing and amounts deemed necessary by Vaughan Holdings Inc. in order to complete the merger and acquisition transaction;
 4. That the City of Vaughan authorize Vaughan Holdings Inc. to pursue a sale from treasury of up to 10% of its shares related to its PowerStream interests to substantially recover the City's portion of the required equity investment and that a report on the process and recommendations be provided prior to completing the merger;
 5. That the Mayor, together with the City Clerk, are hereby authorized to execute all documents and agreements on behalf of the City with respect to the proposed merger and acquisition, in a form satisfactory to the City Solicitor, and that City staff be authorized to take such steps as may be necessary (and substantially in accordance with the terms set out in this communication and its related report) to give effect to the proposed merger and acquisition;
 6. That staff report to Council if it appears that transaction negotiations could result in agreements which deviate substantially from the principles set out in this communication and its related report; and
 7. That, within 60 days of executing the agreements and documents required to finalize the merger and acquisition, staff provide Council with an update; and
- 3) That the following deputations and Communications be received:
1. Mr. Brian Bentz, President and Chief Executive Officer, Powerstream, Cityview Boulevard, Vaughan, and Communication C2, dated September 22, 2015;
 2. Mr. Todd Williams, Managing Director, Navigant Consulting Inc., Bay Street, Toronto, and Communication C3, entitled "*PowerStream Merger and Acquisition: Decision Support*", dated September 22, 2015; and
 3. Mr. Paul H. Harricks, Legal Counsel, Gowlings LLP, King Street West, Toronto.

Recommendation

The Commissioner of Finance and City Treasurer, and Interim Commissioner of Legal and Administrative Services and City Solicitor, in consultation with the Director of Development Finance and Investments recommend:

1. That the presentation by PowerStream Inc. on the merger and acquisition proposal be received;
2. That the presentation by Navigant Consulting Ltd. on the proposal's financials be received;
3. That the presentation by Gowlings LLP on the proposal's governance topics be received;
4. That such resolutions or recommendations as may be submitted by Vaughan Holdings Inc. be considered; and
5. That the City Clerk be requested to schedule a Special Meeting of Council between September 23, 2015 and October 9, 2015 to consider the recommendations of Committee of the Whole (Working Session) in this matter.

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OTHER MATTERS CONSIDERED BY THE COMMITTEE

2.1 CONSIDERATION OF AD HOC COMMITTEE REPORTS

The Committee of the Whole (Working Session) recommends:

That the following Ad Hoc Committee report be received:

- 1. Committee Structure Task Force meeting of September 3, 2015 (Report No. 4).**

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The meeting adjourned at 10:37 a.m.

Respectfully submitted,

Councillor Alan Shefman, Chair