

Report to Council

Report Title: Westario Power Inc. Investment
Prepared By: Trish Serratore, Chief Financial Officer
Department: Finance
Date: September 10, 2019
Report Number: FIN2019-29 **File Number:** C11FIN
Attachments: Chief Financial Officer Report – Allocation of Elmwood Hydro Assets – October 3, 2006

Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number FIN2019-29 - Westario Power Inc. Investment, prepared by Trish Serratore, Chief Financial Officer for information purposes.

Report:

Background:

There have been several inquiries relating to the Westario Power Inc. (“Westario”) Funds that were part of the community of Elmwood initial investment.

The Municipality of Brockton had the following initial investment with Westario:

- Promissory Note = \$1,520,068
- Shares – Common shares = 1,260.90

On October 3, 2006, former Chief Financial Officer, Mark Gaynor, presented a report to Brockton Council outlining the entitlement and disbursement of funds to the community of Elmwood.

On February 2019, there was a meeting with the Elmwood Community Centre members, Mayor Peabody and Chief Financial Officer Trish Serratore to review the historical transaction with the Westario investment and Elmwood Community entitlement.

Recently, there has been additional requests for information. On August 13, 2019, staff met with Mark Gaynor to review the information once again.

Analysis:

On August 13, 2019 staff met with the former Chief Financial Officer, Mark Gaynor, to confirm some information relating to the liquidation of the \$1,520,068 promissory note with Westario Power in 2004.

There were two requests from Brockton for the liquidation of the promissory note, the first one was July 29, 2004 from Richard Radford, former Chief Administrative Officer, as per Resolution 04-19-369 for \$250,000 for the EDC Image Sub Committee, for the “Image Development for Historic Walkerton – Phase 1: Parking/Parkette Infrastructure and Beautification.”

The second request was on June 22, 2005, Resolution 06-05-110 for the remaining \$1,270,067 to be liquidated and placed into the Brockton Water Reserve Fund.

The remaining \$1,270,068 was received in 2006, the total investment of \$1,520,068 were proportionately divided between Elmwood and Walkerton as follows:

Walkerton Share 98.56%	\$1,498,179.02
Elmwood Share 1.44%	\$21,888.97
*funds received were \$21,862.50, difference of \$26.47, not significant	

As noted on Mark’s report from October 3, 2006, Elmwood Community also received \$5,520 which was in the Electrical Reserve Fund. Below is Mark’s historical reserve fund detail for the Westario Funds:

WESTARIO FUNDS IN 2006	
MISCELLANEOUS	\$1,270,068.00
PAY DOWN WATER LOANS IN AUG 2006	(\$741,781.17)
PAY BACK FROM OSTAR SEPT 06	\$110,804.53
Close Out Ele. Funds-Elmwood \$5,520	\$8,511.75
INTEREST	\$7,745.87
WALKERTON SHARE OF NOTE	\$655,348.98
ELMWOOD'S SHARE OF NOTE - includes \$5,520 noted above	\$27,382.50
WALKERTON'S SHARE OF NOTE	\$627,966.48

WESTARIO FUNDS IN 2007	
MISCELLANEOUS	\$1,270,068.00
PAY DOWN WATER LOANS IN AUG 2006	(\$741,781.17)
PAY BACK FROM OSTAR SEPT 06	\$110,804.53
IMAGE IN 2007	(\$50,000.00)
Close Out Ele. Funds-Elmwood \$5,520	\$8,511.75
AERIAL PHOTOGRAPHY-SVCA	(\$50,000.00)
ELMWOOD'S FIRE TRUCK	(\$27,383.00)
INTEREST	\$32,282.99
WALKERTON SHARE OF NOTE	\$552,503.10
ELMWOOD'S SHARE OF NOTE	\$0.00
WALKERTON'S SHARE OF NOTE	\$552,503.10

To date, the only funds remaining with Westario are locked in the 1,260.90 common shares. The total Elmwood investment in the shares is \$33,137.50. There are no further funds owed to Elmwood.

All other funds are currently restricted within the shares which cannot be disposed of at this time because of restrictions in the Shareholder’s Agreement with the other municipal shareholders.

Sustainability Checklist:

What aspect of the Brockton Sustainable Strategic Plan does the content/recommendations in this report help advance?

- Do the recommendations help move the Municipality closer to its Vision? N/A
- Do the recommendations contribute to achieving Cultural Vibrancy? N/A
- Do the recommendations contribute to achieving Economic Prosperity? N/A
- Do the recommendations contribute to Environmental Integrity? N/A
- Do the recommendations contribute to the Social Equity? N/A

Financial Impacts/Source of Funding:

- Do the recommendations represent a sound financial investment from a sustainability perspective?
N/A

Respectfully Submitted by:



Trish Serratore, Chief Financial Officer

Reviewed By:



Sonya Watson, Chief Administrative Officer