

Minutes of a Closed Meeting
of City of White Rock Council held in the
City Hall Board Room
June 24, 2015

[...]

3. **WATER UTILITY SERVICE - EPCOR NEGOTIATIONS**

[Community Charter Section 90(1) (e), (g), (i), and (k)]

This meeting was proposed by Epcor Utilities Inc., to hold discussion regarding water utility negotiations. Mr. Stevens noted it was not Epcor's intent to slow the negotiating process down. It is understood by Epcor that the City wants to purchase the water utility. It was put forward by Mr. Stevens and Mr. Elford that another option be considered by the City for the purchase of the water utility:

An agreement through binding arbitration:

- fixed deadline
- a jointly selected arbitrator
- fair market value price set by the arbitrator
- hard date: the end of 2015
- operational / management agreement for the water utility service

The City noted concern in regard to the time it may take to agree on a process for the agreed upon arbitrator.

Mr. Stevens noted they were willing to put a hard date as to when the transfer of title would occur.

It was noted by both parties that there would be no benefit to either side slowing down the purchase process.

David Stevens, Chief Executive Officer – Epcor Utilities Inc. and John Elford, Senior Vice President – Epcor Utilities Inc. left the meeting room at 1:16 p.m.

Discussions between Council, the City Solicitor and staff ensued including the following points:

- Expropriation has one (1) advantage: early date to take title but following that there can be many disadvantages and carries more risk
- This offer is much like a private expropriation, we set our dates and won't be bound by the date of the court system

- Importance of the timing, transfer of title of water utility assets by September 30, 2015
- Interim Agreement one (1) week / aim for the Definite Agreement in place prior to the July 13, 2015 Council meeting
- Operating Agreement makes sense (especially with the Total Water Quality Management works underway)
If this agreement is consensual it will help make the transition smoother, once there is a clear picture as to the operation of the water utility concise decisions can be made about how it is carried out
- Purchase price to be determined by the arbitrator rather than through expropriation which can be at least two (2) years away
- Must assume liability of Epcor's construction contracts underway, from the date of title transfer. Must be noted following that no additional construction contracts are to be signed without City knowledge / approval
A list of all contracts will be requested
- Advance payment with transfer of title/ interest payable on the final payment (rate to be set by agreement between the parties) from the date of title transfer
- Request for the 2014 Financial Statements
- The lands at 1454 Oxford Street are not part of this matter, this land is assessed at approximately \$13,000,000 to consider this during the water utility negotiation would slow down the potential purchase as the City would need to borrow more than the City's electoral assent free limit

2015-IC-060

It was MOVED and SECONDED

THAT Council defers further action on the potential expropriation of the White Rock Water Utility pending efforts to enter into a Letter of Intent for the voluntary acquisition of the utility contingent upon outlined conditions as noted above being addressed / agreed upon. The letter of intent will be agreed to one (1) week from June 25, 2015 followed by a Definitive Agreement two (2) weeks following the interim agreement (preferably in time for the July 13, 2015 Council meeting).

CARRIED

Councillor Meyer departed the meeting at 2:00 p.m.

David Stevens, Chief Executive Officer – Epcor Utilities Inc. and John Elford, Senior Vice President – Epcor Utilities Inc. returned to the meeting room at 2:15 p.m.

Mayor Baldwin noted the City was interested in the proposed option brought forward by the Epcor Utilities Inc. representatives with conditions. The first condition is the date of title transfer of water utility assets being September 30, 2015.

The City's legal counsel went through the noted conditions that the City had and stated he will draft the interim agreement and it will be forwarded early the week of June 29, 2015.