

Minutes of a Closed Meeting of
City of White Rock Council held in the
City Hall Boardroom
September 18, 2017

[...]

3. NEGOTIATION STATUS FOR WATER UTILITY

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

The Chief Administrative Officer (CAO) provided an update regarding the negotiation status for the water utility.

The CAO gave a presentation regarding the negotiations process for the water utility from EPCOR. The following valuations were noted as points that the negotiations were working from:

City: \$11.8M (Low Point) \$12.2M (Mid Point) \$12.6M (High Point)
EPCOR: \$13.5M (Low Point) \$14.7M (Mid Point) \$15.9M (High Point)

The average of the midpoint for the two organizations is: \$13.45M.

It was noted that discussions occurred between the two legal counsels, including the City's stand there should be an adjustment made in regard to a hydrant levy where 2 out of the 12 months should be been given to the City. Eventually EPCOR offered the sale at \$13.4M (all inclusive). The City had paid an advance payment previously of \$14M thus if the offer were to be accepted EPCOR would then owe the City of White Rock \$600,000.

Options were discussed including if the City were to go to arbitration (next step should the offer not be accepted). There is a risk with this that more funds could be required toward the final purchase price. It was noted tha the valuation in this circumstance is based on discounted cash flow (ex. this is not like a straightforward valuation you would do for a purchase of a home). The consideration could also include how much money EPCOR could have generated in future.

2017-IC--052

It was MOVED and SECONDED

THAT Council accepts:

1. the offer to purchase the water utility from EPCOR at a price of \$13.4M (all inclusive);
2. a mutual release of both parties in order to complete the purchase deal;
3. EPCOR will be paying the City \$600K as completion of the deal due to the City's advance payment made in 2015.

CARRIED

2017-IC--053

It was MOVED and SECONDED

THAT Council authorizes the release of the water utility purchase documentation following the final purchase signature(s) being completed on the sale/purchase contract(s).

CARRIED