



Newmarket-Tay Power Distribution Ltd.

March 8, 2021

To: Council of the Town of Newmarket
From: President & CEO
Re: Newmarket-Tay Power Distribution Ltd. (NT Power)
Dissolution of Affiliate Companies

RECOMMENDATION:

WHEREAS it has been recommended by Newmarket-Tay Power Distribution Ltd.'s ("**NT Power**") legal counsel that the NT Power group of companies be restructured in a much more efficient and cost-effective manner;

Therefore be it resolved by the Municipal Council of the Corporation of the Town of Newmarket that:

- (i) the authority to execute the dissolution resolution of each of 1402318 Ontario Inc., 1443393 Ontario Inc., 1443396 Ontario Inc., 1443397 Ontario Inc. and 1443398 Ontario Inc., and Unipower Holdings Ltd. be granted to the Chief Administrative Officer for the Corporation of the Town of Newmarket; and
- (ii) the authority to execute the dissolution resolution of Upper Canada Energy Alliance Inc. be granted to the sole director of Newmarket HoldCo; and
- (iii) that the dissolution of said companies proceed accordingly.

BACKGROUND:

NT Power group of companies has an extensive corporate structure, with two (2) shareholders, two (2) Holding Companies, four (4) operating companies and seven (7) dormant companies. This structure is both cumbersome to manage and complex to properly oversee. During the utilities “deregulation” in the early 2000s it was believed incorporating a number of companies would help in growing the utilities affiliated businesses lines. In the last 20 years, only one of the numbered companies was used for an affiliate business (Envi Networks Ltd).

Through a review with NT Power’s lawyers, it has been determined there is little benefit in maintaining so many dormant companies with no clear business plan. As such, it is recommended that the NT Power group of companies be restructured in a much more efficient and cost-effective manner. Included in this report is an overview of the current and proposed structure.

The dissolution of the dormant companies was previously approved by the NT Power Board of Directors at the meeting held on September 25, 2020. That said, as can be seen in the current structure, the dormant companies proposed to be dissolved are not direct subsidiaries of NT Power. As such, approval from the Municipal Council of the Town of Newmarket is required in order to effect the dissolution of each of 1402318 Ontario Inc., 1443393 Ontario Inc., 1443396 Ontario Inc., 1443397 Ontario Inc. and 1443398 Ontario Inc., and Unipower Holdings Ltd., and approval from the sole director of Newmarket HoldCo is required in order to effect the dissolution of Upper Canada Energy Alliance Inc.

INTENT:

Provided that the necessary consent to dissolution can be obtained from the Ontario Ministry of Finance, the intention is for each of the numbered companies and Unipower to voluntarily dissolve and thereby transfer all of their respective remaining assets and liabilities to the Town of Newmarket. As each of these corporations are dormant, it is expected that there are no such assets or liabilities; and for

Upper Canada to (i) provided that the necessary consent to dissolution can be obtained from the Ontario Ministry of Finance, voluntarily dissolve and thereby transfer all of its remaining assets and liabilities to Newmarket HoldCo; or (ii) if the necessary consent to dissolution cannot be obtained from the Ontario Ministry of Finance, to remain as a dormant subsidiary of Newmarket HoldCo.

FINANCIAL / BUDGET IMPACT

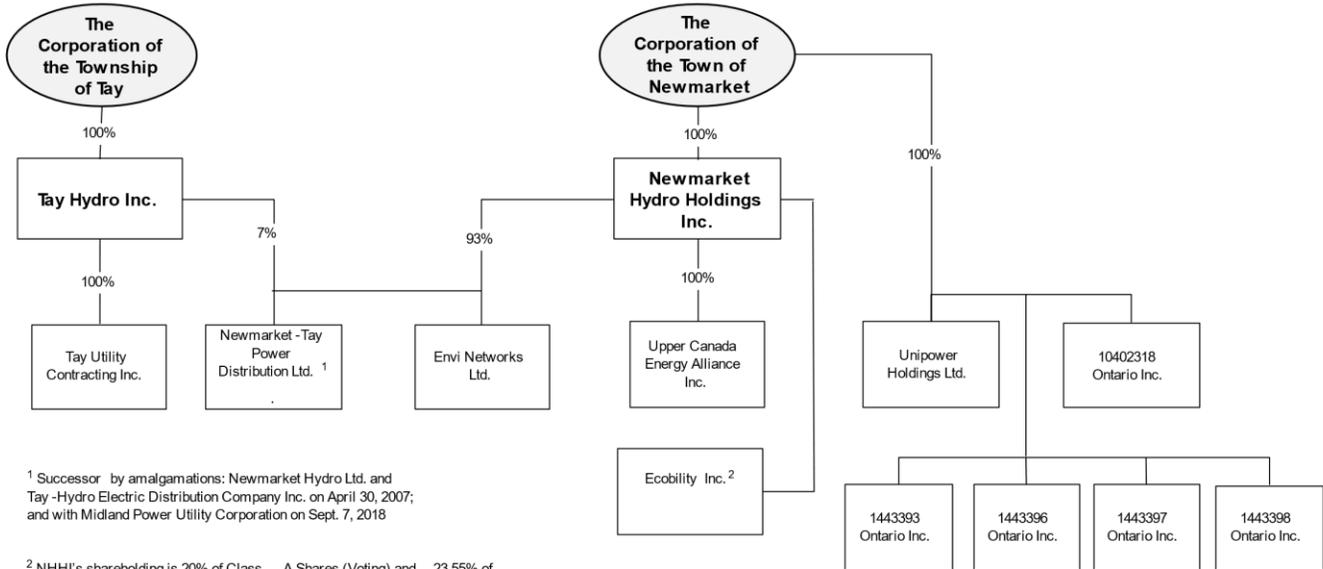
All wind-up costs will be paid by NT Power. Eliminating the complexity of the overall corporate structure may also result in annual savings to the annual overhead costs, as audit fees and other compliance related activities should be reduced.

Original signed by

Ysni Semsedini,

President & CEO
Newmarket – Tay Power Distribution Ltd.

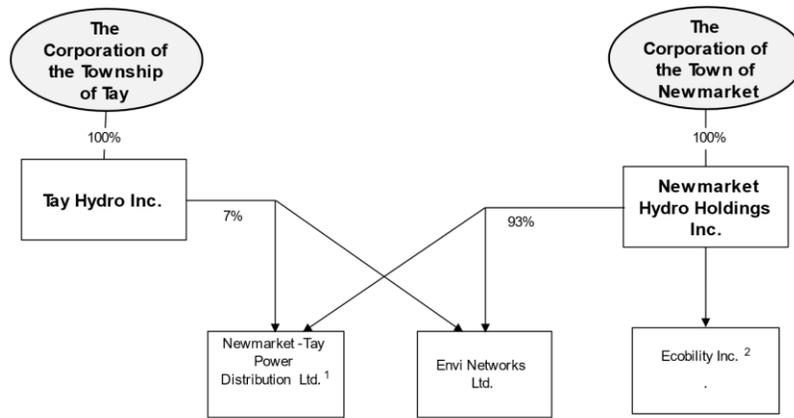
Newmarket-Tay Power Corporate Chart



¹ Successor by amalgamations: Newmarket Hydro Ltd. and Tay -Hydro Electric Distribution Company Inc. on April 30, 2007; and with Midland Power Utility Corporation on Sept. 7, 2018

² NHHI's shareholding is 20% of Class A Shares (Voting) and 23.55% of Class B Shares (Non -voting). 7% of shares held in trust for Tay Hydro Inc.

Newmarket-Tay Post-Dissolutions Corporate Chart



¹ Successor by amalgamations: Newmarket Hydro Ltd. and Tay Hydro Electric Distribution Company Inc. on April 30, 2007; and with Midland Power Utility Corporation on Sept. 7, 2018

² NHHI's shareholding is 20% of Class A Shares (Voting) and 23.55% of Class B Shares (Non-voting), 7 % of shares held in trust for Tay Hydro Inc.