

Municipality Of Chatham-Kent

Entegrus Inc.

To: Mayor and Members of Council
From: Jim Hogan, President and CEO of Entegrus
Date: January 31, 2018
Subject: Appointment of Board members to the (Merged) Entegrus Board

Recommendation

It is recommended that:

1. The individuals appointed to the Entegrus Transition committee be appointed to the (Merged) Entegrus Inc Board effective the date of the merger.

Background

Entegrus has been working closely with the City of St Thomas and St Thomas Energy on an agreement to merge the two companies. At the June 5, 2017 council meeting, council approved the merger subject to being satisfied with the due diligence process.

Entegrus and Senior Administration attended the in-camera and open council sessions on July 17, 2017 to provide council with information on completed due diligence process and to inform council that the agreements were in final form and ready for signing. All the agreements were signed on July 21, 2017. The application was filed to the Ontario Energy Board (OEB) on the same day.

Included in the Merger Agreement (MA) is the formation of a Transition Committee (TC) that will be an advisory group to the Entegrus management team in preparation of the merger. It was always contemplated that the TC will become the initial Board effective immediately following closing. Having the TC become the initial Board is beneficial for the following reasons;

- Provides continuity between the TC and the initial Board
- The Board will be more informed of the recommendations from the TC regarding the business plan, budget, Board and committee mandates

The appointment of the Board members is consistent with the new shareholder agreement that was finalized on July 21, 2017 and will be effective the effective date of the merger, which for the Municipality of Chatham-Kent;

- Can appoint six (6) individuals to the nine (9) member Board

- Can appoint up to two (2) individuals from the Municipal council
- Can appoint one (1) or more individuals that are senior management of the Municipality

The individuals on the TC that were appointed by the Municipality of Chatham-Kent and are being recommended as their appointments to the initial Board are;

1. Mayor Randy Hope
2. Max Fantuz
3. Patrick McMahon
4. Brian McKerlie
5. Helen Platis
6. Don Shropshire

The Municipality of Chatham-Kent as a shareholder does have the right to change their appointments to the Board at any time. There are also two times when Entegrus does request confirmation of the appointees to the Board; after a municipal election; and annually at the annual general meeting.

The communication by Entegrus to the Municipality of Chatham-Kent is partly done through the Board members that they appoint. Entegrus will ensure meetings are held with the administration of all shareholders and will attend council meetings to provide information at our initiation or at council requests at any time.

Areas of Strategic Focus and Critical Success Factors

The recommendation in this report supports the following areas of strategic focus:

- Economic Prosperity:
Chatham-Kent is an innovative and thriving community with a diversified economy
- A Healthy and Safe Community:
Chatham-Kent is a healthy and safe community with sustainable population growth
- People and Culture:
Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community
- Environmental Sustainability:
Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendation in this report supports the following critical success factors:

- Financial Sustainability:
The Corporation of the Municipality of Chatham-Kent is financially sustainable
- Open, Transparent and Effective Governance:
The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership
- Has the potential to support all areas of strategic focus & critical success factors
- Neutral issues (does not support negatively or positively)

Prepared by:

A handwritten signature in black ink, appearing to read "Jim Hogan". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jim Hogan
President and CEO
Entegrus Inc.