

SPECIAL CITY COUNCIL #27-97

October 7, 1997
7:30 p.m.
163/97

PRESENT: A Special City Council meeting was held with the following members present: Mayor Dick Aubry, Aldermen Claude Poirier, Chuck Charlebois, Susan Carter, Brian Sylvester, Angelo Lebano, Naresh Bhargava, Chris Savard, Dean Hollingsworth, Brian Lynch, and Denis Carr.

IN ATTENDANCE: Richard Allaire, Chief Administrator/Clerk, Paul Fitzpatrick, Assistant C.A.O./Manager, Economic Development, Frank McDonald, and Denise Labelle-Gelinas, Recording Secretary.

Disclosure of Interest

Nil.

Suspension of Rules

It was moved by Aldermen Angelo Lebano and Brian Lynch that Council approve the suspension of Rules to invoke Rule 10 to allow two delegations who have made written requests to address City Council this evening.

MOTION CARRIED

Delegations

1. Mr. Tom Swabey, Representing Cornwall Ratepayers Against Panic-Selling (CRAP)

Mr. Swabey requested that Council, prior to making any decision on selling Cornwall Electric, firstly find out the true value of Cornwall Electric as a going concern or business and, secondly, that it obtain information on the disadvantages, monetary and otherwise, of selling a utility that has served Cornwall citizens for many years.

Mr. Swabey addressed some specific remarks and referred Council to several sections of the Memorandum of Understanding specifically detailing that the document was indeed legally binding, which was contrary to information provided to Council in previous meetings.

In conclusion, Mr. Swabey urged Council members to take another look before committing themselves and doing something their successors and the residents of Cornwall may live to regret.

#2. Chamber of Commerce, Mr. Rick Eamon

Mr. Rick Eamon, President of the Cornwall Chamber of Commerce congratulated City Council, once again, on the professional way they handled this most important issue. Mr. Eamon continued to urge Council to accept the excellent offer provided by the Terms contained in the Memorandum of Understanding. He continued to outline the positive aspects of this venture and re-iterated the uncertainties we may be facing with deregulation.

Mr. Eamon encouraged Council, however, not to risk the taxpayers "Crown Jewel", to a deregulated electrical energy market.

In closing, Mr. Eamon urged Council to act swiftly and conclude with the signing of the Memorandum of Understanding.

#3. Manager, Finance

Mr. Frank McDonald provided a review of the Corporation's financial impact on the proposed sale of Cornwall Electric, the impact of the existing Cornwall Electric debt on the City budget, a scenario to implement "Pay-as-You-Go" and the approved 1997 five year Capital Forecast.

With proceeds from the possible sale of Cornwall Electric being approximately \$70,000.00, the City would still be required to pay the annual debt cost associated with the purchase as it becomes due without any recovery from Cornwall Electric. The amount recovered from Cornwall Electric by year is:

1998	\$1,652,585
1999	\$ 881,780
2000	\$ 882,825

An option available to Council is to institute a debt repayment program which would create a shadow portfolio of proceeds to meet the existing debt costs as they become due. The City of Cornwall and Cornwall Electric debt payments (principal and interest) total \$48,400,000. By investing \$38,900,000 of the proceeds, Cornwall in effect becomes debt free. There would be no requirement to use existing tax dollars to pay off debt costs.

The second part of this option is to not incur future debt. This can be achieved by applying some of the \$5,768,000 debt service funds freed up to replace the existing annual debenture component

(\$3,500,000) in the Capital Budget. With the acceptance of this option Council has instituted a "Pay-as-you-Go" Capital Budget. At this point the Capital Budget would identify at least \$7,000,000 in projects which could be carried out on an annual basis without incurring debt.

The total amount of capital works to be carried out can be increased from current levels. In addition to funding the present debenture amount from current, Council has available additional funds which would create a total Capital Budget of \$10,500,000.

The ability to allocate this level of funding to capital works would allow Council to address the significant backlog of projects presently on the books. The 1997 Five Year Forecast (attachment) lists approximately \$75,000,000 in work to be carried out. Under normal circumstances Council would allocate from all sources \$7,000,000 annually to Capital. At this rate without adjusting the costs for inflation it would take more than 10 years to carry out these projects.

The funds available from the sale of Cornwall Electric would allow Council to carry out these same projects three years earlier than presently possible.

Over the next several months Administration will be developing the specifications for proposal calls on the actual investing of the funds. At this time we would envisage two distinct investment packages, one for the debt repayment plan and a second for the investment of surplus cash over a long period of time. The second investment package would keep the principal amount in place and would make available the annual income for budget purposes. This amount is the \$1,700,000 mentioned earlier.

In conclusion, it was moved by Aldermen Claude Poirier and Brian Sylvester that Council receive the report from the Manager, Finance.

MOTION CARRIED

A proposal was brought forward by Aldermen Naresh Bhargava and Chuck Charlebois that City Council approve the Memorandum of Understanding between the City of Cornwall and Consumers Gas Energy Inc., and that the Mayor and Clerk be authorized to sign the said Memorandum of Understanding on behalf of the City.

All members of Council were provided the opportunity to question the expert panel on hand this evening.

It was moved by Aldermen Naresh Bhargava and Chuck Charlebois that Council approve the Memorandum of Understanding between the City of Cornwall and Consumers Gas Energy Inc., and that the Mayor and Clerk be authorized to sign the said Memorandum of Understanding on behalf of the City.

A recorded vote resulted as follows:

FOR

Mayor Dick Aubry
Alderman Brian Sylvester
Alderman Denis Carr
Alderman Susan Carter
Alderman Chris Savard
Alderman Chuck Charlebois
Alderman Claude Poirier
Alderman Dean Hollingsworth
Alderman Brian Lynch
Alderman Naresh Bhargava

AGAINST

Alderman Angelo Lebano

MOTION CARRIED 10-1

It was moved by Aldermen Denis Carr and Chuck Charlebois that by-law 124-1997, a by-law to authorize the Mayor and Clerk to sign a Memorandum of Understanding between the Corporation of the City of Cornwall and Consumers Gas Energy Inc., be taken as read a first, second, and third time and finally passed,

MOTION CARRIED

NEW BUSINESS

#1. Pay-as-You-Go

It was moved by Aldermen Claude Poirier and Chris Savard that:

WHEREAS City Council has endorsed the signing of the Memorandum of Understanding between the Corporation of the City of Cornwall and Consumers Gas Energy Inc.,; and

WHEREAS the citizens of Cornwall have legitimate concerns regarding the use of the proceeds derived from the possible sale of Cornwall Electric.

NOW THEREFORE BE IT RESOLVED that City Council endorse the debt repayment program and the pay-as-you-go Capital Budget Plan, as outlined by Mr. McDonald in his report of October 7, 1997, by by-law, conditional upon the sale of Cornwall Electric being finalized.

IT IS FURTHER RESOLVED that any deviation from this by-law, by any future Council, be subject to a two-thirds vote of the whole Council.

MOTION CARRIED

#2. PROVIDE INFORMATION

It was moved by Aldermen Chuck Charlebois and Chris Savard that Council provide our experts (whomever is needed, such as Dr. Carr, etc.) to all declared candidates who are seeking a seat on City Council (after the closing of nominations) to give all information needed so that these individuals can have all the information needed to give residents their opinion on the sale of Cornwall Electric and, what would they want to do with the money, and other relevant issues.


MOTION DEFEATED

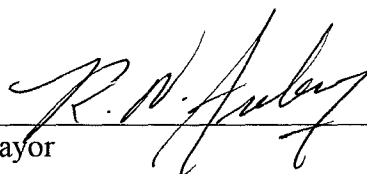
#3. CONSUMERS GAS ENERGY INC. - PRESENTATION

It was moved by Aldermen Denis Carr and Brian Sylvester that, further to the vote on the Memorandum of Understanding with Consumers Gas Energy Inc., be it resolved that the President and C.O.O., Mr. R.D. Munkley of Consumers Gas Energy Inc. be invited to address Council and the citizens of Cornwall prior to the end of tonight's meeting.

MOTION CARRIED

The meeting adjourned at 10:30 p.m.


Clerk


Mayor

Recording Secretary