

	Report Title	Master Service Agreement Between the Corporation of the Town of Tillsonburg and Tillsonburg Hydro Inc.
	Report No.	CAO19-02
	Author	David Calder, CAO
	Meeting Type	Council Meeting
	Council Date	January 14, 2019
	Attachments	1. Master Service Agreement 2. Red lined version of the Master Service Agreement

RECOMMENDATION

THAT Council receive report CAO 19-02 Master Service Agreement between the Corporation of the Town of Tillsonburg and Tillsonburg Hydro Inc. for information.

And that the Master Service Agreement between the Corporation of the Town of Tillsonburg and Tillsonburg Hydro Inc. be approved and effective January 28, 2019 to December 31, 2023.

And that a By-law be brought forward for Council consideration.

EXECUTIVE SUMMARY

The purpose of this report is to obtain authorization to enter into a Master Service Agreement between the Corporation of the Town of Tillsonburg and Tillsonburg Hydro Inc. The agreement outlines all the services that are provided by the Corporation of the Town of Tillsonburg and paid for by Tillsonburg Hydro Inc. This agreement is required under the Affiliates Relationship Code (an Ontario Energy Board requirement) in order to ensure the services provided by the Town to Tillsonburg Hydro Inc., are documented and formalized in an agreement between the two legal entities.

BACKGROUND

Council will recall that the Shareholder established a Tillsonburg Hydro Inc. Shareholder Governance Committee (the "Committee") comprised of Councillor Hayes, Councillor Stephenson and Mayor Molnar, to review documentation relating to Tillsonburg Hydro Inc. (THI). The documentation for review by the Committee consisted of the Memorandum of Understanding and Direction (MOUD) between the Town of Tillsonburg (Shareholder) and THI, the Master Service Agreement (MSA) which is a provision of service agreement between the Town of Tillsonburg (not as Shareholder) and Tillsonburg Hydro Inc., and the THI Corporate By-

laws. The Committee determined that the Corporate By-laws were the purview of THI as a separate corporation so the Committee did not review or comment on the THI Corporate By-laws. The Committee focused on the MOUD and the Master Service Agreement. The MOUD was approved by the Shareholder at the 2018 THI Annual General Meeting.

The MSA was to come to Council at a later date as it had not been reviewed by the THI Board of Directors as the Board direction was to wait until the MSA was approved. Council has approval authority for the MSA as it is an agreement between the Council of the Town of Tillsonburg and the Board of Directors of THI.

At its meeting of November 28, 2018, the Board of Directors passed the following motion:

“THAT the Master Service Agreement as presented hereto be adopted.

AND THAT the document be presented to the Town of Tillsonburg Council for consideration.”

It is now in order for the Council of the Town of Tillsonburg to approve the Master Service Agreement and authorize the signing of the agreement by the Mayor and Clerk.

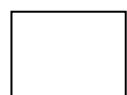
The MSA being presented to Council contains a number of housekeeping revision such as additional and refined definitions, revised liability and indemnification clauses (reviewed by Town insurer), clarification around the joint committee (not a management committee), additional invoicing and reporting requirements and wording simplification related to Schedule “A” – List of Services. It should also be noted that a Section A.11, Health and Safety was added to the List of Services. Finally, Schedule “B” – Costs was revised to clarify the payment by THI to the Town of actual costs related to third party costs, internal direct costs and indirect or overhead costs.

Due to the timing of the review by Tillsonburg Hydro Inc., and getting the final version of the Master Service Agreement to Council for approval, staff is recommending that the term of the agreement be from January 28, 2019 to December 31, 2023 rather than from January 1, 2018 to December 31, 2022.

The Master Service Agreement was reviewed the by Senior Leadership Team and input was also provided by the Manager of Hydro Operations. In addition, in the role of President to THI, the CAO participated in meetings of the THI Review Committee.

FINANCIAL IMPACT/FUNDING SOURCE

If approved, the Town of Tillsonburg will continue to be the service provider to Tillsonburg Hydro Inc. for a vast array of services such as financial services, IT, Human Resources, Billing and Collections, rental of space, hydro operations, etc. In return, THI will pay the actual cost to the Town for the provision of these services which allows for a variety of efficiencies and customer service enhancements. In addition, THI provides a flat fixed management fee of \$140,000 to the Town of Tillsonburg.



COMMUNITY STRATEGIC PLAN IMPACT

In accordance with the Community Strategic Plan (CSP), the adoption of a new MOUD between the Town as Shareholder and the THI Inc. continues to demonstrate strong leadership in Town initiatives and demonstrates financial accountability and governance oversight.

