



Report to Council

Department: Office of the CAO
Division: Office of the CAO
Date: August 4, 2020
Prepared by: Chris Nepszy, P.Eng., PE
Report Number: CAO-2020-03
Subject: Town and ELK Stakeholder/Director Information Session
Number of Pages: 3

Recommendation(s)

That Report CAO-2020-03 entitled "Town and ELK Stakeholder/Director Information Session" prepared by Chris Nepszy, CAO dated August 4, 2020 be received, and

That Council requests the Board of E.L.K. Energy Incorporated (ELK) to direct Mr. Mark Danelon, in his role as Director of Stakeholder Relations, to participate and jointly present with Town of Essex Administration (at a date to be set in the near future, but no later than October 31, 2020), an information session to Town of Essex Council concerning their collective role as the ELK Stakeholder and their individual roles as potential, or existing Director(s) for ELK Energy Inc.

Purpose

In order for ELK to jointly provide members of Council with information concerning their roles as the shareholder and potential, or existing Director(s) for ELK Energy Inc., board approval is required.

Background and Discussion

In 2009, the Town of Essex bought out the respective shareholder interests of its former municipal partners, Town of Lakeshore and Town of Kingsville thus becoming the sole shareholder of ELK Energy Inc. (hereinafter "ELK").

Part of the role as elected Council members for the Town of Essex, who in turn is the sole shareholder of ELK, is to appoint the mayor and four (4) councillors to sit on the ELK Board of Directors. This appointment began shortly after the current term of Council commenced and continues for the duration of the Council term (fall 2022). The remaining four (4) members of the ELK Board of Directors consists of two (2) residents appointed from Essex (Ward 1 and Ward 4 ELK customer), and two (2) members from Lakeshore and/or Kingsville.

As a separate corporate legal entity it is important to note that ELK operates completely autonomous from the Town of Essex. The Town of Essex role in comparison with the operations of ELK is limited to that of a shareholder of a corporation. This means that all operations of ELK are overseen not by its Shareholder, but by its appointed board of directors and further the day to day operations/management are carried out by the officers of the Corporation hired by the Board. As such, while the members of Essex Town Council have been elected to serve their residents, the members of Essex Town Council who are appointed to the ELK Board may also at times have to act independently from their Councillor role. This is because such members have a duty to act in the best interests of the ELK Corporation when serving on the Board.

During the past term of Council, questions have arisen regarding the differences/intricacies and ultimate responsibility of Councillors, as the body leading the shareholders versus Councillors who are appointed ELK Directors functioning to serve as the board.

As a result Administration felt a joint information session with both the Town of Essex and ELK administration would provide the complete overview that Council has requested, and offer the

best information regarding these functions and their relationship. Another reason to perform this session with the entire Council, is that at any given moment a current Councillor may be required to fill in the role of an existing appointed Council board member.

As noted above, ELK operates autonomously from the Town of Essex. Therefore, in order to have ELK administration participate in a joint information session and provide information to Councillors that are not currently board members, direction from the ELK board is required.

Financial Impact

n/a

Consultations

Rob Auger, Town Solicitor, Legal and Legislative Services/Clerk

Link to Strategic Priorities

- ☒ Manage, invest and plan for sustainable municipal infrastructure which meets current and future needs of the municipality and its citizens.
- ☐ Create a safe, friendly and inclusive community which encourages healthy, active living for people of all ages and abilities.
- ☐ Provide a fiscal stewardship and value for tax dollars to ensure long-term financial health to the municipality.
- ☐ Manage responsible and viable growth while preserving and enhancing the unique rural and small town character of the community.
- ☒ Improve the experiences of individuals, as both citizens and customers, in their interactions with the Town of Essex.