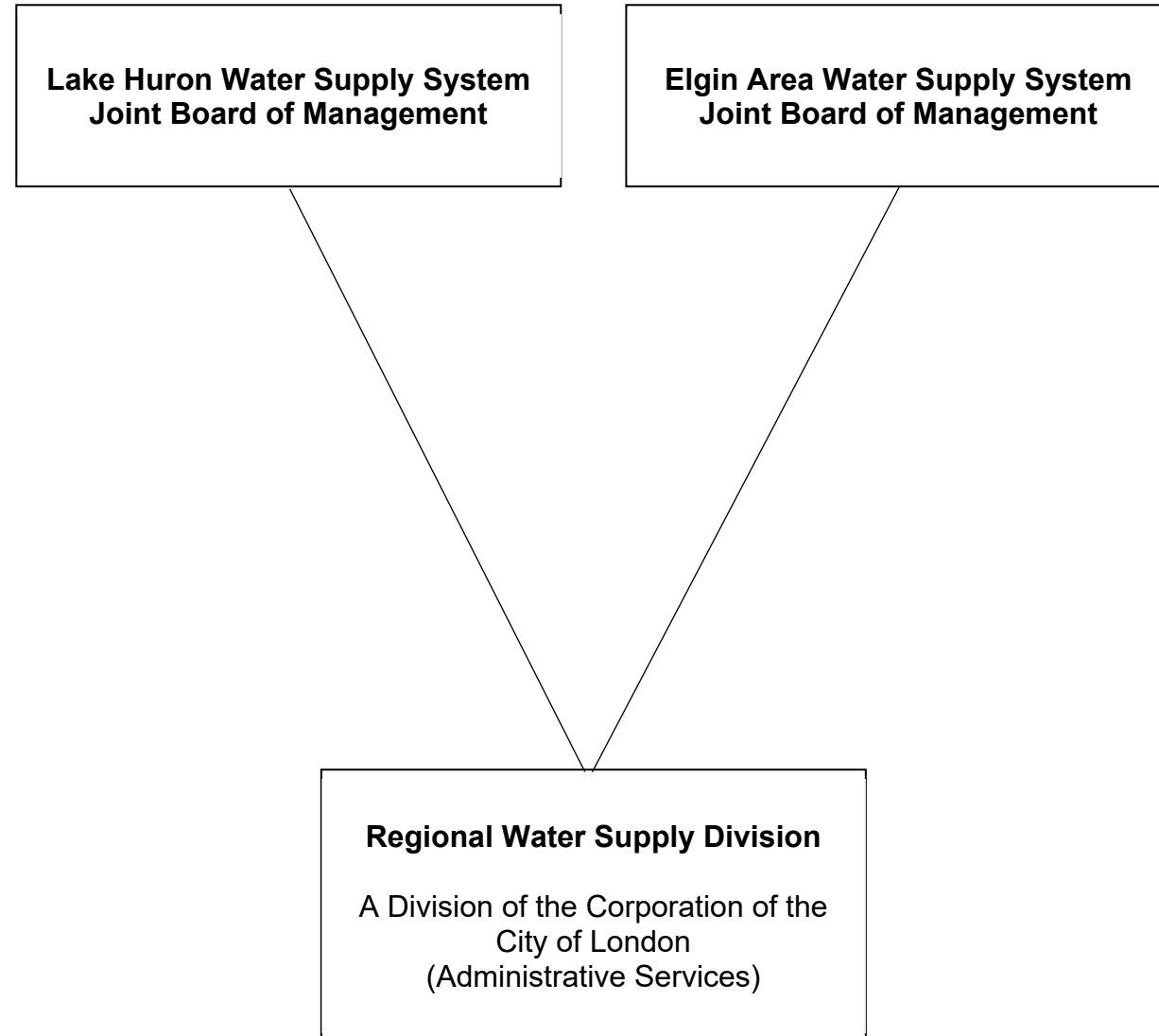


Existing Structure

(Transfer Order: *Municipal Water & Sewage Systems Transfer Act, 1998*)



Water Supply System:

- Each benefiting municipality has an undivided beneficial ownership (as tenant in common)
- Assets held IN TRUST by the City of London, in its capacity as Administering Municipality per Transfer Order

Board of Management:

- Members (and Alternate Members) appointed by benefiting municipalities
- Governing authority over water system
- Authority to:
 - Obtain approvals
 - Contracting for services
 - Entering into agreements with individuals, corporations and other governments
 - Operating bank accounts and other transactions
 - Approving the annual operating budget and capital budget
 - Setting the rate for water charged to benefiting municipalities
- May delegate specific administrative functions to another party

Legal Status:

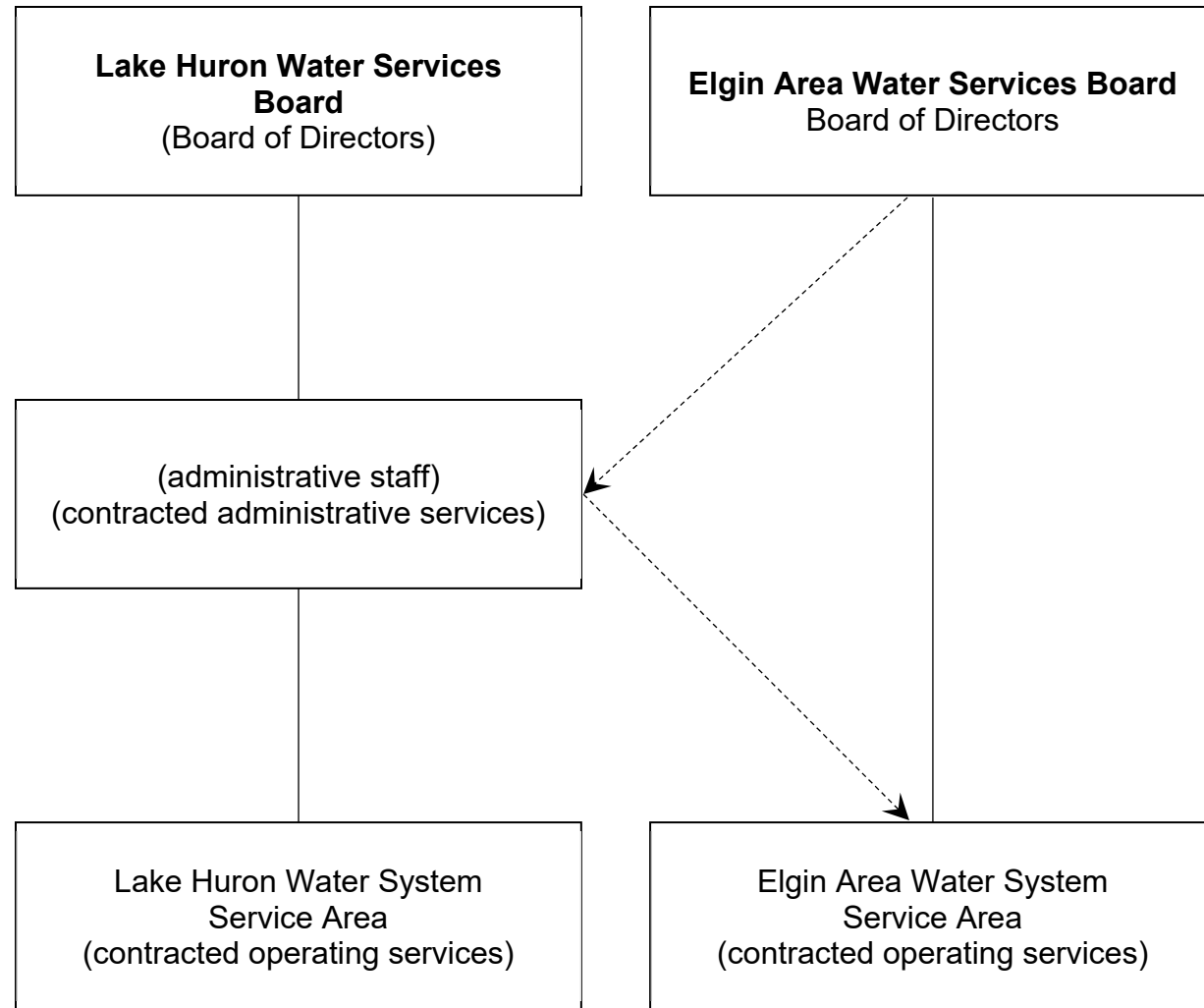
- Unclear; Transfer Order implies “body-corporate” status but is not legally clear
- Appears that it may be considered a Local Board, by definition, under the *Municipal Act* (note: a Local Board is a body-corporate) but is not explicitly clear

Administration:

- Corporation of the City of London designated as the “Administering Municipality” on behalf of the municipalities and the Joint Board
- Maintain accounts, budgets, etc. for the benefit of the water system which are separate from the Corporation
 - Keeping books, records and accounts
 - Liaison with MOECC on matters of compliance
 - Liaison with Operating Authority (currently the Ontario Clean Water Agency)
 - Negotiating agreements, subject to the approval of the Board
 - Preparing capital and operating budgets
 - Preparing rates
 - Billing and receiving payments
 - Making payments
 - Raising capital financing
 - Preparing and keeping minutes of Board meetings
 - Holding reserve funds
 - Operating bank accounts
 - Making day-to-day operation and maintenance decisions
 - Other such functions as determine and approved by the Board
- Regional Water Supply Division created to administer the system. Secondment of staff by arrangement, not explicit signed agreement.
 - Services purchased from the Corporation of the City of London and other third-party vendors
 - Acts as the administrative authority and oversees all aspects of the water system, reporting to and under the direction of the Board(s)
- Debts/liabilities currently held by each municipality in proportion to their annual supplied water volumes

Proposed Structure (Option #2 – Separated Services Boards by Service Area)

(Municipal Act, Sections 194-202 “Joint Municipal Services Board”)



Water Supply System:

- Each benefiting municipality has an undivided beneficial ownership of the respective Municipal Services Board
- Assets held by the respective Municipal Services Board or collectively by the respective municipalities
- Debts/liabilities held by the respective municipalities
- Legal and other risks insulated by the Corporation

Board of Directors:

- Skills-based Board of Directors appointed by (benefiting municipalities?) through established process
- Governing authority over water system
- Authority to:
 - Obtain approvals
 - Contracting for services
 - Entering into agreements with individuals, corporations and other governments
 - Operating bank accounts and other transactions
 - Approving the annual operating budget and capital budget
 - Setting the rate for water charged to benefiting municipalities for each Service Area

Legal Status:

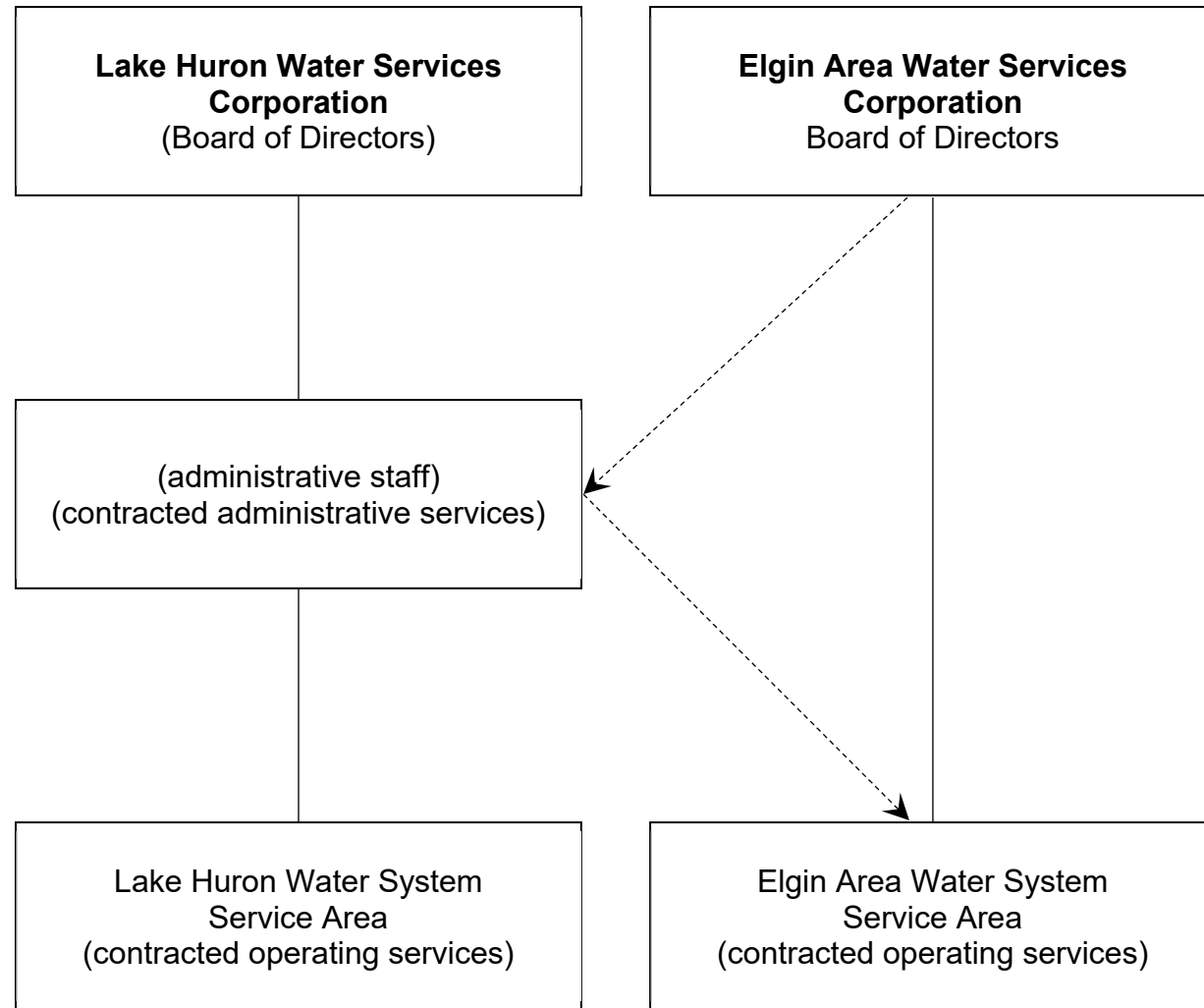
- A “body-corporate” (corporation)

Administration:

- Staff of one of the Municipal Services Board, contracted to provide service to the other Municipal Services Board
 - Alternatively, staff provided by a municipality (“employer” per Employment Standards Act) but seconded and reports to both Municipal Services Boards (“employer/s” per Labour Relations Act)
- Maintain accounts, budgets, etc.
 - Keeping books, records and accounts
 - Liaison with MECP on matters of compliance
 - Liaison with Operating Authority (currently the Ontario Clean Water Agency)
 - Negotiating agreements, subject to the approval of the Board
 - Preparing capital and operating budgets
 - Preparing rates for each Service Area
 - Billing and receiving payments
 - Making payments
 - Raising capital financing
 - Preparing and keeping minutes of Board meetings
 - Holding reserve funds
 - Operating bank accounts
 - Making day-to-day operation and maintenance decisions
 - Other such functions as determine and approved by the Board

Proposed Structure (Option #3 – Separated Corporations by Service Area)

(Municipal Act, Section 203 “Municipal Services Corporation”)



Water Supply System:

- Each benefiting municipality has an undivided beneficial ownership of the respective Municipal Services
- Assets held by the respective Municipal Services Corporation
- Debts/liabilities held by the respective Municipal Services Corporation
- Legal and other risks insulated by the Corporation

Board of Directors:

- Skills-based Board of Directors appointed by (benefiting municipalities?) through established process
- Governing authority over water system
- Authority to:
 - Obtain approvals
 - Contracting for services
 - Entering into agreements with individuals, corporations and other governments
 - Operating bank accounts and other transactions
 - Approving the annual operating budget and capital budget
 - Setting the rate for water charged to benefiting municipalities for each Service Area

Legal Status:

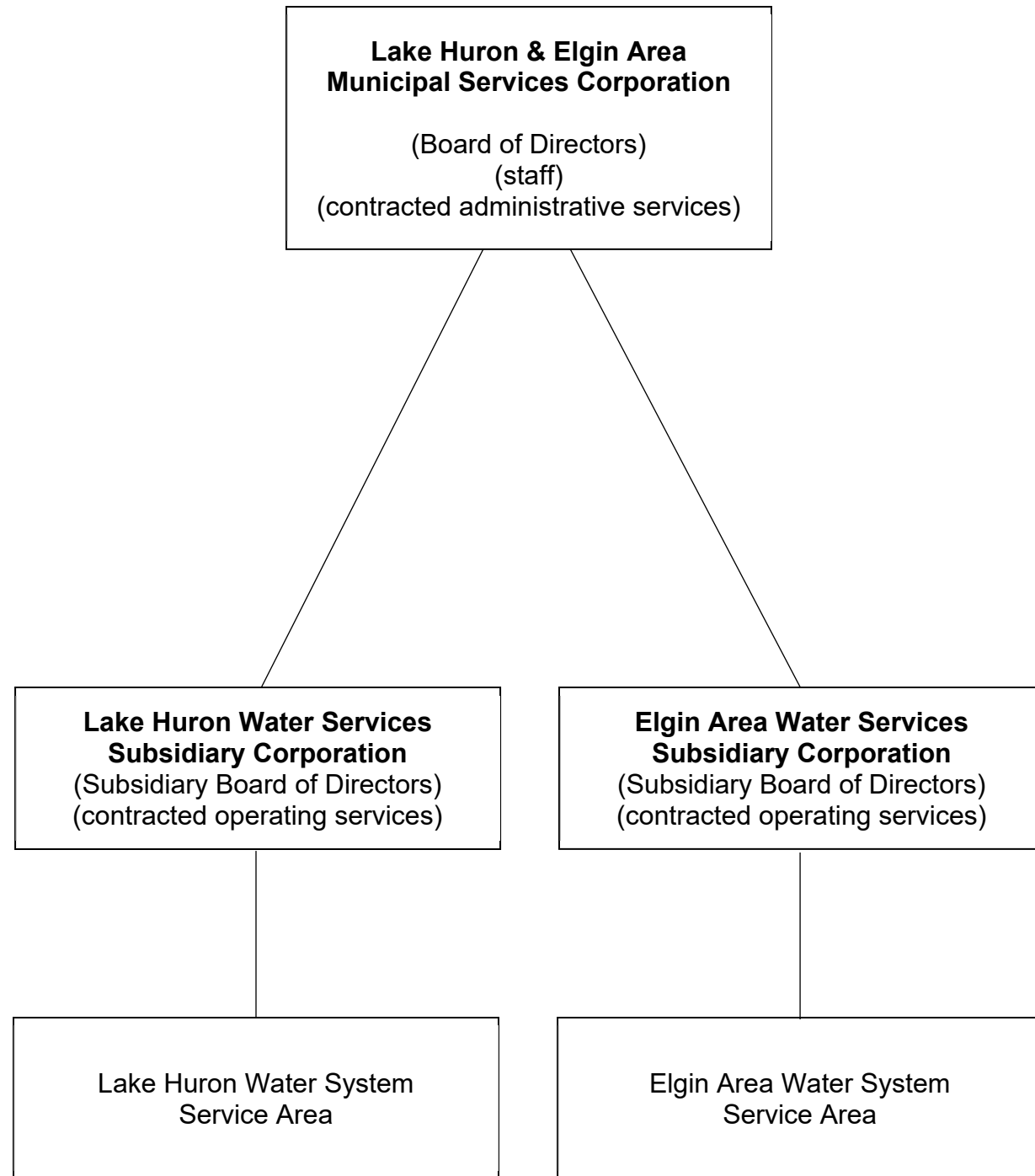
- A Corporation under the OBCA or CA

Administration:

- Staff of one of the Municipal Services Corporation, contracted to provide service to the other Municipal Services Corporation
- Maintain accounts, budgets, etc.
 - Keeping books, records and accounts
 - Liaison with MECP on matters of compliance
 - Liaison with Operating Authority (currently the Ontario Clean Water Agency)
 - Negotiating agreements, subject to the approval of the Board
 - Preparing capital and operating budgets
 - Preparing rates for each Service Area
 - Billing and receiving payments
 - Making payments
 - Raising capital financing
 - Preparing and keeping minutes of Board meetings
 - Holding reserve funds
 - Operating bank accounts
 - Making day-to-day operation and maintenance decisions
 - Other such functions as determine and approved by the Board

Proposed Structure (Option #3a – Consolidated “Holding Corporation” with Subsidiary Corporations)

(Municipal Act, Section 203 “Municipal Services Corporation”)



Water Supply System:

- Each benefiting municipality has an undivided beneficial ownership of the Municipal Services Corporation and the applicable Subsidiary Municipal Services Corporation
- Assets held by the Municipal Services Corporation or Subsidiary Municipal Services Corporations
- Debts/liabilities held by the Municipal Services Corporation or Subsidiary Municipal Services Corporation
- Area rates and area-specific governance by Subsidiary Board
- Legal and other risks insulated by the Corporation

Board of Directors:

- Skills-based Board of Directors appointed by (benefiting municipalities?) through established process
- Governing authority over water system
- Authority to:
 - Obtain approvals
 - Contracting for services
 - Entering into agreements with individuals, corporations and other governments
 - Operating bank accounts and other transactions
 - Approving the annual operating budget and capital budget
 - Setting the rate for water charged to benefiting municipalities for each Service Area

Legal Status:

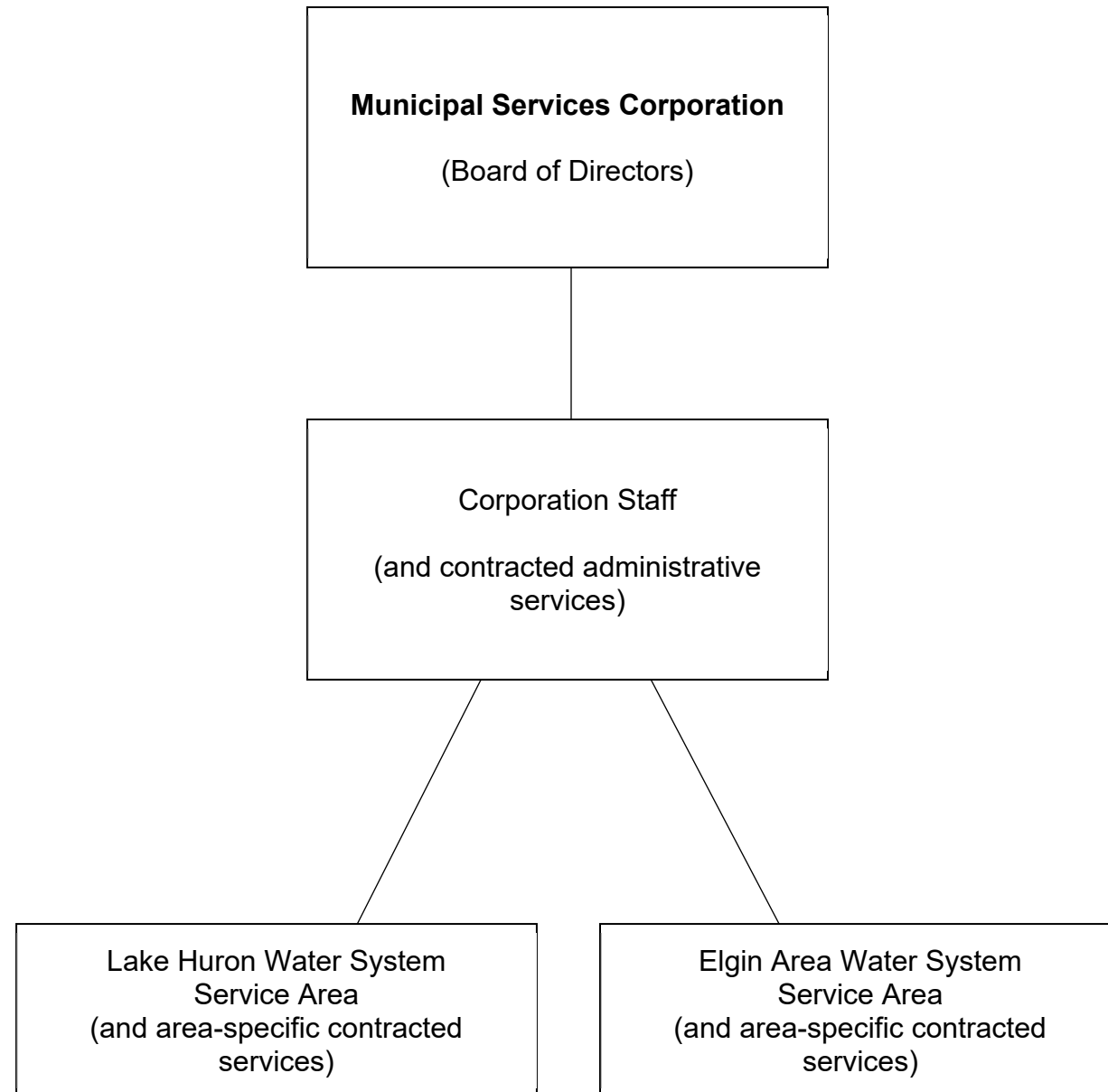
- A Corporation under the OBCA or CA

Administration:

- Staff of the Municipal Services Corporation
- Maintain accounts, budgets, etc.
 - Keeping books, records and accounts
 - Liaison with MECP on matters of compliance
 - Liaison with Operating Authority (currently the Ontario Clean Water Agency)
 - Negotiating agreements, subject to the approval of the Board
 - Preparing capital and operating budgets
 - Preparing rates for each Service Area
 - Billing and receiving payments
 - Making payments
 - Raising capital financing
 - Preparing and keeping minutes of Board meetings
 - Holding reserve funds
 - Operating bank accounts
 - Making day-to-day operation and maintenance decisions
 - Other such functions as determine and approved by the Board

Proposed Structure (Option #3b – Consolidated Corporation)

(Municipal Act, Section 203 “Municipal Services Corporation”)



Water Supply System:

- Each benefiting municipality has an undivided beneficial ownership of the Corporation. Alternatively, a holding corp. can be established for each of Huron and Elgin areas (proportionate shared municipal ownership) which in turn owns a proportionate share of the consolidated Corporation
- Assets held by the Municipal Services Corporation
- Debts/liabilities held by the Municipal Services Corporation
- Legal and other risks insulated by the Corporation

Board of Directors:

- Skills-based Board of Directors appointed by (benefiting municipalities?) through established process
- Governing authority over water system
- Authority to:
 - Obtain approvals
 - Contracting for services
 - Entering into agreements with individuals, corporations and other governments
 - Operating bank accounts and other transactions
 - Approving the annual operating budget and capital budget
 - Setting the rate for water charged to benefiting municipalities for each Service Area

Legal Status:

- A Corporation under the OBCA or CA

Administration:

- Staff of the Municipal Services Corporation
- Maintain accounts, budgets, etc.
 - Keeping books, records and accounts
 - Liaison with MECP on matters of compliance
 - Liaison with Operating Authority (currently the Ontario Clean Water Agency)
 - Negotiating agreements, subject to the approval of the Board
 - Preparing capital and operating budgets
 - Preparing rates for each Service Area
 - Billing and receiving payments
 - Making payments
 - Raising capital financing
 - Preparing and keeping minutes of Board meetings
 - Holding reserve funds
 - Operating bank accounts
 - Making day-to-day operation and maintenance decisions
 - Other such functions as determine and approved by the Board