



## TOWNSHIP OF EDWARDSBURGH CARDINAL ACTION ITEM

**Committee:** Regular Council

**Date:** March 31, 2025

**Department:** Clerk's

**Topic:** Rideau St. Lawrence Distribution Shareholder's Agreement

**Purpose:** To accept and execute the Amended and Restated Unanimous Shareholder's Agreement with Rideau St. Lawrence Holdings Inc.

**Background:** At the January 23 Committee of the Whole – Administration and Operations Meeting, President and CEO of Rideau St. Lawrence (RSL), Mr. Simon Wu, provided an update on the proposed changes to the Rideau St. Lawrence Unanimous Shareholder (USA) Agreement.

Rideau St. Lawrence Holdings Inc. ("RSLH") is jointly owned by four municipalities (Town of Prescott, Municipality of South Dundas, Township of Edwardsburgh Cardinal and the Village of Westport) and FortisOntario Inc. RSLH holds all shares in three subsidiary companies:

- Rideau St. Lawrence Distribution Inc.
- Rideau St. Lawrence Utilities Inc.
- Rideau St. Lawrence Services Inc.

The original USA was executed on October 21, 2000. The proposed Amended and Restated Agreement updates the governance framework to reflect current operations and regulatory requirements.

The proposed changes were as follows:

1. **Updating Legal Names of Parties.** Certain parties have changed their legal name since the USA was first created.
2. **RSL Distribution Governance Issues.** The existing version of the USA contained certain governance requirements specific to RSL Distribution (in particular ARC requirements). In certain areas it was not clear which entity was being referred to. These Distribution requirements have been carved out and put into Schedule A. These regulatory requirements are important to highlight in the

USA but having them separated should allow for less ambiguity in the body of the USA.

3. **Permitted Business Activities.** This update will update the current definition of permitted activities for the Corporation and subsidiaries. This definition has been moved out of the body of the USA into a separate schedule (Schedule B) so that it can be more easily reviewed and updated in the future. The change in language creates more flexibility to cover ancillary activities of the current operations but is balanced by section 4 of the USA which identifies decisions requiring specific shareholder approval.

Related to this, the proposal was made to grant directors the ability to acquire shares, securities or interest in another business, provided such acquisition is for a business which falls within the permitted activities, as long as the cost of the acquisition is less than fifteen percent (15%) of the owners' total equity.

4. **General Update to Certain More Standard Provisions.** Updates have been made to certain non-substantive provisions to make them current and applicable (notice provisions, auditor, books and records).
5. **Formatting/Clean-up.** Some basic clean-up to formatting, typos and the removal of a few provisions that were no longer applicable had been done.

The Municipality of South Dundas has executed the agreement, and the Town of Prescott and Village of Westport will soon follow suit in April of 2025. Legal representation for the Township of Edwardsburgh Cardinal have been given a chance to review and provide feedback on the proposed revisions. There have been no suggested revisions provided.

**Policy Implications:** N/A

**Strategic Plan Implications:** N/A

**Financial Considerations:** N/A

**Recommendation:** THAT Council authorizes the Mayor and Interim Clerk to execute the Amended and Restated Unanimous Shareholders' Agreement with Rideau St. Lawrence Holdings Inc.



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CAO/Deputy Clerk



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Interim Clerk