

To: The Mayor and Alderman for the Town of Grimsby
From: Carolyn Mullins
CC:
Date: November 6, 2017
Re: Dividends

As promised, I advised I would provide Council with an update regarding the dividend payments to the Town from Niagara Power Inc. (NPI). The excel spreadsheet (sent under separate cover) provides the detail of payments made from 2011 to 2015.

In 2011 NPI received from Grimsby Power Inc. (GPI) dividends in the amount of \$135,730. 90% of that amount totals \$122,157 the number that continues to create questions from Council members regarding the status of that payment. In June of 2010 NPI paid to the Town \$734,850 as a dividend towards the turbine project. An excerpt from the NPI Board minutes of June 14, 2010 reads as follows:

“The Board relayed their recommendation to provide financial assistance in order to support the Town in the turbine project and asked NPI to consider a special dividend to the Town. The Town in turn will make payments to Grimsby Energy Inc. (GEI) who will disburse payment for the invoices. The following resolution was proposed and carried: RESOLVED that the Board of Directors authorizes the approval of a special dividend up to a maximum of \$750,000 be made to the Town of Grimsby in support of the Town Hall turbine project”.

The dividend owing to the Town was \$122,157, the dividend paid was \$734,850 an over payment of \$612,693.

For the following years, 2012, 2013, 2014 and 2015 the 90% of the dividends owing to the Town amounted to \$832,940. (\$73,503 in 2012, \$384,021 in 2013, \$253,604 in 2014 and \$121,812 in 2015). The Town received the \$832,940 in the following payments \$73,503 in 2012, \$300,000 in 2013 and the balance \$459,437 in 2015.

In summary, for the period 2011 to 2015 the Town was owed dividends totaling \$955,097. The Town was paid \$1,567,790 (\$832,940 plus \$734,850) an overpayment of \$612,693. The overpayment was used towards the purchase of the turbines. The recent comments suggesting the \$122,157 was written off or forgiven are incorrect. Please note, dividends are not logged as receivables and thus cannot be written off.

The dividend was paid, as part of a larger payment. Hindsight, two payments should have been made to the Town and all would be in order.

It is also important to note that since the Town took ownership of GPI, for the period 2001 to 2015 the Town received \$5,309,820 in interest payments. Taking into account the interest payments and the dividend payments the Town has in fact received \$6,877,610, almost \$7,000,000 from the hydro connection. The interest payments have been a much-needed influx of cash into the ongoing operation of the Town and the dividends have been used to replenish reserves.