

**POWERSTREAM - PROMISSORY NOTE TO THE CITY OF VAUGHAN**

**Recommendation**

The Commissioner of Finance & Corporate Services recommends:

That PowerStream Inc. be advised that it is not the intent of the City to demand accelerated payment of the promissory note in accordance with section 3 of the amended and restated promissory note dated June 1, 2004 within a year from the date of this approval.

**Purpose**

For correct financial statement reporting, PowerStream must be aware of the intent of the City with respect to the repayment of the promissory note, particularly if any repayment of that note is to occur within one year.

**Background – Analysis and Options**

As part of the June 1, 2004 amalgamation the promissory notes with the shareholders were amended. The shareholders receive interest payments on the Note. There are provisions in the promissory note for accelerated re-payment; however staff is not aware of any need on the part of the City for an accelerated repayment, within one (1) year.

For financial statement reporting purposes at the end of 2004, PowerStream must either record the note as a long-term or short-term liability. A short-term liability is one that is due within one (1) year. If the city has no intention of requiring any repayment within the next year then PowerStream can record the Note as a long-term liability. This was contemplated when the Notes were put in place. By reporting the Note as a long-term liability PowerStream is able to meet its debt covenants and maintain its credit rating.

**Conclusion**

Staff recommends that the City acknowledge that there is no intent to require accelerated payments within the next year.

**Attachments**

None

**Report prepared by:**

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Commissioner of Finance & Corporate Services

Respectfully submitted,

Clayton Harris, CA  
Commissioner of Finance & Corporate Services