



City of Hamilton
**HAMILTON UTILITIES CORPORATION SHAREHOLDER
 ANNUAL GENERAL MEETING
 REPORT 17-001**

June 8, 2017, 10:00 a.m.

Council Chambers, Hamilton City Hall, 71 Main Street West
 Stephanie Paparella, Legislative Coordinator 905 546-2424 x3993

Present: Mayor F. Eisenberger (Chair)
 Councillors T. Whitehead, D. Skelly, T. Jackson, C. Collins, S. Merulla,
 M. Green, J. Farr, A. Johnson, D. Conley, M. Pearson, A. VanderBeek,
 J. Partridge

Absent
with Regrets: Councillor R. Pasuta – Sick Leave
 Councillor B. Johnson, L. Ferguson – Other City Business

**THE HAMILTON UTILITIES CORPORATION SHAREHOLDER PRESENTS REPORT
 17-001 AND RESPECTFULLY RECOMMENDS:**

1. **Consolidated Financial Statements of the Hamilton Utilities Corporation for the year ended December 31, 2016; Appointment of the Hamilton Utilities Corporation Board of Directors; and, Appointment KPMG LLP as the Auditors of the Hamilton Utilities Corporation (Item 5.1)**
1. **Consolidated Financial Statements for the year ended December 31, 2016**

BE IT RESOLVED THAT the audited Consolidated Financial Statements of Hamilton Utilities Corporation (the "Corporation") for the year ended December 31, 2016, as approved by the Board of Directors of Hamilton Utilities Corporation, are received by the City of Hamilton in its capacity as shareholder of the Corporation (the "Shareholder").

2. Appointment of Directors to HUC

BE IT RESOLVED THAT the Resolutions set forth below be presented to the Shareholder for passage as it's Resolutions as representing the recommendations of the Directors of the Corporation:

Number of Directors

WHEREAS, the Articles of the Corporation and subsequent special resolutions provide that the Corporation shall have eight Directors; and,

WHEREAS, it is desirable for the Corporation to have seven Directors;

BE IT RESOLVED THAT, as a special resolution, that henceforth the Corporation shall have seven Directors;

BE IT FURTHER RESOLVED THAT, inasmuch as each of the following persons was heretofore elected as a Director of the Corporation for a three-year term, each such person is confirmed as elected and to continue to serve as a Director of the Corporation, as one of the "Private Directors" of the Corporation, for the period set opposite their name below, namely:

Joseph Rinaldo	two-year term commencing June 30, 2017
Lou Serafini	two-year term commencing June 30, 2017
Laurie Tugman	two-year term commencing June 30, 2017
Daryl Wilson	two-year term commencing June 30, 2017
Christa Wessel	three-year term commencing June 30, 2017;

BE IT FURTHER RESOLVED THAT, inasmuch the Shareholder of the Corporation has previously directed that the Mayor or the Mayor's designate is to be a Director of the Corporation and the Mayor is presently serving as a Director of the Alectra Utilities Corporation, the Mayor's Designate, Councillor Maria Pearson, having heretofore consented to serve as a Director of the Corporation, is confirmed as elected to continue as a Director of the Corporation throughout the Mayor's term; and,

BE IT FURTHER RESOLVED THAT, the following person(s), having heretofore consented to serve as a Director of the Corporation, are elected as a Director of the Corporation for a three-year term, as one of the "Private Directors" of the Corporation, for a three-year term commencing on the date set opposite their name below, namely:

Lesley Gallinger	three-year term commencing June 30, 2017
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Council – June 14, 2017

These Directors comprise the Hamilton Utilities Corporation Board of Directors, effective June 30, 2017.

3. Appointment of Directors to Alectra

WHEREAS, under the Unanimous Shareholder Agreement pertaining to Alectra Utilities Inc. (“Alectra”), Hamilton Utilities Corporation is entitled and required to nominate two directors to the Alectra Board of Directors, of which one director must be independent;

BE IT RESOLVED THAT, the following persons, each having heretofore consented to serve as a Director of Alectra, shall be the nominees of Hamilton Utilities Corporation to serve as Directors of Alectra, for a one-year term commencing June 30, 2017:

Paul Benson (the Independent Director)
Fred Eisenberger

4. Appointment of the Auditor

BE IT RESOLVED THAT, KPMG LLP, Chartered Accountants, the present Auditor of the Corporation, is appointed the Auditor of Hamilton Utilities Corporation for the 2017 fiscal year of the Corporation.

(ii) HUC Corporate Restructuring (Item 5.2)

Reorganization of Corporate Structure

WHEREAS, a change in the tax status of one of the non-regulated subsidiaries of the Hamilton Utilities Corporation (the “Corporation”) could result in the Corporation being required to make a very substantial payment (an “Indemnification”) under agreements entered into by the Corporation in relation to the merger of Horizon Utilities Corporation (the “Merger”);

WHEREAS, it is, therefore, prudent to reorganize the Corporation and its subsidiaries such that the non-regulated subsidiaries of the Corporation are held separately from the Corporation’s holdings in regulated corporations (the “Reorganization”) and, being so held, a change in their tax status cannot cause the City of Hamilton (the “Shareholder”) and/or the Corporation to become liable to make an Indemnification; and,

WHEREAS, if the Reorganization was done now it could be accomplished with much less tax payable than if the Reorganization was done after the forecasted growth of the business of non-regulated subsidiaries was realized and, accordingly, it is financially responsible to effect the Reorganization now;

BE IT RESOLVED THAT:

- (a) the Shareholder hereby approve and direct the Corporation to initiate the Reorganization, conditional upon the following:
 - (i) Shareholder incorporate a new corporation ("Energy2") through which the Shareholder will conduct its electricity related businesses and which will be wholly owned by the Shareholder;
 - (ii) Energy2 incorporate a holding corporation ("HoldCo") to be wholly owned by Energy2;
 - (iii) HUC transfer its ownership of all of its subsidiaries to Energy2/HoldCo;
 - (iv) HUC continue to own and hold all of HUC's holdings in Alectra Inc. as the sole and exclusive asset, investment and activity of HUC;
 - (v) all future regulated and non-regulated business, which could be conducted by or through HUC or Energy2, shall be conducted and owned by or through Energy2;
 - (vi) the Corporation consult with, take direction from and act in accordance with the decisions of, the City, from time to time, with respect to:
 - (a) whether or not and, if so, how HoldCo is to become liable to pay taxes under the Canadian *Income Tax Act* rather than making payments in lieu of federal corporate tax under the Ontario *Electricity Act, 1998* (that is, become "Taxable"); and,
 - (b) if HoldCo is not to become Taxable, whether or not and, if so, how many, if any, of the subsidiaries of HoldCo are to become Taxable;
 - (vii) all actions pursuant to these Resolutions be taken in compliance with the provisions of these Resolutions, with all applicable laws, regulations, rules and other government mandates, in a reasonably

tax effective manner and in a manner not offending any of the agreements pertaining to Alectra Inc. to which the Corporation is a party or by which it is bound; and,

- (b) the Mayor and City Clerk of the Shareholder be authorized and directed to execute, on behalf of the Shareholder any and all agreements, notices and other documents, with content approved by the General Manager, Finance and Corporate Services and in a form approved by the City Solicitor, necessary or desirable in order to effect, facilitate, complete and document the Reorganization.

FOR THE INFORMATION OF THE SHAREHOLDER:

(a) CHANGES TO THE AGENDA (Item 1)

The Committee Clerk advised of the following change to the agenda:

1. PRIVATE & CONFIDENTIAL (Item 6)

- 6.2 Correspondence from Alectra respecting the Alectra Inc. Quarterly Report – 1st Quarter Ended March 31, 2017

Recommendation: Be received.

The agenda for the June 8, 2017 Hamilton Utilities Corporation Shareholder Annual General Meeting was approved, as amended.

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 3)

The Minutes of the November 22, 2016 Hamilton Utilities Corporation Shareholder Annual General Meeting were approved, as presented.

(d) PRESENTATIONS (4)

(i) Annual General Meeting – Hamilton Utilities Corporation and Alectra Inc. (Item 4.1)

The Chair of the Hamilton Utilities Corporation Board, members of the Hamilton Utilities Corporation as well as members of Alectra Inc. provided the presentation respecting the Hamilton Utilities Corporation and Alectra Inc.

The presentation respecting the Hamilton Utilities Corporation and Alectra Inc., was received.

(e) PRIVATE & CONFIDENTIAL (Item 6)

(i) Closed Session Minutes – November 22, 2016 (Item 6.1)

As the Shareholder determined that discussion of the Closed Session Minutes was not required, the Minutes of the November 22, 2016 meeting were approved in Open Session, as follows:

- (a) The Closed Session Minutes of the November 22, 2016 meeting of the Horizon Utilities Corporation Shareholder were approved, as presented; and,
- (b) The Closed Session Minutes of the November 22, 2016 meeting of the Hamilton Utilities Corporation Shareholder, will remain confidential and restricted from public disclosure.

(ii) Correspondence from Alectra Inc. respecting the Alectra Inc. Quarterly Report – 1st Quarter Ended March 31, 2017 (Item 6.2)

The correspondence from Alectra Inc. respecting the Alectra Inc. Quarterly Report – 1st Quarter Ended March 31, 2017, was received.

(f) ADJOURNMENT (Item 7)

There being no further business, the Hamilton Utilities Corporation Shareholders meeting adjourned at 12:27 p.m.

Respectfully submitted,

Mayor Fred Eisenberger

Stephanie Paparella
Legislative Coordinator
Office of the City Clerk