



HAMILTON UTILITIES CORPORATION SHAREHOLDER ANNUAL GENERAL MEETING MINUTES 18-002

June 6, 2018, 2:45 p.m.

Council Chambers, Hamilton City Hall, 71 Main Street West

Present: Deputy Mayor B. Johnson (Chair)
Councillors T. Jackson, C. Collins, S. Merulla, M. Green, J. Farr,
A. Johnson, D. Conley, M. Pearson, L. Ferguson, A. VanderBeek

**Absent with
Regrets:** Mayor F. Eisenberger, T. Whitehead – Other City Business
Councillors D. Skelly, J. Partridge, R. Pasuta – Personal

THE FOLLOWING ITEMS WERE REFERRED TO COUNCIL FOR CONSIDERATION:

1. Local Representation on the Hamilton Utilities Corporation and Alectra Inc. Boards (Item 5.5)

(Conley/Farr)

WHEREAS, the former Hamilton Utilities Corporation (HUC) Boards were comprised with the majority of Directors being from leading Hamilton business and community organizations, with only a minority of the representatives being selected from outside of the city of Hamilton;

WHEREAS, currently, five of the seven HUC Board Directors are not from the city of Hamilton; and,

WHEREAS, Alectra Inc. has two Board seats for Hamilton and one representative resides outside of Hamilton;

THEREFORE, BE IT RESOLVED:

- (a) That, ***effective in 2019, with the appointment of the new Hamilton Utilities Corporation Board at the next Annual General Meeting, with the exception of the two the members currently holding a two-year term***, the majority of Directors of the Hamilton Utilities Corporation Board be residents of the city of Hamilton; and,

- (b) That, *effective in 2019 with the appointment of the new Alectra Inc. Board at the next Annual General Meeting*, both of the Hamilton representatives for the Alectra Inc. Board of Directors be residents of the city of Hamilton.

MAIN MOTION, AS AMENDED, CARRIED

2. Consolidated Financial Statements of the Hamilton Utilities Corporation and Alectra Inc. for the year ended December 31, 2017; Appointment of the Hamilton Utilities Corporation Board of Directors; Appointment of Alectra Inc. Board of Directors and Appointment KPMG LLP as the Auditor of the Hamilton Utilities Corporation and Alectra Inc. (Item 5.1)

- (a) Audited Consolidated Financial Statements for the year ended December 31, 2017**

That the Audited Consolidated Financial Statements of Hamilton Utilities Corporation for the year ended December 31, 2017, as approved by the Board of Directors of Hamilton Utilities Corporation, be received by the Shareholder;

(b) Appointment of Directors to Hamilton Utilities Corporation

That the Resolutions set forth below be presented to the City of Hamilton for passage as Resolutions of the Shareholder of the Corporation 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 seven Directors; and,

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

THEREFORE, BE IT RESOLVED:

- (i) That, as a special resolution, henceforth the Corporation shall have six Directors;
- (ii) 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 has consented to continue to serve as a Director of the Corporation, as one of the "Private Directors" of the Corporation, for the period set opposite below and thereafter until the next annual general meeting of the Corporation:

- | | | |
|-----|------------------|--|
| (1) | Joseph Rinaldo | one-year term commencing June 30, 2018 |
| (2) | Laurie Tugman | one-year term commencing June 30, 2018 |
| (3) | Daryl Wilson | one-year term commencing June 30, 2018 |
| (4) | Christa Wessel | two-year term commencing June 30, 2018 |
| (5) | Lesley Gallinger | two-year term commencing June 30, 2018 |

- (iii) That, inasmuch as 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 except and provided that the term shall end upon the earlier of the end of the term of the Mayor as Mayor of the City or the end of the term as Councillor for the City; and,
- (iv) That these Directors comprise the Hamilton Utilities Corporation Board of Directors, effective June 30, 2018;

(c) Appointment of Directors to Alectra Inc.

WHEREAS, under the Unanimous Shareholder Agreement pertaining to Alectra 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.

THEREFORE, BE IT RESOLVED:

- (i) That, inasmuch the Council of the City of Hamilton has previously directed that the Mayor is to be a Director of Alectra Inc. and the Mayor is presently serving as the Non-Independent Director of Alectra Inc., the Mayor, Fred Eisenberger, is confirmed as elected to continue as a Director of Alectra Inc. throughout his term as Mayor; and,
- (ii) That Paul Benson, having heretofore consented to serve as a Director of Alectra Inc., shall be the nominee of Hamilton Utilities Corporation to serve as the Independent Director of Alectra Inc., for one-year term commencing June 30, 2018 and thereafter until the next annual general meeting of the Corporation;

(d) Appointment of the Auditor

That KPMG LLP, Chartered Accountants, the present Auditor of the Corporation, is appointed the Auditor of Hamilton Utilities Corporation for the 2018 fiscal year of the Corporation.

CARRIED

3. Shareholder Declarations – Hamilton Utilities Corporation (Item 5.2)

(Collins/Pearson)

WHEREAS, the City of Hamilton (the “Shareholder”), as the sole shareholder of Hamilton Utilities Corporation (“HUC”), approved the amalgamation of Horizon, PowerStream, Enersource and Hydro One Brampton to create Alectra Inc. on October 30, 2015;

WHEREAS, in light of the Alectra Inc. amalgamation, HUC was restructured, among other reasons, to create improved corporate governance and to avoid negative tax implications;

WHEREAS, upon restructuring, the assets of Alectra Inc. remained with HUC, but all other assets were transferred to the newly formed Hamilton Enterprises Holding Corporation (“HEHCo”) or its subsidiaries;

WHEREAS, as prudent practice, new unanimous Shareholder declarations were required for both HUC and HEHCo, as a result of the HUC restructuring;

WHEREAS, the Board of Directors of HUC and staff for the Shareholder have been involved in the drafting of the new unanimous Shareholder declarations for HUC and HEHCo; and,

WHEREAS, the Board of Directors of HUC passed a resolution on May 24, 2018, in the form set out in Appendix “A” attached hereto, that recommends the adoption of the new unanimous Shareholder declarations by the Shareholder;

THEREFORE, BE IT RESOLVED:

- (a) That the City of Hamilton, acting in its capacity as sole shareholder of Hamilton Utilities Corporation, adopt the Unanimous Shareholder Declaration for Hamilton Utilities Corporation in the form attached hereto in Appendix “B”, **as amended**; and,
- (b) That the Mayor and Clerk of the City of Hamilton, acting in its capacity as Sole Shareholder of Hamilton Utilities Corporation, be authorized and directed to execute the Unanimous Shareholder Declaration for Hamilton Utilities Corporation in the form attached hereto in Appendix “B”, **as amended**.

MAIN MOTION, AS AMENDED, CARRIED

4. Dividend Policy – Hamilton Utilities Corporation (Item 5.3)

(Conley/Green)

WHEREAS, the Board of Directors of the Hamilton Utilities Corporation (Corporation) passed a resolution on May 24, 2018, in the form set out in Appendix “A” attached hereto, that approved a Dividend Policy for the Corporation, as set out in Appendix “B” attached hereto;

THEREFORE, BE IT RESOLVED:

That the City of Hamilton, acting in its capacity as Sole Shareholder of the Hamilton Utilities Corporation (Corporation), hereby approves Dividend Policy for the Corporation, as set out in Appendix “B” attached hereto.

CARRIED

5. Amendment to the Alectra Inc. Unanimous Shareholder Agreement (Item 5.4)

(Farr/Merulla)

WHEREAS, the Corporation and the City of Hamilton (the “Shareholder”), among others, are parties to the Unanimous Shareholders Agreement (the “USA”) for Alectra Inc. (“Alectra”) dated the 31st of January 2017;

WHEREAS, the Corporation has received notice on April 13, 2018 that the Board of Directors of Alectra has approved and is recommending to its shareholders minor amendments to the Alectra USA;

WHEREAS, pursuant to the letter dated April 30, 2018, the Corporation provided notice to the Shareholder, advising of the Corporation’s intention to make a recommendation to the Shareholder;

WHEREAS, the Audit and Risk Management Committee (the “ARM”) met on May 7, 2018 to review the amendments to the Alectra USA and has recommended approval to the Board of Directors of the Corporation (the “HUC Board”) and the Shareholder;

WHEREAS, the HUC Board has deliberated upon, and discussed, the ARM recommendation and the submission made by Alectra on April 13, 2018;

WHEREAS, on May 24, 2018, the HUC Board has recommended the amendments to the Alectra USA as prescribed in the resolution attached hereto as Appendix “A”; and,

WHEREAS the Shareholder is relying upon the recommendation of the HUC Board;

THEREFORE, BE IT RESOLVED:

- (a) That the Shareholder approve the amendments to the Alectra Inc. Unanimous Shareholder Agreement as prescribed in the resolution attached hereto as Appendix "A";
- (b) That the Mayor and Clerk of the Shareholder be authorized and directed to execute the amendments to the Alectra Inc. Unanimous Shareholder Agreement as prescribed in the resolution attached hereto as Appendix "A";
- (c) That the General Manager, Finance and Corporate Services, be authorized and directed to execute any ancillary documents in a form approved by the City Solicitor with content approved by the General Manager, Finance and Corporate Services; and,
- (c) That the Shareholder waive any approval rights it may have to allow the Hamilton Utilities Corporation Board to approve the amendments to the Alectra Inc. Unanimous Shareholder Agreement, as prescribed in the resolution attached hereto as Appendix "A".

CARRIED

FOR THE INFORMATION OF THE SHAREHOLDER:

(a) CHANGES TO THE AGENDA (Item 1)

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

1. SHAREHOLDERS RESOLUTIONS (Item 5)

Hamilton Enterprises Holding Corporation has been removed from the following items and will be dealt with at their Inaugural Annual General Meeting following this meeting:

- 5.1 Consolidated Audited Financial Statements of the Hamilton Utilities Corporation and Alectra Inc. for the year ended December 31, 2017; Appointment of the Hamilton Utilities Corporation Board of Directors; Appointment of Alectra Inc. Board of Directors and Appointment of KPMG LLP as the Auditor of the Hamilton Utilities Corporation and Alectra Inc.
- 5.2 Shareholder ***Direction and Unanimous Shareholder Declaration*** – Hamilton Utilities Corporation
- 5.5 Local Representation on the Hamilton Utilities Corporation and Alectra Inc. Boards (Added Item)

2. PRIVATE & CONFIDENTIAL (Item 7)

7.1 Closed Session Minutes – January 17, 2018

(Pearson/Merulla)

That the agenda for the June 6, 2018 Hamilton Utilities Corporation Shareholder Annual General Meeting be approved, as amended.

CARRIED

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

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

(i) December 6, 2017 (Item 3.1)

(Pearson/Collins)

That the Minutes of the November 22, 2017 Hamilton Utilities Corporation Shareholder meeting be approved, as presented.

CARRIED

(ii) January 17, 2018 (Item 3.2)

(VanderBeek/Jackson)

That the Minutes of the January 17, 2018 Hamilton Utilities Corporation Shareholder meeting be approved, as presented.

CARRIED

(d) PRESENTATIONS (Item 4)

(i) Hamilton Utilities Corporation (including and update from Alectra Inc.) (Item 4.1)

Joe Rinaldo, Chair of the Hamilton Utilities Corporation Board of Directors; Max Cananzi, President of Alectra Inc.; John Basilio, Chief Financial Officer of Alectra Inc.; and, Troy Hare, President of HCE Telecom, addressed Committee and provided a PowerPoint presentation respecting Hamilton Utilities Corporation, Alectra Inc. and HCE Telecom.

(VanderBeek/Pearson)

That the presentation respecting Hamilton Utilities Corporation, Alectra Inc. and HCE Telecom, be received.

CARRIED

(Green/Conley)

That Item 5.5, being a Resolution, respecting Local Representation on the Hamilton Utilities Corporation and Alectra Inc. Boards, be moved up on the agenda to be considered prior to Item 5.1.

CARRIED

(e) **SHAREHOLDER RESOLUTIONS (Item 5)**

(i) **Shareholder Declarations – Hamilton Utilities Corporation (Item 5.2)**

(Conley/Farr)

That Section 3.02 – Alectra Directors, of Appendix “B” to the Hamilton Utilities Corporation Shareholder Declarations, be amended by adding the words “***All the Corporation's appointees to the Board of Directors of Alectra shall be residents of the city of Hamilton. Subject to the foregoing,***”, to read as follows:

3.02 Alectra Directors: *All the Corporation's appointees to the Board of Directors of Alectra shall be residents of the city of Hamilton. Subject to the foregoing,* the Corporation shall cause the Nominating Committee constituted for the purposes of this HUC Declaration to use the same criteria and follow the same procedure to make a Timely report and recommendation to the Shareholder of candidates qualified for the City to select as the Corporation's appointees to the board of directors of Alectra. The Corporation shall not, without the approval of the Shareholder, place forward or nominate any appointee or nominee of the Corporation to the board of directors of Alectra. Once selected by the Shareholder, the Corporation shall notify Alectra of the appointees to the board of directors of Alectra selected by the Shareholder.

CARRIED

Councillor M. Pearson wished to be recorded as OPPOSED to the Amending Motion above.

(Conley/Farr)

That Section 6.05 – Qualifications of Directors, of Appendix “B” to the Hamilton Utilities Corporation Shareholder Declarations, be amended by adding the words “***Notwithstanding the foregoing, the majority of Directors shall be residents of the city of Hamilton.***”, to read as follows:

6.05 Qualifications of Directors: When selecting persons to recommend to the Shareholder to be directors of the Corporation, the Nominating Committee of the Board and the Board will, generally, consider all of qualifications of candidates including sound judgment and personal integrity. In evaluating and nominating potential independent nominees for the Board, the Nominating Committee shall strive to achieve a Board composed of members that, as a group, have skills, experience

and expertise in, among other things corporate and/or public management including strategic planning, governance, finance, project development and operations, regulated energy services, environmental matters, municipally-owned corporations and government relations. Preference may be given to qualified candidates who are residents of the City of Hamilton, however non-residents of the City of Hamilton shall not be excluded from serving as directors of the Corporation. ***Notwithstanding the foregoing, the majority of Directors shall be residents of the city of Hamilton.*** Candidates for being a director of the Corporation must consent to the disclosure of his or her director's remuneration to Council for the City of Hamilton and placed on the public record each fiscal year in a form and with sufficient details as prescribed by the Shareholder from time to time.

CARRIED

Councillor M. Pearson wished to be recorded as OPPOSED to the Amending Motion above.

(iv) Local Representation on the Hamilton Utilities Corporation and Alectra Inc. Boards (Item 5.5)

(Farr/Conley)

That sub-sections (a) and (b) to the Motion, respecting Local Representation on the Hamilton Utilities Corporation and Alectra Inc. Boards, be amended by adding the words “***effective in 2019 with the appointment of the new Hamilton Utilities Corporation Board at the next Annual General Meeting, with the exception of the two members currently holding a two-year term,***” and the words “***effective in 2019 with the appointment of the new Alectra Inc. Board at the next Annual General Meeting,***” respectively, be added to read as follows:

- (a) That, ***effective in 2019 with the appointment of the new Hamilton Utilities Corporation Board at the next Annual General Meeting, with the exception of the two members currently holding a two-year term,*** the majority of Directors of the Hamilton Utilities Corporation Board be residents of the city of Hamilton; and,
- (b) That, ***effective in 2019 with the appointment of the new Alectra Inc. Board at the next Annual General Meeting,*** both of the Hamilton representatives for the Alectra Inc. Board of Directors be residents of the city of Hamilton.

AMENDMENT CARRIED

Councillor M. Pearson wished to be recorded as OPPOSED to the Amending Motion above.

The Main Motion, as amended, CARRIED on the following Standing Recorded Vote:

Yeas:	T. Jackson, C. Collins, S. Merulla, M. Green, J. Farr, A. Johnson, D. Conley
Total:	7
Nays:	M. Pearson, A. VanderBeek, B. Johnson
Total:	3
Absent:	F. Eisenberger, T. Whitehead, D. Skelly, L. Ferguson, R. Pasuta, J. Partridge
Total:	6

(f) PRIVATE & CONFIDENTIAL (Item 7)

(i) Closed Session Minutes – January 17, 2018

(Pearson/Conley)

- (a) That the Closed Session Minutes of the January 17, 2018 Hamilton Utilities Corporation Shareholder meeting be approved, as presented; and,
- (b) That the Closed Session Minutes of the January 17, 2018 Hamilton Utilities Corporation Shareholder meeting remain confidential.

CARRIED

(g) ADJOURNMENT (Item 8)

(VanderBeek/Green)

That, there being no further business, the Hamilton Utilities Corporation Shareholders Annual General Meeting, be adjourned at 4:20 p.m.

CARRIED

Respectfully submitted,

Deputy Mayor Brenda Johnson
Chair

Stephanie Paparella
Legislative Coordinator
Office of the City Clerk