TO: CHAIR AND MEMBERS
COMMITTEE OF THE WHOLE
MEETING ON JULY 26, 2010

FROM: JEFF FIELDING
CHIEF ADMINISTRATIVE OFFICER

SUBJECT: LONDON HYDRO INC.
2009 ANNUAL MEETING OF THE SHAREHOLDER
ANNUAL RESOLUTIONS

RECOMMENDATION

That, on the recommendation of the Chief Administrative Officer, the attached by-law (Attachment "A") BE INTRODUCED at the Municipal Council meeting to be held July 26, 2010 to:

(a) ratify and confirm the Resolution of the Shareholder attached as Schedule "1" to the by-law; and

(b) authorize the Mayor and Clerk to execute the Resolution of the Shareholder attached as Schedule "1" to the by-law.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

June 9, 2010 – Board of Control – Agenda Item #29

BACKGROUND

At its meeting held June 14, 2010, Municipal Council resolved that:

(a) the 2009 Annual General Meeting of the Shareholder for London Hydro Inc. BE HELD at a meeting of the Committee of the Whole as part of the Municipal Council meeting on July 26, 2010, for the purpose of receiving the report from the Board of London Hydro Inc. in accordance with the Shareholder's Declaration and the Business Corporations Act, R.S.O. 1990, c. B.16; and

(b) the City Clerk BE DIRECTED to provide notice of the 2009 Annual Meeting to the Board of Directors for London Hydro Inc. and to invite the Chair of the Board and Chief Executive Office of London Hydro Inc. to attend at the Annual Meeting and present the report of the Board in accordance with Article 7.1 of the Shareholder's Declaration.

2009 Annual Meeting

London Hydro Inc. is a corporation with share capital incorporated under the Business Corporations Act, R.S.O. 1990 c. B.16. London Hydro Inc. is managed by a Board of Directors appointed by the Corporation of the City of London as the sole shareholder.

At its meeting held October 1, 2007, Municipal Council approved a Shareholder Declaration which sets out the procedures for the operation and governance of London Hydro. Pursuant to
the Shareholder Declaration and the Business Corporations Act, the shareholder is required to hold an annual meeting to elect the directors of the Corporation to fill any vacancy, to receive the audited financial statements of the Corporation for the last fiscal year and to receive the report of the auditor to the shareholder, if any. The Board of London Hydro Inc. is required to place before the shareholder the audited financial statements of the Corporation and the report of the auditor, if any, and is required to report to the shareholder on matters to be addressed at the annual meeting.

By letter dated July 20, the Chief Executive Officer of London Hydro provided the City Clerk with a copy of London Hydro's 2009 Annual Report which includes the 2009 financial statements and Auditor's Report and requested that the City, as the sole shareholder, proceed to hold its Annual General Meeting.

The attached Resolution of the Shareholder addresses the following matters that are required to be dealt with at an Annual Meeting as required by the Shareholder's Declaration and the Business Corporations Act:

a) Receipt of the 2009 audited financial statements; and,

b) Election of the Directors.

By resolution passed October 27, 2009, the shareholder appointed KPMG as the auditor for London Hydro to hold office until the close of the next annual meeting of the shareholders or until a successor is appointed. The City is conducting an RFP for audit services, which will include audit services for London Hydro. It is anticipated that this will be completed this Fall, at which time a shareholder resolution appointing the auditor will be prepared and presented for council to consider. Until such time as a new auditor is appointed, KPMG will continue as the auditor in accordance with the resolution dated October 27, 2009, and section 149(2) of the Business Corporations Act.

London Hydro wishes to re-appoint Mr. Valente and Mr. Borshke as directors for a second term and re-appoint Mr. Johnson (as Chair) and Mr. Witherspoon as directors for an additional term. The re-appointments of these individuals will provide continuity following last year's change in leadership at London Hydro, when Vinay Sharma became CEO, and the related need to continue the process of establishing new systems, parameters and processes and to provide consistent senior leadership. Continuity of Board membership will be important in completing the implementation of the Corporation's smart meter rollout, a multi-year project involving a major expenditure in which the directors have had a key role. Finally, such continuity also will allow reestablishment of staggered terms for Board succession as contemplated in the Bylaws of the Corporation.

PREPARED BY: 

CATHY SAUNDERS 
CITY CLERK

RECOMMENDED BY: 

JEFF FIELDING 
CHIEF ADMINISTRATIVE OFFICER
WHEREAS London Hydro Inc. is a corporation incorporated under the Business Corporations Act R.S.O. 1990, c.B.16;

AND WHEREAS subsection 104(1)(b) of the Business Corporations Act provides that a resolution in writing dealing with all matters required by this Act to be dealt with at a meeting of shareholders, and signed by all the shareholders or their attorney authorized in writing entitled to vote at the meeting, satisfies all the requirements of this Act relating to that meeting of shareholders;

AND WHEREAS The Corporation of the City of London is the sole shareholder of London Hydro Inc.;

AND WHEREAS Subsection 5(3) of the Municipal Act, 2001 provides that a municipal power shall be exercised by by-law;

AND WHEREAS Subsection 9 of the Municipal Act, 2001 provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

The Municipal Council of The Corporation of the City of London enacts as follows:

1. The Annual Resolutions of the Shareholder of London Hydro Inc. for the fiscal year ended December 31, 2009 attached as Schedule "1" are ratified and confirmed.

2. The Mayor and City Clerk are authorized to execute the Annual Resolutions of the Shareholder ratified and confirmed under section 1 of this by-law.

3. This by-law comes into force on the day it is passed.

PASSED in Open Council on the day of , 2010.

Anne Marie DeCicco-Best
Mayor

Catharine Saunders
City Clerk

First reading - July 26, 2010
Second reading – July 26, 2010
Third reading - July 26, 2010
SCHEDULE "1"

LONDON HYDRO INC.
(the "Corporation")

WHEREAS subsection 104(1)(b) of the Business Corporations Act (Ontario) (the "Act") provides that a resolution in writing dealing with all matters required by the Act to be dealt with at a meeting of shareholders, and signed by all the shareholders or their attorney authorized in writing entitled to vote at the meeting, satisfies all the requirements of the Act relating to that meeting of shareholders;

The following resolutions, signed by the sole shareholder of the Corporation entitled to vote thereon, are hereby passed pursuant to the provisions of the Act:

FINANCIAL STATEMENTS

It is hereby acknowledged that the balance sheet of the Corporation as at December 31, 2009, and the other audited financial statements, together with Auditors' Report, of the Corporation for the financial year ended on such date have been received by the undersigned shareholder of the Corporation.

ELECTION OF DIRECTORS

WHEREAS pursuant to an Amended and Restated Shareholder Declaration the board of directors of the Corporation shall consist of seven directors, which shall be composed of various classes of directors, each serving for a three-year term;

AND WHEREAS the terms of the directors that are members of the third class expire at the annual meeting of shareholders held in 2010 pursuant to paragraph 4.4 of the Amended and Restated Shareholder Declaration;

NOW THEREFORE BE IT RESOLVED THAT:

1. Each of the following persons, being directors that are members of the first class pursuant to paragraph 4.4 of the Amended and Restated Shareholder Declaration, is hereby elected as a director of the Corporation to hold office for a term with the expiry as set out below, provided that when a successor is not duly elected at the close of the annual meeting described below, such director shall hold office until his or her successor is elected:

<table>
<thead>
<tr>
<th>Name of Director</th>
<th>Expiry of Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bernard G. Borschke</td>
<td>the close of the annual meeting of shareholders to</td>
</tr>
<tr>
<td></td>
<td>be held in 2013 for the financial year ending</td>
</tr>
<tr>
<td></td>
<td>December 31, 2012</td>
</tr>
<tr>
<td>Gabriel Valente</td>
<td>the close of the annual meeting of shareholders to</td>
</tr>
<tr>
<td></td>
<td>be held in 2013 for the financial year ending</td>
</tr>
<tr>
<td></td>
<td>December 31, 2012</td>
</tr>
</tbody>
</table>

2. Each of the following persons, being directors that are members of the second class pursuant to paragraph 4.4 of the Amended and Restated Shareholder Declaration, is hereby elected as a director of the Corporation to hold office for a term with the expiry as set out below, provided that when a successor is not duly elected at the close of the annual meeting described below, such director shall hold office until his or her successor is elected:
3. Each of the following persons, being directors that are members of the third class pursuant to paragraph 4.4 of the Amended and Restated Shareholder Declaration, is hereby confirmed as a director of the Corporation to hold office for a term with the expiry as set out below, provided that when a successor is not duly elected at the close of the annual meeting described below, such director shall hold office until his or her successor is elected:

<table>
<thead>
<tr>
<th>Name of Director</th>
<th>Expiry of Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rick Witherspoon</td>
<td>the close of the annual meeting of shareholders to be held in 2011 for the financial year ending December 31, 2010</td>
</tr>
<tr>
<td>Peter Johnson</td>
<td>the close of the annual meeting of shareholders to be held in 2011 for the financial year ending December 31, 2010</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of Director</th>
<th>Expiry of Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Radhey Mohan Mathur</td>
<td>the close of the annual meeting of shareholders to be held in 2012 for the financial year ending December 31, 2011</td>
</tr>
<tr>
<td>Marilyn Sinclair</td>
<td>the close of the annual meeting of shareholders to be held in 2012 for the financial year ending December 31, 2011</td>
</tr>
</tbody>
</table>

4. The following person, being the director that is a member of the fourth class pursuant to paragraph 4.4 of the Amended and Restated Shareholder Declaration, is hereby confirmed as a director of the Corporation for his elected term, subject to his being a duly elected member of Council, provided that when a successor is not duly elected at the close of the annual meeting described below, such director shall hold office until his or her successor is elected:

<table>
<thead>
<tr>
<th>Name of Director</th>
<th>Expiry of Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tom Gosnell</td>
<td>the close of the annual meeting of shareholders to be held in 2010 for the financial year ending December 31, 2009</td>
</tr>
</tbody>
</table>

DATED this day of , 2010.

The Corporation of the City of London

By: ________________________________
Name: Anne Marie DeCicco-Best
Title: Mayor

By: ________________________________
Name: Catharine Saunders
Title: City Clerk