

## Toronto Hydro Corporation Report May 14, 2012

Addressed to the Executive Committee of City Council  
from Danielle Lavallee, Acting General Counsel and Corporate Secretary  
Toronto Hydro Corporation

### 2011 Annual Shareholder Meeting – Toronto Hydro Corporation

#### Purpose

1. To comply with the requirements of subsection 94(1) of the *Business Corporations Act* (Ontario), R.S.O., c.B.16 (the "OBCA"), the directors of Toronto Hydro Corporation (THC) are required to call an annual meeting of its shareholder (i.e. the City of Toronto) by no later than fifteen (15) months after holding the last preceding annual meeting.
2. To comply with the requirements of subsection 149(2) of the OBCA, the shareholder shall, at each annual meeting, appoint one or more auditors to hold office until the close of the next annual meeting. Pursuant to subsection 149(7) of the OBCA, the remuneration of an auditor appointed by the shareholder shall be fixed by the shareholder, or by the directors if they are authorized to do so by the shareholder.
3. To comply with the requirements of subsection 154(1) of the OBCA, the directors of THC are required to place before each annual meeting of the shareholder:
  - (a) the financial statements required to be filed under the *Securities Act* (Ontario) and the regulations thereunder relating to: (i) the period that began immediately after the end of the last completed financial year and ended not more than six months before the annual meeting; and (ii) the immediately preceding financial year;
  - (b) the report of the auditor, if any, to the shareholders; and
  - (c) any further information respecting the financial position of THC and the results of its operations required by the articles, the by-laws or any shareholder direction.
4. Section 6.2 of the City of Toronto's Shareholder Direction relating to Toronto Hydro Corporation (the "Shareholder Direction") requires the Board of Directors of THC to prepare and submit to the City of Toronto's Finance Department, a quarterly report in respect of the immediately preceding fiscal quarter.
5. Section 6.7 of the Shareholder Direction also requires THC to provide the City Executive Committee, through the City Manager's office, with an annual report outlining THC's progress made towards certain principles as set out in the Shareholder Direction.

6. At the last preceding Annual Shareholder Meeting for THC, City Council also requested that THC circulate its Annual Information Form, detailing senior executive compensation to Council along with its annual financial statements.

THC therefore hereby submits and recommends that this report and attached documents be received by the Executive Committee and the attached shareholder resolution approved by the City Council.

### **Recommendations**

It is recommended that City Council, as the sole shareholder of THC:

- (1) hold an annual shareholder meeting;
- (2) approve and adopt the shareholder resolution attached in Appendix A to this report to re-appoint the auditor of THC to hold office until the close of the next annual meeting of the shareholder and to authorize the directors of THC to fix the auditor's remuneration;
- (3) receive for its information, the following documents:
  - (a) THC's audited consolidated financial statements for 2011 and the auditor's report related thereto;
  - (b) THC's unaudited consolidated financial statements for the first quarter of 2012; [Note – these financial statements will be available and delivered under separate cover on May 18<sup>th</sup>, 2012]
  - (c) THC's 2011 Annual Report;
  - (d) THC's 2011 Corporate Responsibility Report; and
  - (e) THC's 2011 Annual Information Form; and
- (4) authorize and direct appropriate City officials to take the necessary action to give effect to the above.

### **Background**

The City of Toronto is the sole shareholder of Toronto Hydro Corporation ("THC").

THC is the parent of the following subsidiaries:

- (1) Toronto Hydro-Electric System Limited, which distributes electricity; and
- (2) Toronto Hydro Energy Services Inc., which provides street lighting and ancillary services.

## **Comments**

### **(1) Annual Shareholder Meeting**

The last annual shareholder meeting for THC was held on April 12 and 13, 2011, the directors of THC are therefore to call THC's next annual shareholder meeting by no later than July 12, 2012.

### **(2) Re-appointment of Auditor and Re-authorization of THC Directors to Fix Remuneration**

At the last preceding annual shareholder meeting, the shareholder resolved to appoint KPMG LLP, Chartered Accountants, as the auditor for THC until the close of the next annual meeting of the shareholder, or until a successor is appointed, and further resolved and authorized the directors of THC to fix the auditor's remuneration.

At its meeting on March 2, 2012, the THC Board of Directors approved recommending to the shareholder that it re-appoint KPMG LLP as auditor for THC until the close of the next annual meeting of the shareholder, or until a successor is appointed. The directors of THC further recommended that City Council resolve and re-authorize the directors of THC to fix the auditor's remuneration for this period.

### **(3) Audited Financial Statements and Auditor's Report**

The following documents are attached to this report in compliance with the requirements of subsection 154(1) of the OBCA, which documents have also been delivered by THC to the Deputy City Manager and Chief Financial Officer for review:

- (a) THC's audited consolidated financial statements for 2011 and the auditor's report related thereto; and
- (b) THC's unaudited consolidated financial statements for the first quarter of 2012. [Note – these financial statements will be available and delivered under separate cover on May 18<sup>th</sup>, 2012]

### **(4) Additional Reports**

The following documents are attached to this report in compliance with the general requirement of paragraph 154(1)(c) of the OBCA and, in particular, in order to fulfill the reporting requirements under section 6.2 and 6.7 of the Shareholder Direction:

- (f) THC's 2011 Annual Report; and
- (g) THC's 2011 Corporate Responsibility Report.

## **(5) Annual Information Form**

THC's Annual Information Form is attached hereto, in compliance with City Council's request from the last preceding Annual Shareholder Meeting.

### **THC Contact**

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Toronto Hydro Corporation  
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### **List of Attachments**

Appendix A - Resolution of the Sole Shareholder - City of Toronto

**Appendix A**

Toronto Hydro Corporation  
(the "Corporation")

2011 Annual Shareholder Meeting  
Resolution of the Sole Shareholder - City of Toronto

RESOLVED THAT, KPMG LLP, Chartered Accountants, is hereby re-appointed the auditor of the Corporation to hold office until the close of the next annual meeting of the shareholder of the Corporation, or until a successor is appointed, at such remuneration as may be fixed by the directors and the directors are hereby authorized to fix such remuneration. The Corporation's directors are authorized to pass the requisite resolutions giving effect to the foregoing, and any and all such resolutions passed by the directors of the Corporation regarding same are hereby confirmed and ratified.

The foregoing resolution is hereby consented to by sole shareholder of the Corporation pursuant to the *Business Corporation Act* (Ontario).

Dated as of this \_\_\_\_\_ day of \_\_\_\_\_, 2012

City of Toronto

\_\_\_\_\_  
per: Cam Weldon  
Deputy City Manager and  
Chief Financial Officer

\_\_\_\_\_  
per: Ulli Watkiss  
City Clerk  
Approved as to Form per: Anna Kinastowski  
City Solicitor

Authorized by Executive Committee Item No. \_\_\_\_\_ adopted by Council at its meeting of \_\_\_\_\_, 2012.

\_\_\_\_\_  
per: Ulli Watkiss  
City Clerk