



STAFF REPORT ACTION REQUIRED

Toronto Hydro Corporation - Annual General Meeting, 2012 Audited Financial Statements and By-law 1.1

Date:	May 10, 2013
To:	Executive Committee
From:	City Manager
Wards:	City-wide
Reference Number:	

SUMMARY

This report recommends the actions necessary to comply with the requirements of the *Business Corporations Act* (Ontario) (“OBCA”) for holding an annual general meeting of the shareholder of Toronto Hydro Corporation (“THC”) including receipt of the audited annual financial statements and appointment of the auditor.

RECOMMENDATIONS

The City Manager recommends that City Council:

1. consider the portion of the Council meeting when this report is being considered as the Annual General Meeting of the Shareholder for Toronto Hydro Corporation by:
 - a. adopting the recommendations of the Toronto Hydro Corporation report dated May 16, 2012 in Attachment 1 to this report in order to re-appoint KPMG LLP, Chartered Accountants, as the auditor for Toronto Hydro Corporation, to authorize the Corporation’s Board of Directors to fix the auditor's remuneration, and to approve the amended By-law 1.1 of the Corporation forming Appendix B, Attachment 1, to that report;
 - b. receiving the information report of the Deputy City Manager and Chief Financial Officer dated April 22, 2013 entitled “2012 Audited Consolidated Financial Statements of Toronto Hydro Corporation” forming Attachment 2 to this report and receiving the financial statements forming Appendix A to that report; and

2. receive the report of the Deputy City Manager and Chief Financial Officer entitled “2012 Annual Information Form of Toronto Hydro Corporation” forming Attachment 3 to this report;
3. receive Toronto Hydro Corporation’s 2012 Annual Report, 2012 Corporate Responsibility Report and 2012 Annual Information Form forming Attachments 4, 5 and 6 to this report;
4. refer Toronto Hydro Corporation’s 2012 Audited Consolidated Annual Financial Statements to the Audit Committee for information.

FINANCIAL IMPACT

Toronto Hydro Corporation paid the City \$48 million in dividends in 2012 and, in accordance with the City’s Shareholder Direction, is expected to pay the City \$43 million in dividends in 2013 based on 50% of its 2012 net income of \$86.0 million.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

City Council authorized the incorporation of THC by adoption of Strategic Policies and Priorities Committee Report No. 10, Clause 1, as amended, at its meeting held on June 9, 10 and 11, 1999.

The previous annual shareholder's meeting formed part of City Council's meeting held on July 11, 12 and 13, 2012 (Item EX21.2).

ISSUE BACKGROUND

The OBCA (Section 94(1)) requires that the directors of Toronto Hydro Corporation are required to call an annual meeting of its Shareholder by no later than fifteen months after holding the last preceding annual meeting, which was held by City Council at its meeting of July 11, 12 and 13, 2012.

The OBCA (Section 149 (2)) requires that the corporation's Shareholder shall “at each annual meeting appoint one or more auditors to hold office until the close of the next annual meeting.”

The OBCA (Section 154 (1)) also requires that the Shareholder receive THC's audited annual financial statements and the report of the auditor thereon at the annual meeting of the shareholder, and requires that the annual meeting of the shareholder be held within fifteen (15) months from the last preceding annual meeting. The last annual shareholder meeting for THC was held by City Council at its meeting of July 11, 12 and 13, 2012, and is reported in Executive Committee Item EX21.2.

COMMENTS

The report from THC (Attachment 1 to this report) recommends that City Council re-appoint the firm of KPMG LLP, Chartered Accountants, as auditors for THC until the next annual shareholder meeting or until a successor is appointed and authorize the THC Board of Directors to fix the auditor's remuneration.

The report from THC also recommends that City Council approve THC's amended Procedures By-law, By-law 1.1. Approval of the By-law by Council is required by Sections 8.3 and 8.4 of the Shareholder Direction which implement Item 2 (a) (ii) of Item EX4.6 adopted by City Council at its meeting held on April 12 and 13, 2011, and Subsection 116 (2) of the *OBCA*. The amendments to THC's corporate by-law bring it into conformity with the City's amended and re-stated Shareholder Direction and THC's amended by-law should be approved by City Council.

The shareholder review of Toronto Hydro Corporation's 2012 Audited Consolidated Annual Financial Statements and the Auditor's Report thereon is set out in an information report from the Deputy City Manager and Chief Financial Officer forming Attachment 2 to this report and is to be considered as part of the Annual General Meeting agenda.

THC's Annual Information Form, including information concerning executive compensation, is publicly posted on the SEDAR web site (<http://www.sedar.com>) and has been provided to the City as directed by City Council at the annual shareholder's meeting held on April 12 and 13, 2011 (Item EX4.8). This information is summarized in the report of the Deputy City Manager and Chief Financial Officer forming Attachment 3 to this report.

The THC Board Chair has submitted THC's 2012 Annual Report, 2012 Corporate Responsibility Report and 2012 Annual Information Form to the City Manager to comply with the information reports required by Sections 9.2 and 9.8 of the Amended and Restated Shareholder Direction as approved by City Council at its meeting held on May 7 and 8, 2013 as Item EX31.7. Those THC reports are Attachments 4, 5 and 6 to this report and are on file with the City Clerk.

CONTACT

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SIGNATURE

Joseph P. Pennachetti
City Manager

ATTACHMENTS

Attachment 1: Toronto Hydro Corporation Report May 16, 2012

Appendix A: Resolution of the City of Toronto (“Sole Shareholder”) to Re-appoint the Auditor of Toronto Hydro Corporation (the “Corporation”) and to Authorize the Directors to Fix the Remuneration of the Auditor

Appendix B: Resolution of the City of Toronto (“Sole Shareholder”) to Approve Amendments to By-law 1.1 of the Corporation

Attachment 1: By-law 1.1 of Toronto Hydro Corporation

Attachment 2: Report of Deputy City Manager and Chief Financial Officer dated April 22, 2013 entitled “2012 Audited Consolidated Financial Statements of Toronto Hydro Corporation”

Appendix A: 2012 Audited Consolidated Annual Financial Statements of Toronto Hydro Corporation

Attachment 3: Report of Deputy City Manager and Chief Financial Officer entitled “2012 Annual Information Form of Toronto Hydro Corporation”

Attachment 4: Toronto Hydro Corporation 2012 Annual Report

Attachment 5: Toronto Hydro Corporation 2012 Corporate Responsibility Report

Attachment 6: Toronto Hydro Corporation 2012 Annual Information Form