
TO: GENERAL COMMITTEE

SUBJECT: BARRIE HYDRO HOLDINGS INC. ANNUAL GENERAL MEETING MATTERS

PREPARED BY AND KEY CONTACT: D. MCALPINE, CITY CLERK/DIRECTOR OF LEGISLATIVE AND COURT SERVICES, EXT. 4421

SUBMITTED BY: D. MCALPINE, CITY CLERK/DIRECTOR OF LEGISLATIVE AND COURT SERVICES

GENERAL MANAGER APPROVAL: P. ELLIOTT-SPENCER, MBA, CPA, CMA, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES

CHIEF ADMINISTRATIVE OFFICER APPROVAL: C. LADD, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That, acting as sole shareholder in Barrie Hydro Holdings Inc. (BHHI), the following actions be authorized:
 - a) The minutes of the BHHI Shareholder's Meeting held on November 30, 2015, attached as Appendix "A" to Staff Report LCS001-17, be approved;
 - b) The non-consolidated financial statements of BHHI attached as Appendix "B" to Staff Report LCS001-17 for the financial year ended December 31, 2015, be accepted; and
 - c) The City of Barrie's auditor (Deloitte) be appointed as Accountants for BHHI, until a successor is appointed, at a remuneration to be fixed by the Directors and the Directors be authorized to fix such remuneration.

PURPOSE & BACKGROUND

2. In February, 1999, City Council directed that the City of Barrie retain ownership of the assets of the Barrie Public Utilities Commission and incorporate a Holding Company and other Affiliate corporations under the Ontario Business Corporations Act to operate Barrie's electrical distribution corporation (the Corporation) for the benefit of the citizens of Barrie.
3. In October, 2000, City Council directed, through Resolution 00-G-291, the establishment of a Holding Company and its related subsidiaries in accordance with the requirements of The Electricity Act, 1998. The Holding Company was named "Barrie Hydro Holdings Inc." and the subsidiaries were named "Barrie Hydro Distribution Inc." and "Barrie Hydro Energy Services Inc."
4. Barrie Hydro Distribution Inc. (BHDI) was merged with PowerStream Inc. effective January 1, 2009.

ANALYSIS

Financial Statements

5. In accordance with section 2.04 of the Shareholders Agreement, the non-consolidated financial statements of Barrie Hydro Holdings Inc. (BHHI) have been submitted for acceptance by the shareholder (See Appendix "B" attached).

6. As per the Non-consolidated Statement of Operating and Retained Earnings (Deficit), the net income of BHHI for the year ending December 31, 2015 was \$4,998,929. The accumulated surplus at year end was \$25,217,386, which is an improvement from an accumulated surplus of \$20,225,583 at December 31, 2014.

Appointment of Accountants

7. Additionally, the Board of Directors recommends that the City of Barrie's auditors (Deloitte) be appointed as Accountants for BHHI and Barrie Hydro Energy Services Inc. Deloitte was the successful respondent to the City of Barrie's Request for Proposals from auditing firms. Utilizing the City's auditor as the accountants on behalf of BHHI and BHESI results in economic savings to the shareholder.
8. The Shareholder is being asked to approve the appointment of the Accountant of the Corporation and its subsidiaries as provided in section 2.06 of the Shareholders Agreement.

ENVIRONMENTAL MATTERS

9. There are no environmental matters related to the recommendation.

ALTERNATIVES

10. The non-consolidated financial statements of Barrie Hydro Holdings Inc. have been compiled by the Corporate Treasurer and reviewed by Deloitte. Acceptance by the Shareholder is required under the Shareholders Agreement, and as a result, no other alternatives are presented with respect to the financial statements.
11. The following alternative is available to the Shareholder in regard to the appointment of the accountants:

Alternative #1

The Shareholder could recommend that a Request for Proposals for accounting services for BHHI be issued. There are cost savings associated with a single accounting/auditing firm on behalf of each organization.

FINANCIAL

12. Barrie Hydro's dividend policy prior to the merger with PowerStream Inc. established a distribution of 30% of its net income after taxes to its Shareholder. However, a dividend declaration and related payment by Barrie Hydro Holdings Inc. to its Shareholder has been suspended until its commitment to fund its share of the PowerStream solar initiative (maximum \$12.3M) is completed.

LINKAGE TO 2014-2018 STRATEGIC PLAN

13. The recommendations included in this Staff Report are not specifically related to the goals contained in 2014-2018 Strategic Plan.

APPENDIX "A"

Minutes of the BHHI Shareholder's Meeting held on November 30, 2015



Shareholder's Meeting
Monday, November 30, 2015
Sir Robert Barrie Room, City Hall, 70 Collier Street, Barrie

Minutes of the Annual Shareholder's Meeting of Barrie Hydro Holdings Inc. with its sole Shareholder The Corporation of the City of Barrie, held at 70 Collier Street, Barrie, Ontario on Monday, November 30, 2015.

The General Committee Meeting of Council held at 70 Collier Street, Barrie, Ontario on Monday, November 30, 2015 was called to order by Mayor Jeff Lehman at 5:26 p.m.

Barrie Hydro Holdings Inc. Chairman Jeff Lehman called the meeting to order at 5:26 p.m. He welcomed Council and staff to the Barrie Hydro Holdings Inc. Shareholder's meeting. The following were recorded as being present:

Barrie Hydro Holdings Inc.:

Board of Directors: Chairman, Jeff Lehman.

Barrie Hydro Staff: President & Chief Executive Officer, C. Ladd
Treasurer, L. Jerney
Corporate Secretary, D. McAlpine.

Barrie Hydro Holdings Inc. Shareholder, The Corporation of the City of Barrie:

Council: Mayor, J. Lehman
Councillor, B. Ainsworth
Councillor, R. Romita
Councillor, D. Shipley
Councillor, B. Ward
Councillor, P. Silveira
Councillor, M. Prowse
Councillor, A. Khan
Councillor, S. Morales
Councillor, M. McCann.

City of Barrie Staff: Chief Administrative Officer, C. Ladd
City Clerk/Director of Legislative and Court Services, D. McAlpine
Director of Legal Services, I. Peters
General Manager, Community and Corporate Services, P. Elliott-Spencer
Manager of Accounting, L. Jerney.

A quorum being present and due notice of the meeting having been given, the Chair declared the meeting to be regularly constituted for the transaction of business.

Business

Chair, J. Lehman advised that the meeting is being held in accordance with *The Business Corporations Act*.

Authorization to the Corporate Secretary – Standard BHHI Shareholder resolutions

BHHI-2015-S-01 MOVED BY: Councillor, B. Ainsworth
 SECONDED BY: Councillor, D. Shipley

Resolved, that The Corporation of the City of Barrie acting as sole Shareholder of Barrie Hydro Holdings Inc authorizes the Corporate Secretary to sign standard Barrie Hydro Holdings Inc. shareholders resolutions with respect to:

- a) Adoption of the Minutes of the previous Barrie Hydro Holdings Inc. Shareholder Meeting held on December 15, 2014;
- b) Receipt of the Non-consolidated Financial Statements of Barrie Hydro Holdings Inc. for the financial year ended December 31, 2014;
- c) Appointment of the City of Barrie's auditor (Deloitte) as Accountants for Barrie Hydro Holdings Inc. until the next annual meeting or until a successor is appointed at a remuneration to be fixed by the Directors and that the Directors be authorized to fix such remuneration;
- d) Approval, sanctioning and confirmation of all acts, contracts, by-laws, proceedings, appointments, elections and payments enacted, made, done and taken by the Directors and Officers as the same are set out or referred to in the minutes of the meeting or in the financial statements.

CARRIED

Adjournment

BHHI-2015-S-02 MOVED BY: Councillor, B. Ainsworth
 SECONDED BY: Councillor, D. Shipley

Resolved, that the Barrie Hydro Holdings Inc. Annual Shareholder's meeting now adjourn at 5:31 pm.

CARRIED

Chairman

Secretary

Dated: _____

APPENDIX "B"

Financial Statements for the year ended December 31, 2015