



Report to: General Committee

Meeting Date: June 26, 2018

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**SUBJECT:** Amendments to Alectra Inc. Unanimous Shareholders' Agreement  
**PREPARED BY:** Catherine M. Conrad, City Solicitor and Acting Director of Human Resources, Ext. 4737

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**RECOMMENDATION:**

- 1) That the report entitled "Amendments to the Alectra Inc. Unanimous Shareholders' Agreement" dated June 26<sup>th</sup>, 2018, be received;
- 2) That the resolutions attached as Appendix "A" be adopted and forwarded to Alectra Inc.
- 3) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

**PURPOSE:**

The purpose of this report is to authorize certain amendments to the Unanimous Shareholders' Agreement entered into when PowerStream merged with Enersource Corporation and Horizon Holdings Inc. as described below.

**BACKGROUND:**

The amalgamation of Enersource Corporation and Horizon Holdings with PowerStream Inc. was finalized on January 31, 2017. At that time, the parties to the transaction, including the utilities, and their Shareholders and the Principals of those Shareholders, entered into a Unanimous Shareholders' Agreement (the "USA"), that is intended to govern the relationship between the corporation, Alectra Inc. and its shareholders and their Principals. Markham Enterprises Corporation is a Shareholder of Alectra and the City of Markham is its Principal, and both are signatories to the USA.

**OPTIONS/ DISCUSSION:**

The USA sets out requirements for financial reporting and matters that require unanimous or special (two-thirds) shareholder approval.

Section 2.26 of the USA requires quarterly reports to be provided to the Shareholders and their Principals within 45 days of the financial close of each of the first three quarters. Alectra management is requesting that the 45 days be increased to 60 days. This is a reasonable request and Staff recommend approval of the request.

In addition, Section 2.21 and other sections of the USA require approval by shareholders holding at least two-thirds of all issued shares for certain items including certain transactions involving shares or "other securities". The reference to other securities should have referred to "other equity securities" as the reference general to securities is

over-broad and would unduly restrict the corporation's ability to manage its financial needs. The request to add "equity" in this context is reasonable and Staff recommend approval of this request.

As the City is a signatory to the USA, its consent is required, together with the consent of Markham Enterprises Corporation, to the changes to the USA. Markham Enterprises Corporation approved the necessary resolution on June 12, 2018.

The full text of the amendments required is set out in Appendix A to this report.

**FINANCIAL CONSIDERATIONS**

N/A.

**HUMAN RESOURCES CONSIDERATIONS**

N/A.


**ALIGNMENT WITH STRATEGIC PRIORITIES:**

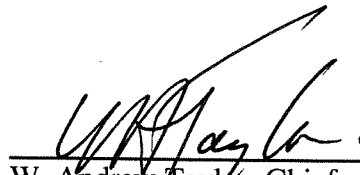
N/A.

**BUSINESS UNITS CONSULTED AND AFFECTED:**

The Finance Department was consulted in the preparation of this report.

**RECOMMENDED BY:**

  
Catherine M. Conrad, City Solicitor  
and Acting Director of Human  
Resources

  
W. Andrew Taylor, Chief  
Administrative Officer

**ATTACHMENTS:**

Appendix "A" – Draft Resolution of Alectra Shareholder/Principal

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**APPENDIX "A"****ALECTRA INC.  
(the "Corporation")****SHAREHOLDERS RESOLUTIONS****Amendments to Unanimous Shareholders Agreement**

**WHEREAS** all of the shareholders of the Corporation are parties to the shareholders agreement of the Corporation made as of January 31, 2017 (the "USA");

**AND WHEREAS** all capitalized terms not otherwise defined herein have the meanings ascribed thereto in the USA;

**AND WHEREAS** in addition to the Shareholders, each Principal is a party to the USA;

**AND WHEREAS** a new unanimous shareholders agreement for the Corporation, substantially in the form of the USA (the "New USA"), will take effect concurrent with the acquisition and merger transactions being entered into by the Corporation and Alectra Utilities Corporation with Guelph Hydro Electrical Services Inc. ("GHESI") and Guelph Municipal Holdings Inc. ("GMHI");

**AND WHEREAS** the Shareholders desire to approve certain amendments to the USA;

**RESOLVED THAT:**

1. Section 2.26 of the USA is hereby amended by deleting the words "45 days" in the first line thereof, and substituting therefor the words "60 days";
2. Subsection 2.21(1)(d) of the USA is hereby amended by adding thereto the word "equity" after the word "other" in the first line and sixth line thereof;
3. Subsection 4.2(1) of the USA is hereby amended by adding thereto the word "equity" after the word "other" in the third line thereof;
4. Subsection 4.2(2) of the USA is hereby amended by adding thereto the word "equity" after the word "other" in the second line and fifth line thereof;
5. Forthwith upon approval of the foregoing amendments by each Principal, GHESI and GMHI, the Shareholders shall execute and deliver an Amendment No. 1 to the USA in order to give effect to the foregoing;
6. The New USA of the Corporation to be entered into upon completion of the acquisition and merger transactions with GHESI and GMHI shall also include the foregoing amendments;

7. Any director or officer of the Corporation is hereby authorized and directed to take all steps and procedures required to give effect to the foregoing; and
8. These resolutions are hereby unanimously approved by the Shareholders.