# Report to Strategic Priorities and Policy Committee

**To:** **Chair and Members**
**Strategic Priorities and Policy Committee**

**From:** **Tara Pollitt, Deputy City Manager, Legal Services**

**Subject:** **London Hydro Affiliate**

**Date:** **December 9, 2025**

## Recommendation

That, on the recommendation of the Deputy City Manager, Legal Services with the concurrence of the City Manager and the Deputy City Manager, Finance Supports, the following actions be taken with respect to the London Hydro Affiliate:

a) The attached proposed By-law (Appendix "A") **BE INTRODUCED** at the Municipal Council Meeting to be held on December 16, 2025:

   i) **TO AUTHORIZE** the application to revive London Hydro Holdings Inc. with the Corporation of the City of London as the sole shareholder;

   ii) **TO AUTHORIZE** the incorporation of a new corporation under section 142 of the *Electricity Act* to be established as a numbered company, with a long-term name to be determined at a later point in time;

   iii) **TO AUTHORIZE** the Mayor and City Clerk to execute all necessary documents in connection with the above.

b) The Shareholder Declaration attached as Schedule "A" to the staff report titled "London Hydro Affiliate" and dated December 9, 2025, **BE APPROVED**; and

c) The above-noted staff report **BE RECEIVED**.

## Executive Summary

At the August 26, 2025 meeting, Council directed Civic Administration to work with London Hydro and report back on to a future meeting of the Strategic Priorities and Policy Committee with necessary by-laws and supporting documentation to implement an affiliate corporation. This report provides an update on the strategy for constituting an affiliate as well as a draft shareholder agreement for the affiliate.

## Linkage to the Corporate Strategic Plan

Council's 2023 to 2027 Strategic Plan for the City of London identifies "Well-Run City" as one of eight strategic areas of focus which supports the following:

"The City of London is trusted, open, and accountable in service of the community" which includes increasing transparency and accountability in decision making, financial expenditures, and the delivery of municipal programs and services.

"Londoners experience good stewardship, exceptional and valued service" which supports the expected result of London's finances are maintained in a transparent, sustainable, and well-planned manner, incorporating intergenerational equity, affordability and environmental, social, and governance considerations.

# Analysis

## 1.0 Background Information

### 1.1 Previous Reports Related to this Matter

Strategic Priorities and Policy Committee, meeting on October 28, 2025, Agenda Item 4.1, London Hydro Proposed Amendments to the Shareholder Declaration: Strategic Priorities and Policy Committee - October 28, 2025

Strategic Priorities and Policy Committee, meeting on August 14, 2025, Agenda Item 4.2, London Hydro Affiliated Proposal: Strategic Priorities and Policy Committee - August 14, 2025

Strategic Priorities and Policy Committee, meeting on May 27, 2025, Agenda Item 4.1, London Hydro Proposed Amendments to the Shareholder Declaration: Strategic Priorities and Policy Committee - May 27, 2025

Strategic Priorities and Policy Committee, meeting on September 19, 2023, Agenda Item 5.2, Proposed London Hydro and Newco Affiliate: Strategic Priorities and Policy Committee - September 19, 2023

Strategic Priorities and Policy Committee, meeting on January 26, 2021, Agenda Item 4.1, Comparison of London Hydro Restructuring Options: Strategic Priorities and Policy Committee - January 26, 2021

Strategic Priorities and Policy Committee, meeting on October 20, 2020, Agenda Item 4.1, London Hydro Proposed Corporate Restructuring: Strategic Priorities and Policy Committee - October 20, 2020

Strategic Priorities and Policy Committee, meeting on January 23, 2020, Agenda Item 4.1, London Hydro Proposed Corporate Restructuring: Strategic Priorities and Policy Committee - January 23, 2020

Strategic Priorities and Policy Committee, meeting on August 26, 2019, Agenda Item 4.1, London Hydro Corporate Restructuring: https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=66558

## 2.0 Discussion and Considerations

### 2.1 Background

At the August 14, 2025 meeting of the Strategic Priorities and Policy Committee, London Hydro presented a proposal to explore opportunities to implement an affiliate corporation. At its August 26, 2025 meeting, Council resolved:

> *That, with respect to the London Hydro Inc. Affiliate Proposal, the Civic Administration BE DIRECTED to work with London Hydro Inc. and report back to a future meeting of the Strategic Priorities and Policy Committee with the necessary by-laws and supporting documentation to implement the proposed "Affiliate" corporation;*
>
> *it being noted that the Strategic Priorities and Policy Committee heard and received a presentation from Y. Semsedini, CEO and T. Goodine, Board Chair, London Hydro with respect to this matter.*

London Hydro Inc. is a corporation with share capital incorporated under the *Business Corporations Act*, R.S.O. 1990 c. B16. The Corporation of the City of London (the City) is the sole shareholder. London Hydro Inc. (LHI) is managed by a Board of Directors appointed by City Council. LHI is a regulated electrical Local Distribution Company that

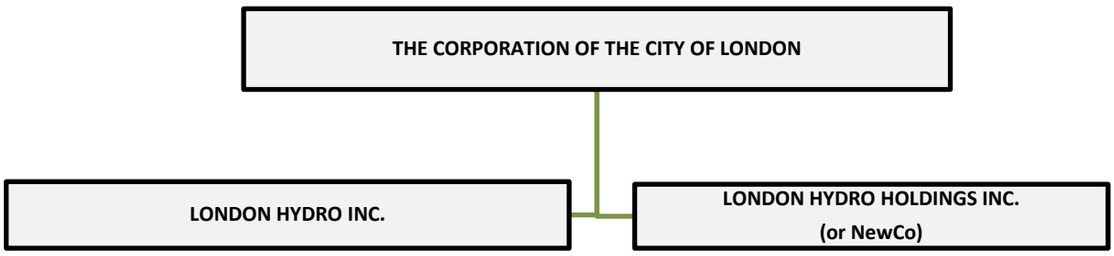
is regulated by the Ontario Energy Board (OEB). At its November 4, 2025 meeting, Council approved an amended shareholder agreement for LHI as well as a recruitment process for director appointments. The LHI shareholder agreement forms the basis for the draft shareholder agreement for the affiliate.

### 2.2 Options to Constitute an Affiliate

The first option available is to revive a dissolved corporation. On April 26, 2000, the City incorporated a holding company called “London Hydro Holdings Inc.” (“LHHI”), primarily intended to pursue the retailing of electricity to consumers. By 2002, London Hydro was no longer pursuing retail activities, and LHHI was voluntarily dissolved effective February 21, 2002. One option available to Council is to revive LHHI and use it as the affiliate. A company that has been voluntarily dissolved can only be revived by a special Act of the legislature by bringing a private member’s bill. If the Province approves, the corporation is revived and restored to its legal position as of the date of dissolution, as if it had not been dissolved.

The second option available is to create a new corporation. The City has the right to create a new corporation under Section 142 of the *Electricity Act "for the purpose of generating, transmitting, distributing or retailing electricity".*

Regardless of whether LHHI is revived or a new section 142 corporation created, the City will continue to have direct ownership of London Hydro Inc. and the affiliate activities as follows:




It is recommended that steps be taken to revive LHHI and that a new affiliate be created at the same time. This is recommended as it is unknown what sort of delay there may be in reviving LHHI, and whether the private member’s bill passes or not. The section 142 corporation could also be structured as an affiliate which would allow Council to explore other opportunities including new lines of business. The section 142 corporation could remain dormant until such time as it is needed.

### 2.3 Shareholder Declaration

As noted above, the draft shareholder declaration for the affiliate is similar to the amended London Hydro Inc. shareholder declaration, with certain highlights and changes as described below. The affiliate will be owned directly by the City of London as sole shareholder.

1) Permitted Business Activities: NewCo is authorized in sections 2.1 and 2.2 to engage in business activities related directly or indirectly to energy services and infrastructure. It is also provided with authority to incorporate subsidiaries and enter into joint ventures. The ability to enter into such ventures is subject to shareholder approval where financial exposure exceeds $5 million (section 8.7).

2) Board Composition: The initial Board of NewCo would consist of three members, two from LHI and one member of Council. The three-member board is proposed in order to limit start-up costs as initial activity in NewCo is expected to be limited. Sections

4.1 and 4.2 provide that the Board will grow to five members consisting of the Chair of LHI, one member of Council and three independent directors. The expansion to five directors will be determined by Council based on a recommendation from the Board that the company's level of deployed capital, revenue or operational complexity justifies the appoint of additional directors.

Board vacancies will be filled using the same recruitment process used for LHI which was approved by Council on November 4, 2025, pursuant to section 4.8.

3) Divided Policy: Section 5.2 acknowledges that no dividends are likely to be paid during the initial period of developing NewCo; however, once there is sufficient capital the Board will use best efforts to target annual dividends of 50% of the annual net earnings of the corporation.

4) Shareholder Approvals: Section 8 has been streamlined to remove items applicable to a distribution company. Items such as borrowing would need Board approval which is accountable to Council as the shareholder.

## 3.0 Next Steps

Appendix A is a draft Shareholder Declaration. Should Council approve the revival of LHHI and creation of a section 142 corporation, Civic Administration will take steps to prepare and execute the necessary documents required for the process.

## Conclusion

This report provides a summary of the proposed options for creating an affiliate corporation.

| | |
|---|---|
| **Prepared by and Recommended by:** | **Tara Pollitt, Deputy City Manager, Legal Services** |
| **Concurred by:** | **Sandra Datars Bere, City Manager**<br>**Anna Lisa Barbon, CPA, CGA, Deputy City Manager, Finance Supports** |

Attachments:
Appendix "A" – By-law
Schedule "A" – Draft Shareholder Agreement

**SCHEDULE "A"**

**NewCo.**

**SHAREHOLDER DECLARATION (2025)**

## ARTICLE 1
## INTERPRETATION

1.1 **Defined Terms.** For the purposes of this Declaration, unless the context otherwise requires, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

**"Affiliate"** has the meaning ascribed thereto in the OBCA;
**"Board"** means the board of directors of the Corporation;
**"Business Day"** means any day other than a Saturday, Sunday or holiday in the Province of Ontario;
**"CEO"** means the chief executive officer of the Corporation;
**"Chair"** means the chair of the Board;
**"Corporation"** means NewCo;
**"Council"** means the municipal council of the Shareholder;
**"Electricity Act"** means the *Electricity Act,* 1998 (Ontario) as amended from time to time;
**"Independent Director"** means a person with is not a current director, officer or employee of the Corporation or its affiliates, including the City of London;
**"Initial Board"** shall have the meaning set out in Section 4.2.
**"Laws"** means laws, regulations., codes, rules and applicable decisions of courts and regulatory, administrative or other governmental or public agencies, boards, tribunals and other bodies;
**"Mayor"** means the individual elected as the Head of Council of the City of London from time to time;
**"Municipal Act"** means the *Municipal Act, 2001* (Ontario);
**"OBCA"** means the *Business Corporations Act* (Ontario);
**"OEB"** means the Ontario Energy Board;
**"OEB Act"** means the *Ontario Energy Board Act, 1998* (Ontario) as amended from time to time;
**"Shareholder"** means the Corporation of the City of London;
**"Shareholder Declaration"** means this shareholder declaration; and
**"Subsidiary"** has the meaning ascribed thereto in Section 1(2) of the OBCA.

1.2 **Purpose.** This Shareholder Declaration outlines the expectations of the Shareholder relating to the principles of governance and other fundamental

principles and policies of the Corporation. Except as and to the extent provided in Section 5.4 and Article 8, this Shareholder Declaration is not intended to constitute a unanimous shareholder agreement under the OBCA or to formally restrict the exercise of the powers of the Board. In the event any subsidiary of NewCo is established or acquired, the Board shall ensure that a shareholder declaration substantially similar in form and effect to this declaration, with the exception of Article 4 regarding director appointments, is adopted and implemented.

## ARTICLE 2
## PERMITTED BUSINESS ACTIVITIES

2.1 **General Authority.** Subject to the restrictions in Article 8 of this Shareholder Declaration, the Board may authorize the Corporation to engage in the business activities, and invest in entities that carry out business activities, which are enumerated in Section 2.2 and that are permitted by any Law applicable to the Corporation from time to time, including without limitation, the *Electricity Act (Ontario)* and the OEB Act.

2.2 **Enumerated Activities.** The Corporation may engage in business activities as may be permitted by Law and that are directly or indirectly related to energy services and infrastructure as well as utility services and infrastructure. Such pursuits of business activities may include the power to incorporate, finance and constitute a subsidiary, enter into joint ventures, whether through investments in corporations or through partnerships, contracts or other arrangements.

2.3 **Statutory Limitation.** It is acknowledged that certain activities contemplated in Section 2.2 may have to be carried out in a manner that complies with applicable laws, including the OEB Act, the Affiliate Relationships Code for Electricity Distributors and Transmitters, and the electricity distribution license of London Hydro Inc.

## ARTICLE 3
## STANDARDS OF GOVERNANCE

3.1 **General Standard.** As required by the OBCA, the Board shall supervise the management of the business and affairs of the Corporation and, in so doing, shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the same degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

## ARTICLE 4

## BOARD OF DIRECTORS

4.1 **Number of Directors.** The Corporation shall be governed by the Board which shall consist of five (5) directors. Notwithstanding the foregoing, until such time as the Shareholder determines, upon the recommendation of the Board, that the Company's level of deployed capital, revenue, or overall operational complexity justifies the appointment of additional directors, only three (3) directors shall be appointed and serve on the Board.

4.2 **Composition of Board.** The initial Board of NewCo shall be composed of two (2) Board members from London Hydro Inc, and one (1) member of Council ("Initial Board"). On or about January 29, 2027, and as required thereafter, the Board shall make a recommendation to Council in accordance with Section 4.8 for a Board composed of the Chair of London Hydro Inc, one (1) member of Council and three (3) Independent Directors.

4.3 **Qualifications of Directors.** In addition to qualifications and requirements for directors as set out in the OBCA and the by-laws of the Corporation, and while it is not necessary that each director possess each of the following qualifications, the Board, as a whole, should possess most or all of the following:

(a) experience in a competitive business environment;
(b) utility, energy infrastructure and energy industry knowledge;
(c) financial knowledge;
(d) legal knowledge;
(e) a reasonable understanding of accounting and tax matters;
(f) planning, including human resource planning;
(g) corporate stewardship and risk management;
(g) awareness of municipal government and local issues
(h) leadership and integrity;
(l) experience and knowledge of London industry; and
(m) experience and expertise in economic development initiatives.

4.4 **Election and Term.** The director appointed as ex officio as the Chair of London Hydro Inc. shall serve for a term matching the member's term as Chair of London Hydro Inc. The four remaining directors shall serve a term of four years, provided that any member appointed from Council shall be entitled to serve as a director only so long as he or she remains a duly elected member of Council, but shall remain a director until replaced. Notwithstanding the foregoing the term of the Initial Board shall be one (1) year, but each director shall remain a director until replaced.

A director shall hold office until the annual meeting of shareholders for the year in which his or her term expires and until his or her successor is elected and qualified.

The election of directors shall be by resolution and shall take place at each annual meeting of shareholders and any directors who retire at such meeting shall, if qualified, be eligible for re- election. Notwithstanding the foregoing, the maximum period of office of any director, save and except the director appointed as ex officio as the Chair of London Hydro Inc., shall be three (3) terms of four (4) years.

If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

4.5 **Board Committees.** The Board may establish committees of the Board in the Board's discretion, subject to compliance with applicable laws.

4.6 **Directors' Compensation.**
The Shareholder shall establish compensation for directors of the Corporation, the Chair and any other officers who are directors of the Corporation in amounts sufficient, in the opinion of the Shareholder, acting reasonably, to attract candidates with necessary qualifications and consistent with industry norms and standards for comparable Ontario electricity distribution utilities. A director that is a member of the Council shall receive no additional compensation for acting as a Director.

Compensation for the initial Board shall be limited to a per meeting fee consistent with fees paid to directors of London Hydro Inc., and only for those directors eligible to be paid a meeting fee.

4.7 **Compensation of Officers of the Corporation.** The Board shall set the compensation for the officers of the Corporation, other than the Chair and any other officers that are directors.

4.8 **Vacancies.** The Board shall promptly provide notice to the Shareholder of a vacancy of an Independent Director, other than a vacancy arising due to expiry of a term of a director. The Shareholder shall appoint a director to fill such vacancy. All directors shall be appointed to the Board through a process approved by Council from time to time.

4.9 **Place of Meetings.** Meetings of the Board may be held at the registered office of the Corporation or at any other place within the City of London, Ontario.

4.10 **Calling of Meetings.** Meetings of the Board shall be held from time to time at such place, on such day and at such time as the Board, the Chair, the CEO, the secretary or any two directors may determine.

4.11 **Notice of Meetings.** Notice of the time and place of each meeting of the Board shall be given to each director not less than 48 hours before the time when the meeting is to be held and need not be in writing.

4.12 **First Meeting of New Board.** Provided a quorum of directors is present, each newly elected Board may without notice hold its first meeting following the annual shareholder meeting at which such Board is elected.

4.13 **Adjourned Meeting.** Notice of an adjourned meeting of the directors is not required if the time and place of the adjourned meeting is announced at the original meeting.

4.14 **Regular Meetings.** The Board may appoint a day or days in any month or months for regular meetings at a place and hour to be named. A copy of any resolution by the Board fixing the time and place of regular meetings of the Board shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting.

4.15 **Votes to Govern.** Any question at a meeting of the Board shall be decided by a show of hands unless a ballot is required or demanded.

4.16 **Chair and Secretary of the Meetings.** The Chair or, in the absence of the Chair, the Vice Chair shall chair any meeting of the Board. If none of the said officers are present, the directors present shall choose one of their number to be chair of the meeting. Notwithstanding the foregoing, the Initial Board shall require a quorum of three (3) directors and, accordingly, no meeting shall proceed in the absence of any director. The secretary of the Corporation shall act as secretary at any meeting of the Board and, if the secretary of the Corporation is absent, the chair of the meeting shall appoint a person who need not be a director to act as secretary of the meeting.

4.17 **Removal of Director.** If a member of the Board has breached the Corporation's policies or procedures, including the Corporation's Code of Conduct, the Board shall determine an appropriate remedy. If the Board determines that the breach by the concerned member is significant and that the concerned member's resignation is the appropriate remedy, the Chair of the Board (or Vice Chair in the event that the concerned member is the Chair) shall report to the Shareholder so that the Shareholder shall then determine whether to remove the member from the Board of the Corporation.

4.18 **Attendance of Mayor.** The Board Chair may invite the Mayor to any Board or Committee meeting, or any portion thereof as an observer. For greater certainty, the Mayor shall not have a vote at any meeting of the Board of or any Committee

while attending as an observer.

## ARTICLES 5
## FINANCIAL POLICIES, RISK MANAGEMENT AND STRATEGIC PLANNING

5.1 **Capital Structure.** The Board shall develop and maintain a prudent financial and capitalization structure for the Corporation consistent with industry norms and sound financial principles and established on the basis that the Corporation is intended to be self-financing.

5.2 **Returns.** The Board shall provide the Shareholder with a competitive rate of return over the long-term relative to other similar affiliate companies of utilities.

5.3 **Dividend Policy.** The Shareholder acknowledges and accepts that no dividends are expected to be declared or paid during the period in which the Corporation is focused on developing opportunities and accumulating capital to support future dividend payments, and establishing appropriate reserves in respect of risks associated with the business of the Corporation. Once the Board is satisfied a sufficient level of capital is available for future growth and appropriate reserves have been established, the Board shall use its best efforts to declare and pay a regular dividend to the Shareholder in accordance with the following:

(a) the target for annual dividend payments are expected to comprise 50% of annual net earnings of the Corporation;

(b) where annual net earnings of the Corporation exceed normal net earnings, the Board shall consider declaring a special payment in an amount equal to such excess net earnings; and

(c) no dividend is to be declared where to do so would, in the Board's reasonable opinion, impair the Corporation's ability to carry out necessary or appropriate operations, and/or would be contrary to Section 38(3) of the OBCA.

5.4 **Payment of Regular Dividend.** A dividend, if any, will be declared by the Board at its meeting to approve the annual financial statements of the Corporation for the preceding year. Equal payments of such dividend will be made on a quarterly basis to the Shareholder.

5.5 **Return to Shareholder.** Any special payment may be declared by the Board after the review of the annual statements of the Corporation. The special payment, if any, will be made within two years of the declaration date on a date or within a range of dates set by the Board.

5.6 **Risk Management.** The Board shall manage all risks related to the business conducted by the Corporation and its subsidiaries, through the adoption of appropriate risk management strategies and internal controls consistent with industry norms.

5.7 **Strategic Plan.** The Board shall develop a long-range strategic plan for the Corporation and its Subsidiaries which is consistent with the maintenance of a viable, competitive business and preserves the value of the business for the Shareholder.

## ARTICLE 6
## SHAREHOLDER APPROVALS AND COMMUNICATIONS

6.1 **Communications**. Approvals or decisions of the Shareholder required pursuant to this Shareholder Declaration or the OBCA shall require a by-law of the Shareholder passed at a meeting of Council and, in the case of resolutions under Section 104 of the OBCA, shall be communicated in writing and executed by the Shareholder.

6.2 **Right to Inspect.** Upon an authorizing resolution of the Shareholder (but not otherwise), the auditors of the Shareholder shall have the right, on reasonable notice and during regular business hours, to inspect the accounts, books, records and documents of the Corporation, but such inspection shall not extend to procurements (e.g. RFPs, RFQs and RFIs) of any kind that are underway but not yet completed at the time of inspection.

## ARTICLE 7
## ANNUAL RESOLUTION AND MEETINGS

7.1 **Annual Report to Shareholder.** The Board shall, not less often than annually and within six months following the end of the fiscal year of the Corporation, report to the Shareholder on matters to be addressed at an annual general meeting of the Corporation as provided in subsection 154(1) of the OBCA.

7.2 **Annual Meeting or Resolution in Lieu.** Within six months after the end of each fiscal year of the Corporation the Shareholder shall, as appropriate pursuant to this Shareholder Declaration, the bylaws of the Corporation and the OBCA, at an annual meeting or by resolution in lieu of such annual meeting:

(a) elect or re-elect directors of the Corporation to fill any vacancy;
(b) waive the audit requirement or appoint auditors of the Corporation;
(c) receive the financial statements of the Corporation for the last completed fiscal year; and
(d) complete such other business as would normally be completed at an

annual meeting of shareholders under the OBCA.

## ARTICLE 8
## MATTERS REQUIRING SHAREHOLDER APPROVAL

Without Shareholder approval given in accordance with Section 6.1 of this Shareholder Declaration, the Corporation shall not do any one or more of the following:

Statutory Approval Rights.

8.1 change the name of the Corporation; add, change or remove any restriction on the business of the Corporation or a Subsidiary; create new classes of shares; or in any other manner amend its articles of incorporation or make, amend or repeal any by-law;

8.2 amalgamate with any other corporation(s) other than amalgamation which may, under the OBCA, be approved by a resolution of directors;

8.3 take or institute proceedings for any winding up, arrangement, or dissolution of the Corporation or its Subsidiaries;

8.4 apply to continue the Corporation under the laws of another jurisdiction;

Additional Approval Rights.

8.5 issue, or enter into any agreement to issue, any shares of any class, or any securities convertible into any shares of any class, of the Corporation;

8.6 redeem or purchase any of the Corporation's outstanding shares;

8.7 enter into any joint venture, partnership, strategic alliance or other venture, if the exposure to the Corporation is $5,000,000 (five million dollars) or more in the aggregate;

8.8 change, alter or amend the compensation of any member of the Board beyond the prescribed adjustment(s) set forth in Section 4.6 of this Shareholder Declaration;

8.9 enter into any agreement, transaction or other arrangement which would cause the municipality to be liable to pay transfer tax, including without limitation, under section 94 of the *Electricity Act*.

## ARTICLE 9
## REVISIONS TO THIS DECLARATION

9.1 **Required Consultation.** The Shareholder acknowledges that this Shareholder Declaration may be revised from time to time as circumstances may require and that the Shareholder will consult with the Board and the CEO prior to completing any revisions and will promptly provide the Board and the CEO with copies of such revisions.

## ARTICLE 10
## CONFIDENTIALITY

10.1 **Dealing with Information.** Subject to applicable Laws, including without limitation the *Municipal Freedom of Information and Protection of Privacy Act* (Ontario) and the Municipal Act, the Shareholder shall keep confidential all confidential and/or proprietary information obtained by it relating to the business and affairs of the Corporation.

## ARTICLE 11
## NOTICES

11.1 **Delivery.** Any notice, designation, communication, request, demand or other document, required or permitted to be given or sent or delivered to the Shareholder by the Corporation or Board or to the Corporation or Board by the Shareholder shall be in writing and shall be sufficiently given or sent or delivered if it is

(a) delivered personally,

(b) sent to the party entitled to receive it by registered mail, postage prepaid, mailed in Canada, or

(c) sent by electronic mail (e-mail).

Notices shall be sent to the following addresses or e-mail addresses:

(i) in the case of the Corporation or Board,
c/o London Hydro Inc.
111 Horton Street London, Ontario N6A 4H_
Attention: Chief Executive Officer
Email: _____

(ii) in the case of the Shareholder,
The Corporation of the City of London
300 Dufferin Avenue, London, Ontario N6A 4L9
Attention: City Clerk
Email: _____

or to such other address or email address as the party entitled to or receiving such notice, designation, communication, request, demand or other document shall, by a notice given in accordance with this section, have communicated to the party giving or sending or delivering such notice, designation, communication, request, demand or other document.

Any notice, designation, communication, request, demand or other document given or sent or delivered as aforesaid shall:

(a) if delivered as aforesaid, be deemed to have been given, sent, delivered and received on the date of delivery;

(b) if sent by mail as aforesaid, be deemed to have been given, sent, delivered and received (but not actually received) on the fourth Business Day following the date of mailing, unless at any time between the date of mailing and the fourth Business Day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike or lockout or work slowdown, affecting postal service at the point of dispatch or delivery or any intermediate point, in which case the same shall be deemed to have been given, sent, delivered and received in the ordinary course of the mails, allowing for such discontinuance or interruption of regular postal service; and

(c) if sent by email, be deemed to have been given, sent, delivered and received on the date the sender sent the email.

**IN WITNESS WHEREOF** the undersigned has executed this declaration this _____ day of _____, 2025.

**THE CORPORATION OF THE CITY OF LONDON**

BY:

_____

Print Name: Josh Morgan
Title: Mayor

BY:

_____

Print Name: Michael Schulthess
Title: City Clerk

ACKNOWLEDGED this_____ day of _____, 2025,

**NewCo.**

By:

_____

Print Name:

Title:

By:

_____

Print Name:

Title:

**APPENDIX "A"**

Bill No.
2025

By-law No. A.-

A by-law to authorize constituting an affiliate corporation for London Hydro Inc.

**WHEREAS** London Hydro Inc. is a corporation incorporated under the *Business Corporations Act* R.S.O. 1990, c.B.16;

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

**AND WHEREAS** The Corporation of the City of London wishes to constitute an affiliate corporation of London Hydro Inc., by reviving London Hydro Holding Inc. and/or creating a new affiliate corporation pursuant to s. 142 of the *Electricity Act*;

**AND WHEREAS** section 9 of the *Municipal Act, 2001*, as amended, 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;

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

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

1. The application to revive London Hydro Holdings Inc. with the Corporation of the City of London as the sole shareholder is authorized;

2. The incorporation of a new corporation under section 142 of the *Electricity Act* to be established as a numbered company, with a long-term name to be determined at a later point in time is authorized;

3. The Mayor and City Clerk are authorized to execute all necessary documents in connection with the above;

4. This by-law comes into effect on the day it is passed subject to the provisions of PART VI.1 of the *Municipal Act*, 2001.

Passed in Open Council on December 16, 2025 subject to the provisions of PART VI.1 of the *Municipal Act*, 2001.

Josh Morgan
Mayor

Michael Schulthess
City Clerk

First reading – December 16, 2025
Second reading - December 16, 2025
Third reading - December 16, 2025

**NewCo.**

**SHAREHOLDER DECLARATION (2025)**

## ARTICLE 1
## INTERPRETATION

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**"CEO"** means the chief executive officer of the Corporation;

**"Chair"** means the chair of the Board;

**"Corporation"** means NewCo;

**"Council"** means the municipal council of the Shareholder;

**"Electricity Act"** means the *Electricity Act,* 1998 (Ontario) as amended from time to time;

**"Independent Director"** means a person with is not a current director, officer or employee of the Corporation or its affiliates, including the City of London;

**"Initial Board"** shall have the meaning set out in Section 4.2.

**"Laws"** means laws, regulations., codes, rules and applicable decisions of courts and regulatory, administrative or other governmental or public agencies, boards, tribunals and other bodies;

**"Mayor"** means the individual elected as the Head of Council of the City of London from time to time;

**"Municipal Act"** means the *Municipal Act, 2001* (Ontario);

**"OBCA"** means the *Business Corporations Act* (Ontario);

**"OEB"** means the Ontario Energy Board;

**"OEB Act"** means the *Ontario Energy Board Act, 1998* (Ontario) as amended

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from time to time;

**"Shareholder"** means the Corporation of the City of London;

**"Shareholder Declaration"** means this shareholder declaration; and

**"Subsidiary"** has the meaning ascribed thereto in Section 1(2) of the OBCA.

1.2 **Purpose.** This Shareholder Declaration outlines the expectations of the Shareholder relating to the principles of governance and other fundamental principles and policies of the Corporation. Except as and to the extent provided in Section 5.4 and Article 8, this Shareholder Declaration is not intended to constitute a unanimous shareholder agreement under the OBCA or to formally restrict the exercise of the powers of the Board. In the event any subsidiary of NewCo is established or acquired, the Board shall ensure that a shareholder declaration substantially similar in form and effect to this declaration, with the exception of Article 4 regarding director appointments, is adopted and implemented.

## ARTICLE 2
## PERMITTED BUSINESS ACTIVITIES

2.1 **General Authority.** Subject to the restrictions in Article 8 of this Shareholder Declaration, the Board may authorize the Corporation to engage in the business activities, and invest in entities that carry out business activities, which are enumerated in Section 2.2 and that are permitted by any Law applicable to the Corporation from time to time, including without limitation, the *Electricity Act (Ontario)* and the OEB Act.

2.2 **Enumerated Activities.** The Corporation may engage in business activities as may be permitted by Law and that are directly or indirectly related to energy services and infrastructure as well as utility services and infrastructure. Such pursuits of business activities may include the power to incorporate, finance and constitute a subsidiary, enter into joint ventures, whether through investments in corporations or through partnerships, contracts or other arrangements.

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2.3 **Statutory Limitation.** It is acknowledged that certain activities contemplated in Section 2.2 may have to be carried out in a manner that complies with applicable laws, including the OEB Act, the Affiliate Relationships Code for Electricity Distributors and Transmitters, and the electricity distribution license of London Hydro Inc.

## ARTICLE 3
## STANDARDS OF GOVERNANCE

3.1 **General Standard.** As required by the OBCA, the Board shall supervise the management of the business and affairs of the Corporation and, in so doing, shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the same degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

## ARTICLE 4
## BOARD OF DIRECTORS

4.1 **Number of Directors.** The Corporation shall be governed by the Board which shall consist of five (5) directors. Notwithstanding the foregoing, until such time as the Shareholder determines, upon the recommendation of the Board, that the Company's level of deployed capital, revenue, or overall operational complexity justifies the appointment of additional directors, only three (3) directors shall be appointed and serve on the Board.

4.2 **Composition of Board.** The initial Board of NewCo shall be composed of two (2) Board members from London Hydro Inc, and one (1) member of Council ("Initial Board"). On or about January 29, 2027, and as required thereafter, the Board shall make a recommendation to Council in accordance with Section 4.8 for a Board composed of the Chair of London Hydro Inc, one (1) member of Council and three (3) Independent Directors.

4.3 **Qualifications of Directors.** In addition to qualifications and requirements for

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directors as set out in the OBCA and the by-laws of the Corporation, and while it is not necessary that each director possess each of the following qualifications, the Board, as a whole, should possess most or all of the following:

(a) experience in a competitive business environment;
(b) utility, energy infrastructure and energy industry knowledge;
(c) financial knowledge;
(d) legal knowledge;
(e) a reasonable understanding of accounting and tax matters;
(f) planning, including human resource planning;
(g) corporate stewardship and risk management;
(g) awareness of municipal government and local issues
(h) leadership and integrity;
(l) experience and knowledge of London industry; and
(m) experience and expertise in economic development initiatives.

4.4 **Election and Term.** The director appointed as ex officio as the Chair of London Hydro Inc. shall serve for a term matching the member's term as Chair of London Hydro Inc. The four remaining directors shall serve a term of four years, provided that any member appointed from Council shall be entitled to serve as a director only so long as he or she remains a duly elected member of Council, but shall remain a director until replaced. Notwithstanding the foregoing the term of the Initial Board shall be one (1) year, but each director shall remain a director until replaced.

A director shall hold office until the annual meeting of shareholders for the year in which his or her term expires and until his or her successor is elected and qualified.

The election of directors shall be by resolution and shall take place at each annual meeting of shareholders and any directors who retire at such meeting shall, if qualified, be eligible for re- election. Notwithstanding the foregoing, the maximum period of office of any director, save and except the director appointed as ex officio as the Chair of London Hydro Inc., shall be three (3) terms of four (4) years.

If an election of directors is not held at the proper time, the incumbent directors shall

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continue in office until their successors are elected.

4.5 **Board Committees.** The Board may establish committees of the Board in the Board's discretion, subject to compliance with applicable laws.

4.6 **Directors' Compensation.**

The Shareholder shall establish compensation for directors of the Corporation, the Chair and any other officers who are directors of the Corporation in amounts sufficient, in the opinion of the Shareholder, acting reasonably, to attract candidates with necessary qualifications and consistent with industry norms and standards for comparable Ontario electricity distribution utilities. A director that is a member of the Council shall receive no additional compensation for acting as a Director.

Compensation for the initial Board shall be limited to a per meeting fee consistent with fees paid to directors of London Hydro Inc., and only for those directors eligible to be paid a meeting fee.

4.7 **Compensation of Officers of the Corporation.** The Board shall set the compensation for the officers of the Corporation, other than the Chair and any other officers that are directors.

4.8 **Vacancies.** The Board shall promptly provide notice to the Shareholder of a vacancy of an Independent Director, other than a vacancy arising due to expiry of a term of a director. The Shareholder shall appoint a director to fill such vacancy. All directors shall be appointed to the Board through a process approved by Council from time to time.

4.9 **Place of Meetings.** Meetings of the Board may be held at the registered office of the Corporation or at any other place within the City of London, Ontario.

4.10 **Calling of Meetings.** Meetings of the Board shall be held from time to time at

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such place, on such day and at such time as the Board, the Chair, the CEO, the secretary or any two directors may determine.

4.11 **Notice of Meetings.** Notice of the time and place of each meeting of the Board shall be given to each director not less than 48 hours before the time when the meeting is to be held and need not be in writing.

4.12 **First Meeting of New Board.** Provided a quorum of directors is present, each newly elected Board may without notice hold its first meeting following the annual shareholder meeting at which such Board is elected.

4.13 **Adjourned Meeting.** Notice of an adjourned meeting of the directors is not required if the time and place of the adjourned meeting is announced at the original meeting.

4.14 **Regular Meetings.** The Board may appoint a day or days in any month or months for regular meetings at a place and hour to be named. A copy of any resolution by the Board fixing the time and place of regular meetings of the Board shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting.

4.15 **Votes to Govern.** Any question at a meeting of the Board shall be decided by a show of hands unless a ballot is required or demanded.

4.16 **Chair and Secretary of the Meetings.** The Chair or, in the absence of the Chair, the Vice Chair shall chair any meeting of the Board. If none of the said officers are present, the directors present shall choose one of their number to be chair of the meeting. Notwithstanding the foregoing, the Initial Board shall require a quorum of three (3) directors and, accordingly, no meeting shall proceed in the absence of any director. The secretary of the Corporation shall act as secretary at any meeting of the Board and, if the secretary of the Corporation is absent, the chair of the meeting shall appoint a person who need not be a director to act as secretary of the meeting.

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4.17 **Removal of Director.** If a member of the Board has breached the Corporation's policies or procedures, including the Corporation's Code of Conduct, the Board shall determine an appropriate remedy. If the Board determines that the breach by the concerned member is significant and that the concerned member's resignation is the appropriate remedy, the Chair of the Board (or Vice Chair in the event that the concerned member is the Chair) shall report to the Shareholder so that the Shareholder shall then determine whether to remove the member from the Board of the Corporation.

4.18 **Attendance of Mayor.** The Board Chair may invite the Mayor to any Board or Committee meeting, or any portion thereof as an observer. For greater certainty, the Mayor shall not have a vote at any meeting of the Board of or any Committee while attending as an observer.

## ARTICLES 5
## FINANCIAL POLICIES, RISK MANAGEMENT AND STRATEGIC PLANNING

5.1 **Capital Structure.** The Board shall develop and maintain a prudent financial and capitalization structure for the Corporation consistent with industry norms and sound financial principles and established on the basis that the Corporation is intended to be self-financing.

5.2 **Returns.** The Board shall provide the Shareholder with a competitive rate of return over the long-term relative to other similar affiliate companies of utilities.

5.3 **Dividend Policy.** The Shareholder acknowledges and accepts that no dividends are expected to be declared or paid during the period in which the Corporation is focused on developing opportunities and accumulating capital to support future dividend payments, and establishing appropriate reserves in respect of risks associated with the business of the Corporation. Once the Board is satisfied a sufficient level of capital is available for future growth and appropriate reserves have been

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established, the Board shall use its best efforts to declare and pay a regular dividend to the Shareholder in accordance with the following:

(a) the target for annual dividend payments are expected to comprise 50% of annual net earnings of the Corporation;

(b) where annual net earnings of the Corporation exceed normal net earnings, the Board shall consider declaring a special payment in an amount equal to such excess net earnings; and

(c) no dividend is to be declared where to do so would, in the Board's reasonable opinion, impair the Corporation's ability to carry out necessary or appropriate operations, and/or would be contrary to Section 38(3) of the OBCA.

5.4 **Payment of Regular Dividend.** A dividend, if any, will be declared by the Board at its meeting to approve the annual financial statements of the Corporation for the preceding year. Equal payments of such dividend will be made on a quarterly basis to the Shareholder.

5.5 **Return to Shareholder.** Any special payment may be declared by the Board after the review of the annual statements of the Corporation. The special payment, if any, will be made within two years of the declaration date on a date or within a range of dates set by the Board.

5.6 **Risk Management.** The Board shall manage all risks related to the business conducted by the Corporation and its subsidiaries, through the adoption of appropriate risk management strategies and internal controls consistent with industry norms.

5.7 **Strategic Plan.** The Board shall develop a long-range strategic plan for the Corporation and its Subsidiaries which is consistent with the maintenance of a viable, competitive business and preserves the value of the business for the Shareholder.

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## ARTICLE 6
## SHAREHOLDER APPROVALS AND COMMUNICATIONS

6.1 **Communications**. Approvals or decisions of the Shareholder required pursuant to this Shareholder Declaration or the OBCA shall require a by-law of the Shareholder passed at a meeting of Council and, in the case of resolutions under Section 104 of the OBCA, shall be communicated in writing and executed by the Shareholder.

6.2 **Right to Inspect.** Upon an authorizing resolution of the Shareholder (but not otherwise), the auditors of the Shareholder shall have the right, on reasonable notice and during regular business hours, to inspect the accounts, books, records and documents of the Corporation, but such inspection shall not extend to procurements (e.g. RFPs, RFQs and RFIs) of any kind that are underway but not yet completed at the time of inspection.

## ARTICLE 7
## ANNUAL RESOLUTION AND MEETINGS

7.1 **Annual Report to Shareholder.** The Board shall, not less often than annually and within six months following the end of the fiscal year of the Corporation, report to the Shareholder on matters to be addressed at an annual general meeting of the Corporation as provided in subsection 154(1) of the OBCA.

7.2 **Annual Meeting or Resolution in Lieu.** Within six months after the end of each fiscal year of the Corporation the Shareholder shall, as appropriate pursuant to this Shareholder Declaration, the bylaws of the Corporation and the OBCA, at an annual meeting or by resolution in lieu of such annual meeting:

(a) elect or re-elect directors of the Corporation to fill any vacancy;

(b) waive the audit requirement or appoint auditors of the Corporation;

(c) receive the financial statements of the Corporation for the last completed fiscal year; and

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(d) complete such other business as would normally be completed at an annual meeting of shareholders under the OBCA.

## ARTICLE 8
## MATTERS REQUIRING SHAREHOLDER APPROVAL

Without Shareholder approval given in accordance with Section 6.1 of this Shareholder Declaration, the Corporation shall not do any one or more of the following:

Statutory Approval Rights.

8.1 change the name of the Corporation; add, change or remove any restriction on the business of the Corporation or a Subsidiary; create new classes of shares; or in any other manner amend its articles of incorporation or make, amend or repeal any by-law;

8.2 amalgamate with any other corporation(s) other than amalgamation which may, under the OBCA, be approved by a resolution of directors;

8.3 take or institute proceedings for any winding up, arrangement, or dissolution of the Corporation or its Subsidiaries;

8.4 apply to continue the Corporation under the laws of another jurisdiction;

Additional Approval Rights.

8.5 issue, or enter into any agreement to issue, any shares of any class, or any securities convertible into any shares of any class, of the Corporation;

8.6 redeem or purchase any of the Corporation's outstanding shares;

8.7 enter into any joint venture, partnership, strategic alliance or other venture, if the exposure to the Corporation is $5,000,000 (five million dollars) or more in the aggregate;

8.8 change, alter or amend the compensation of any member of the Board beyond the prescribed adjustment(s) set forth in Section 4.6 of this Shareholder Declaration;

8.9 enter into any agreement, transaction or other arrangement which would cause

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the municipality to be liable to pay transfer tax, including without limitation, under section 94 of the *Electricity Act*.

## ARTICLE 9
## REVISIONS TO THIS DECLARATION

9.1 **Required Consultation.** The Shareholder acknowledges that this Shareholder Declaration may be revised from time to time as circumstances may require and that the Shareholder will consult with the Board and the CEO prior to completing any revisions and will promptly provide the Board and the CEO with copies of such revisions.

## ARTICLE 10
## CONFIDENTIALITY

10.1 **Dealing with Information.** Subject to applicable Laws, including without limitation the *Municipal Freedom of Information and Protection of Privacy Act* (Ontario) and the Municipal Act, the Shareholder shall keep confidential all confidential and/or proprietary information obtained by it relating to the business and affairs of the Corporation.

## ARTICLE 11
## NOTICES

11.1 **Delivery.** Any notice, designation, communication, request, demand or other document, required or permitted to be given or sent or delivered to the Shareholder by the Corporation or Board or to the Corporation or Board by the Shareholder shall be in writing and shall be sufficiently given or sent or delivered if it is

(a) delivered personally,

(b) sent to the party entitled to receive it by registered mail, postage prepaid, mailed in Canada, or

(c) sent by electronic mail (e-mail).

Notices shall be sent to the following addresses or e-mail addresses:

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(i) in the case of the Corporation or Board,

c/o London Hydro Inc.
111 Horton Street London, Ontario N6A 4H_
Attention: Chief Executive Officer
Email: _____

(ii) in the case of the Shareholder,

The Corporation of the City of London
300 Dufferin Avenue, London, Ontario N6A 4L9
Attention: City Clerk
Email: _____

or to such other address or email address as the party entitled to or receiving such notice, designation, communication, request, demand or other document shall, by a notice given in accordance with this section, have communicated to the party giving or sending or delivering such notice, designation, communication, request, demand or other document.

Any notice, designation, communication, request, demand or other document given or sent or delivered as aforesaid shall:

(a) if delivered as aforesaid, be deemed to have been given, sent, delivered and received on the date of delivery;

(b) if sent by mail as aforesaid, be deemed to have been given, sent, delivered and received (but not actually received) on the fourth Business Day following the date of mailing, unless at any time between the date of mailing and the fourth Business Day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike or lockout or work slowdown, affecting postal service at the point of dispatch or delivery or any intermediate point, in which case the same shall be deemed to have been given, sent, delivered and received in the ordinary course of the mails, allowing for such discontinuance or interruption of regular postal service; and

(c) if sent by email, be deemed to have been given, sent, delivered and received on

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the date the sender sent the email.

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**IN WITNESS WHEREOF** the undersigned has executed this declaration this _____ day of _____, 2025.

**THE CORPORATION OF THE CITY OF LONDON**

BY: _____

Print Name: Josh Morgan

Title: Mayor

BY: _____

Print Name: Michael Schulthess

Title: City Clerk

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ACKNOWLEDGED this_____ day of _____, 2025,

**NewCo.**

By: _____

Print Name:

Title:

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By: _____

Print Name:

Title:

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