

CITY COUNCIL AGENDA

Consolidated as of May 22, 2015



Council Chambers, Guelph City Hall, 1 Carden Street

DATE Monday May 25, 2015 – 7:00 p.m.

Please turn off or place on non-audible all cell phones, PDAs, Blackberrys and pagers during the meeting.

**O Canada
Silent Reflection
Disclosure of Pecuniary Interest and General Nature Thereof**

PRESENTATION

- a) Julie Goodwin on behalf of the Guelph Barrier Free Committee:
presentation of the 2015 Access Recognition Awards
 - Jane McNamee, outstanding accomplishment of an individual
 - Taylor Redmond, outstanding accomplishment of an individual
 - Heidi Torreiter, outstanding contribution of an individual
 - Wendy Lewis, outstanding contribution of an individual
 - Mary Grad, outstanding contribution of an individual
 - Justin Selby, the Campus Accessibility Committee and the University of Guelph, outstanding contribution of a business
- b) Tourism Strategy: presentation by Colleen Clack, General Manager Culture, Tourism & Community Investment (presentation and background material)
- ~~e) 2015 Wellbeing Grant Allocations Presentation~~

CONFIRMATION OF MINUTES (Councillor Wettstein)

***“THAT** the minutes of the Council Meetings held April 13, 20, 22 and 27 and May 11, 2015 and the minutes of the Closed Meeting of Council held April 22 and 27, and May 11, 2015 be confirmed as recorded and without being read.”*

CONSENT REPORTS/AGENDA – ITEMS TO BE EXTRACTED

The following resolutions have been prepared to facilitate Council's consideration of the various matters and are suggested for consideration. If Council wishes to address a specific report in isolation of the Consent Reports/Agenda, please identify the item. The item will be extracted and dealt with separately. The balance of the Consent Reports/Agenda will be approved in one resolution.

Consent Reports/Agenda from:

Closed Meeting of Council			
Item	City Presentation	Delegations	To be Extracted
CM-2015.3 2015 Citizen Appointments to Tourism Advisory Committee			

Adoption of balance of the Closed Meeting of Council Second Consent Report

Corporate Services Committee			
Item	City Presentation	Delegations	To be Extracted
CS-2015.19 Budget Impacts per Ontario Regulation 284/09 & 2015 Budget PSAB Reconciliation			
CS-2015.21 Special Motion – Councillor Findlay 2014			

Adoption of balance of Corporate Services Committee Third Consent Report -
Councillor Hofland, Chair

Infrastructure, Development & Enterprise Committee			
Item	City Presentation	Delegations	To be Extracted
IDE-2015.10 2015 Development Priorities Plan			
IDE-2015.11 2014 Building Permit Fee Revenues, Costs, Building Stabilization Reserve Fund and Annual Setting of Building Permit Fees for 2015			
IDE-2015.12 Elementary School Speed Zones - Update			
IDE-2015.14 Gas Pump Warning Labels			

Adoption of balance of Infrastructure, Development & Enterprise Committee Fourth
Consent Report – Councillor Bell, Chair

Public Services Committee			
Item	City Presentation	Delegations	To be Extracted
PS-2015.13 Revised Terms of Reference for the Wellbeing Grant Allocation Panel			
PS-2015.14 Business License Fees 2015			
PS-2015.15 Business License By-law Amendment – Donation Bin, Publication Dispensing Box Licensing		<ul style="list-style-type: none"> Mark Hillis, Molok North America Ltd. 	✓

Adoption of balance of Public Services Committee Third Consent Report – Councillor Downer, Chair

Council Consent Agenda			
Item	City Presentation	Delegations	To be Extracted
CON-2015.22 2015 Provincial Co-ordinated Land Use Planning Review			
CON-2015.23 Proposed Demolition of 58 Dean Avenue, Ward 5			
CON-2015.24 Amendment of City-GMHI Shareholder Declaration			

Adoption of balance of the Council Consent Agenda – Councillor

ITEMS EXTRACTED FROM COMMITTEES OF COUNCIL REPORTS AND COUNCIL CONSENT AGENDA (Chairs to present the extracted items)

Once extracted items are identified, they will be dealt with in the following order:

- 1) *delegations (may include presentations)*
- 2) *staff presentations only*
- 3) *all others.*

Reports from:

- Corporate Services Committee– Councillor Hofland
- Infrastructure, Development & Enterprise Committee – Councillor Bell
- Public Services Committee– Councillor Council Downer
- Consent – Mayor Guthrie

SPECIAL RESOLUTIONS

BY-LAWS

Resolution – Adoption of By-laws (Councillor Allt)

“THAT By-law Numbers (2015)-19904 to (2015)-19913, inclusive, are hereby passed.”

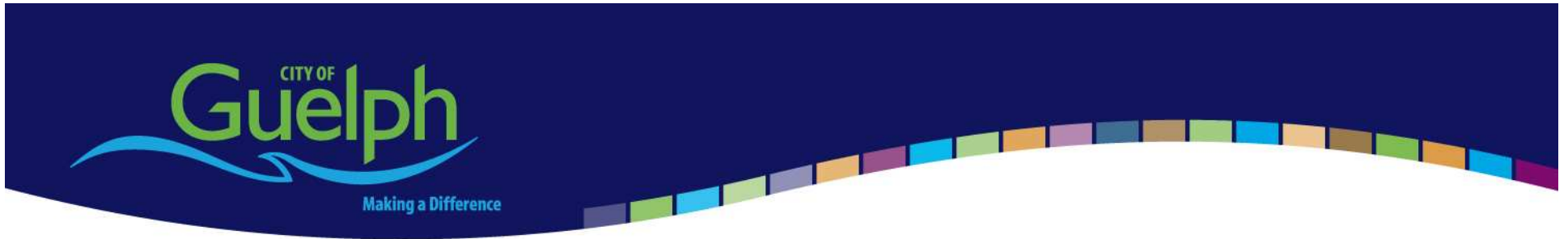
By-law Number (2015)-19911 A By-law to dedicate certain lands known as Reserve Block 59, Plan 61M161 as part of MacAlister Boulevard, City of Guelph.	To dedicate certain lands as part of MacAlister Boulevard.
By-law Number (2015)-19912 A By-law to dedicate certain lands known as Reserve Block 85, Plan 61M133 as part of Vaughan Street, City of Guelph.	To dedicate certain lands as part of Vaughan Street.
By-law Number (2015)-19913 A by-law to confirm the proceedings of Guelph City Council meetings held May 20 and 25, 2015.	To confirm the proceedings of Council meetings held May 20 and 25, 2015.

MAYOR’S ANNOUNCEMENTS

Please provide any announcements, to the Mayor in writing, by 12 noon on the day of the Council meeting.

NOTICE OF MOTION

ADJOURNMENT



DestinationNEXT

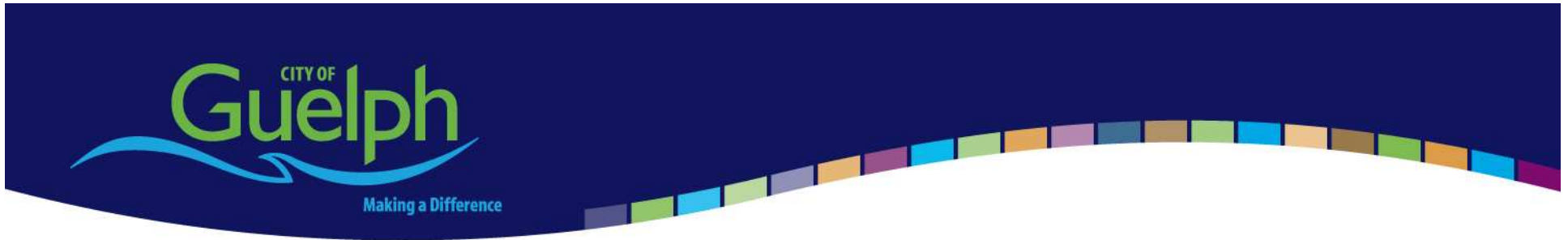
A Strategic Tourism Destination Initiative

Presentation Overview

- Background
- About our Partner, RTO4
- About DestinationNEXT
- Goals and expected outcomes
- Project status and funding
- Next steps

Tourism Services in Review

- 2012, Tourism aligned with Culture department
- 2013, Request for Proposal developed
- 2014, Operational Review/Public Consultation completed
- 2015, Tourism Advisory Committee appointed
- 2015, Implementation of Review recommendations

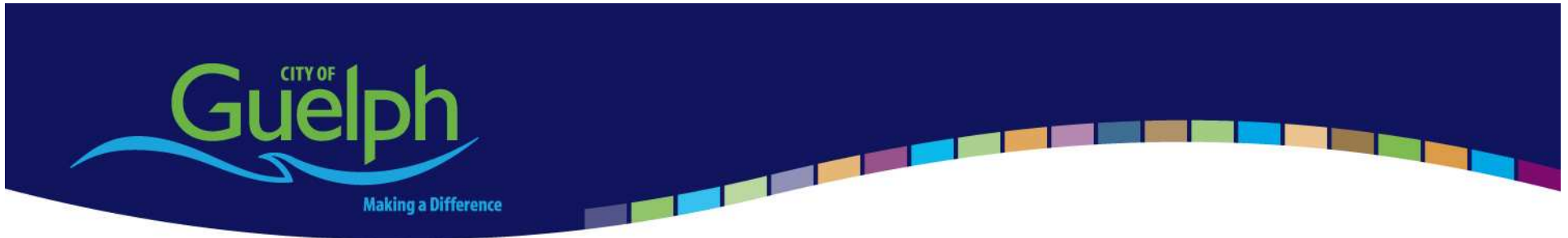


Our Partner is RTO4

We have formed a strategic partnership with the Regional Tourism Organization Four Inc (RTO4).

- One of 13 regional tourism offices in Ontario
- Serves Perth, Guelph, Waterloo and Wellington
- Established by Ministry of Tourism Culture and Sport
- Provides leadership and support to tourism economy
- Partnered to set up Regional Sport Tourism Office



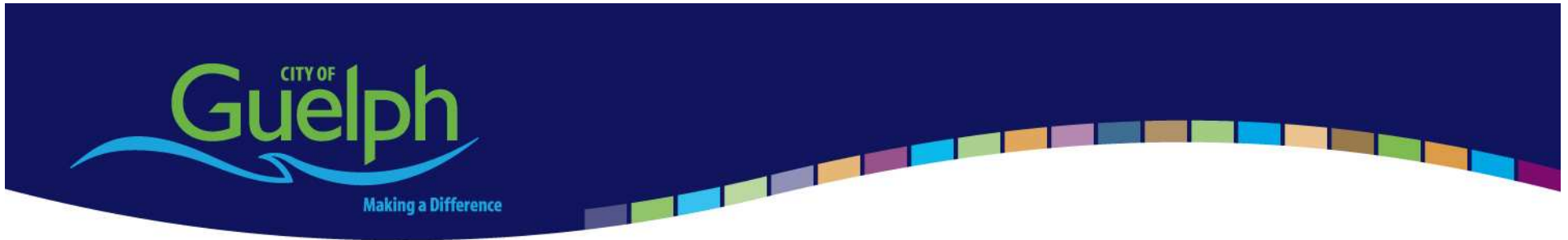


About DestinationNEXT

It is a bold global initiative that provides Destination Marketing Organizations (DMOs, such as Guelph Tourism), with a road map for sustainable success.

- Facilitated by InterVISTAS Consulting Group on behalf of Destination Marketing Association International (DMAI)
- Provides practical, clear actions, and strategies for success in a dramatically changing tourism world.

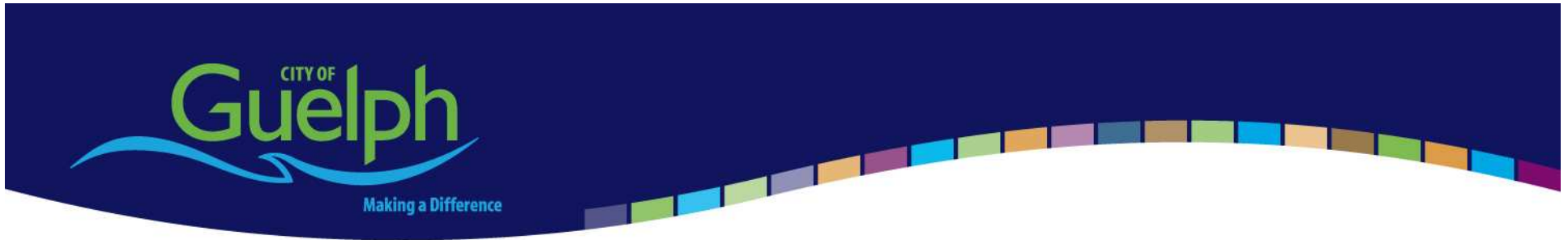




Guelph selected for this project

RTO4 lobbied InterVISTAS and DMAI to engage the City of Guelph based on:

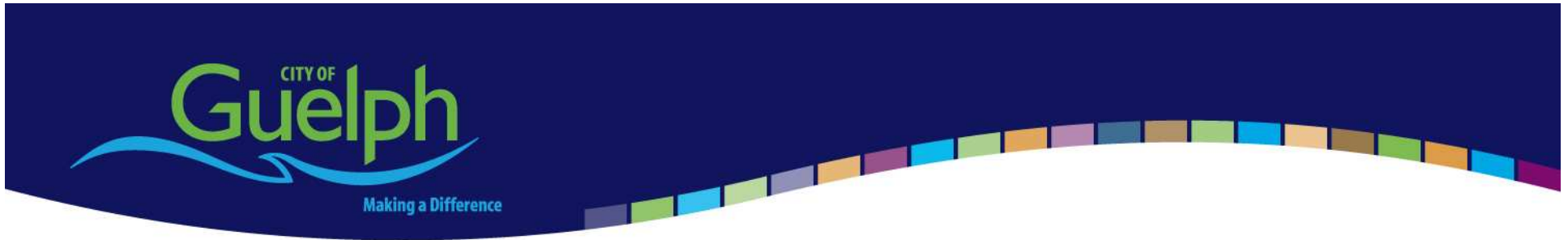
- Visit Guelph's readiness following the completion of the Tourism Public Consultation and Operational Review
- Guelph's focus on potential to leverage its existing assets
- City's commitment to innovative economic development



Goal

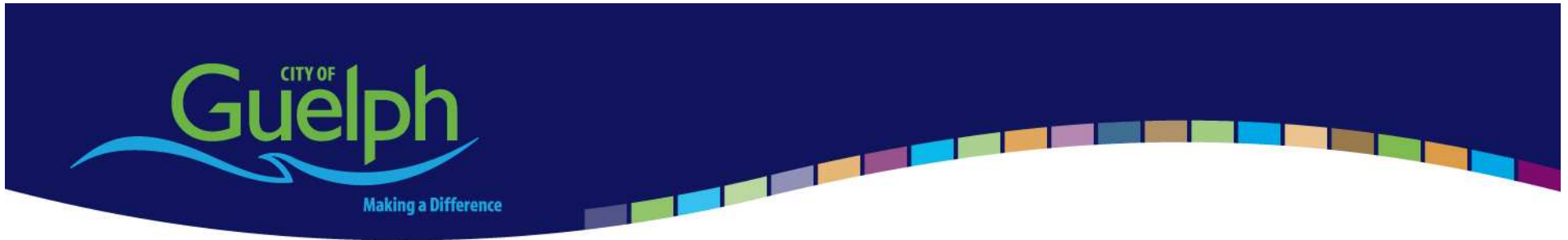
To grow the tourism economy in Guelph by:

- leveraging our existing assets and unique characteristics;
- providing practical, clear actions and strategies;
- strengthening our capacity for destination marketing and management; and
- integrating Tourism Strategy into City planning.



Expected Outcomes

- The tourism vision is embraced by the community
- Guelph has a reputation as a visitor destination
- Stakeholders are committed to a common strategy
- Guelph’s brand is widely recognized and valued
- Guelph tourism becomes a significant economic driver



Project Status and Funding

- Steering Committee formed
- Previous reports, studies, and plans compiled
- Self-assessment workshop completed with stakeholders
- Letter of Intent has been signed with RTO4
- RTO4 commits funding support at \$170k value
- City commits to staff resources and project coordination

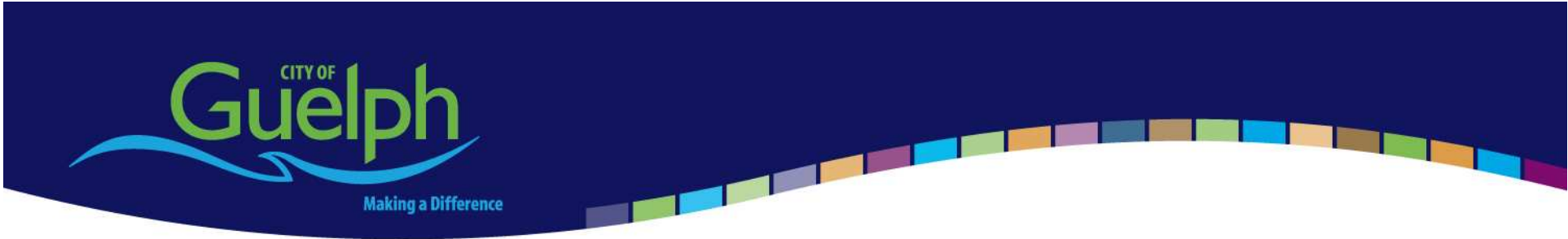
Steering Committee

Chris Ahlers, Wyndham Art Supplies
Sue Bennett, University of Guelph
Sean Billing, Delta Guelph
Patti Broughton, Guelph Arts Council
Peter Cartwright, City of Guelph
Colleen Clack, City of Guelph
James Doran, Innovation Guelph
Cathy Downer, City Councillor
Stacey Dunnigan, City of Guelph
Andrea Gardi, RTO4
Cam Guthrie, Mayor of Guelph

Tom Kendall, University of Guelph
Kithio Mwanzia, Guelph Chamber of
Commerce
Ian Panabaker, City of Guelph
David Peacock, RTO4
Ella Pauls, City of Guelph
Paul Samson, Ministry Tourism,
Culture and Sport
Napier Simpson, RTO4
Nik Wever, Gain Music Festival
Marie Zimmerman, Hillside Festival

Next Steps

- Visioning
- Asset mapping
- Strategy development
- Implementation plan development
- Milestone updates to Council



Thank you



THE CITY OF GUELPH
AND
REGIONAL TOURISM ORGANIZATION 4 INC.
AN INITIATIVE OF THE ONTARIO MINISTRY OF TOURISM, CULTURE AND SPORT

SUPPORTING MATERIALS

COUNCIL PRESENTATION

MAY 25TH, 2015

7:00 PM



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Project Overview

A key priority at RTO4 is leveraging the potential of our primary tourism assets.

Over the past year, RTO4 has worked with three leading consulting firms, InterVISTAS, DestinationThink! and Tourism Café to develop one-on-one destination development projects for key destinations within the region. InterVISTAS has been engaged to work in partnership with RTO4 and the City of Guelph on a destination development project. RTO4 is underwriting the significant cost of the InterVISTAS engagement.

InterVISTAS, an internationally recognized travel and tourism consulting firm based out of Vancouver, has been engaged by Destination Marketing Association International (DMAI) on an initiative called DestinationNEXT. The focus of DestinationNEXT is to help destination marketing organizations (DMOS) assess their current positions and provide them with practical, clear actions, and strategies for sustainable success in a dramatically changing tourism world. InterVISTAS will be presenting the Guelph case study at the DMAI Convention in Austin Texas, July 2015.

RTO4 lobbied InterVISTAS and DMAI to engage the City of Guelph based on its tourism assets, culture, festival and events reputation, historic downtown, and sport tourism capacity, as well as Guelph's progressive approach to redefining the role of tourism within the greater city strategy.

The goal of the project is four-fold:

- Grow the tourism economy in Guelph.
- Develop a strong destination marketing and management organization to leverage our unique selling proposition (USP).
- To integrate tourism strategy with the City strategy.
- To ensure the Guelph brand is unique, recognized, valued and widely shared.

Strong Tourism Destinations

The key to successful destination development is relatively straight forward: highly engaged communities that take an active role in shaping their collective future. The best destinations have engagement across a broad spectrum of stakeholders, business, public, financial and a host of others, not just tourism and marketing entities.

Strong destinations leverage their unique assets to differentiate themselves in the tourism market place.

Their brand, the sum total of shared stories and experiences about the destination is unique, recognized, valued and widely shared.

RTO4, May 2015

RTO4 Vision Mission Goal

- **Regional Vision:** The vision for the region is to be the exemplary model in the province of partnership cooperation, coordination and alignment between the RTO, its constituent DMO's, strategic partners and regional tourism operators for the purpose of nurturing and expanding the tourism industry within its boundaries.
- **RTO4 Vision:** To provide leadership and support to a flourishing tourism economy in Huron, Perth, Waterloo and Wellington.
- **Mission:** Lead an industry supported partnership and collaboration across the region to develop, enhance and strengthen a results oriented tourism economy.
- **Goal:** Grow the regional tourism economy by 25% by 2018 based on a comparator of calendar 2013 and calendar 2018 Stats Canada data.

RTO4 Executive Note

RTO4 is entering the third phase of its existence.

Phase 1 involved developing a plan and creating and implementing the measurement systems to test that plan.

Phase 2 was focussed on measuring the effect of the core activities of the RTO to determine what exactly does and does not work in growing the tourism economy in a region such as RTO4 given its unique composition, stakeholders and combination of assets.

Phase 3 is about optimizing the things that are working and can be sustained by stakeholders in growing the regional tourism economy. This is the first year of a three year plan to put the tools that are needed directly in the hands of operators and to empower them to develop the core assets that make the region unique. Strengthen the existing destination organizations by facilitating their “clear” and productive focus and aligning them with stakeholders is a key part of the work over the next three years. In short, it is about enabling the elements of the work to date that has had a measured effect on growing the region’s tourism economy while curtailing those activities that, albeit they are status quo in tourism marketing and development, have proven to be ineffective.

It is worth noting that even in the first two “Phases” of the RTO’s existence, 2011-14, it managed an impressive throughput of sales on the reservation system of over \$6,000,000 in direct to operator sales with no fees or commissions, a pleasant side benefit of the measurement system.

Committing to a model that actually tracked results right down to conversion was a bold step by the RTO4 Board of Directors, unprecedented in the province, and it has paid off well with a series of findings (sometimes controversial) that, simply put, have challenged conventional DMO thinking and created the opportunity for a much more accountable model of tourism investment.



David Peacock, CEO RTO4 Inc.

RTO4 Historical Context

RTO4 is an amalgamation of three counties and one region created during the establishment of Ontario's 13 RTO's. It is an *artificial* amalgamation that does not offer one style or type of travel experience as you might expect in more organically evolved destinations.

Marketing this region as a singular destination only confuses the visitor and adds to the brand-clutter endemic to tourism in the province and compounded by the addition of a host of new brands as the RTO's came on-line. Suffice to say, RTO4 remains the "unbranded RTO."

The region's unique selling propositions or key Demand Generators are represented by perhaps 40 or so key attractions, events or destinations. These are the brands that resonate with the travelling consumer; brands like the Stratford Festival, Huron Country Playhouse, Elora, Bayfield and Langdon Hall.

As a further complication, while second tier Ontario urban centres of K-W, Cambridge and Guelph have 80% or so of the region's accommodation and thus tend to have the best financed DMO's, the fact is those centres, for the most part, are not transient tourism demand generators. They do enjoy significant business and VFR visitation and they have the bulk of RTO4's accommodation capacity but most hotels are not travel demand generators. Unique aspects within or near these cities may have a capacity to drive tourism travel, but not at a level that consumes the accommodation capacity that exists after serving the work-week business market.

Growing the tourism economy in this broad region required a differentiated strategy that recognized the vast differences in sub-regions, made no assumptions about what did and did not work and set out to find the practices, tools and approaches that not only worked best in this region but worked best in this region in 2011 and beyond.

Over the past three years RTO4 has followed a purpose built model based on a process of '*goal – strategy – measurement*' to create, implement and assess the tools and tactics that are most appropriate for growing the tourism economy in this region.

The backbone of this model is the Regional Reservation System (RRS) implemented in 2011. The system provided the RTO with a means to measure the impact of specific marketing activities right down to the point of sales conversion.

The region has a billion dollar tourism economy according to Statistics Canada data and the RRS captures about three million dollars of that activity annually in a way that allows the RTO to see what specific marketing and advertising activities result in conversion.

Using the reservation system to track the impact of marketing and advertising and following up with consumers post-visit through the channel the reservation system creates has given RTO4 a unique and unmatched ability in the province to track efficacy right down to the conversion rates of individual campaigns and initiatives.

Key findings that have shaped the business plan for 2015/16 and forward include:

- Big media – television, newspaper, radio - has little impact on driving traffic or conversion to second tier destinations such as RTO4. This was proven over a successive three year period using the Regional Reservation System to specifically track the effectiveness of advertising content and placement in driving a.) site visitation and b.) more importantly, conversion. This is not to say that brand advertising does not have a place in tourism marketing but rather that in the context of a clear ‘role and function’ model the RTO is better working directly to facilitate tools and activities that increase conversion.
- The path to conversion is complex and there are a number of factors that can breakdown and frustrate the consumer. These hygiene factors such as website scalability, mobile friendly platforms, payment systems and UX are all areas that are often in need of work and ultimately need to be functional before any product is market ready; too often motivation marketing leads to broken paths to purchase.
- Branded Regional Destinations only add a layer of confusion in an already crowded marketplace; existing brands resonate best with the consumer. A historical review of the previous regional models SWOTA and SOTO points to inherent problems with “uber” branding in regions. TNS data supports the points that existing regional brands fare better than new RTO brands in the province.
- Digital media when used simply as an advertising medium to replace Big Media is equally ineffective. The same RRS model used to measure non-digital “big media” was used by the RTO to measure digital “big media”.
- Working directly with operators, DMO’s and attractions is the most effective use of funds at this stage of growth and has the highest potential legacy value. Multiple projects in 2014 have shown that working directly with operators on low cost, well defined projects that have, in addition to media placement, legacy and learning value generates the highest web traffic and highest conversion results.

In the case of Kitchener, Waterloo, Cambridge, Guelph, while each of these urban centres leverages their outlying assets to attract transient tourists, they have had to turn elsewhere to create a key growth opportunity capable of drawing down their accommodation capacity which was primarily built to service business travel. As identified in the study RTO4 commissioned in 2011 to HLT and Associates regarding Meetings, Conventions and Incentive Travel potential in the region, Sport Tourism, given the concentration of facilities, volunteers, teams, infrastructure, accommodation and transportation access, in these urban centres presented just such an opportunity. By weaving together the resources of the four urban cities already in adjacent proximity, the region is able to present a viable option to provincial championships and teams second only to the Toronto, Ottawa and Hamilton offerings and at a fraction of the cost, thus the second tier status is leveraged.

In 2014, the RTO with Visit Guelph and Waterloo Regional Tourism as funding partners set up a full time Regional Sport Tourism Office “RSTO.” The mandate of the RSTO is to play a coordinating role in growing sport tourism by leveraging the joint assets of the partners to attract more and bigger business with a focus on driving the uptake of overnight accommodation as a key performance indicator.

DESTINATION

NEXT

A STRATEGIC ROAD MAP FOR THE NEXT GENERATION
OF GLOBAL DESTINATION MARKETING

PHASE 1

 Destination
Marketing
Association International
100 YEARS OF ADVANCING DESTINATIONS

PREPARED BY
InterVISTAS Consulting Inc.

FUNDED BY DESTINATION & TRAVEL FOUNDATION

POWERED BY DESTINATION MARKETING ASSOCIATION INTERNATIONAL

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DestinationNEXT PROJECT TEAM:

InterVISTAS Consulting, Inc.

Paul Ouimet
Paul Vallee
Diego Leon Chi
Doris Mak
Jody Kositsky
Jordan Young

Bandwidth Management

Bruce MacMillan

Global Meetings & Tourism Specialists, LLC

Eduardo Chaillo

GainingEdge

Gary Grimmer

July 22, 2014

Dear Reader,

Few industries are the subject of such widespread conversation and analysis as the tourism industry and destination marketing. And are we really surprised? With over 1 billion people traveling internationally each year and with one out of every 11 jobs supported by tourism, thousands of communities are enriched because of the industry. It is imperative that DMOs and the industry not take anything for granted as we prepare to ensure we have community-embraced tourism in our destinations.

This is where today's DMOs find themselves – destination leaders charged with collaboratively activating a community vision for tourism in a high-stakes, hyper-competitive global marketplace, with an incredible pace of change.

DMAI's DestinationNEXT initiative is designed to respond and make a difference for DMOs everywhere.

As we move into DMAI's 100th anniversary, DMAI is taking a bold leadership step with the DestinationNEXT initiative and its vision for providing practical, clear actions and strategies for sustainable success for its DMO members in a rapidly changing future.

DestinationNEXT focuses on the development of a transformational road map to the future for DMO leaders and their stakeholders. Actionable strategies will allow DMO stakeholders to benchmark themselves and their communities against a defined spectrum of destination scenarios, community expectations, and marketplace opportunities. Ultimately, the road map will culminate with a number of co-created DMO prototypes to guide DMO stakeholders toward successful implementation based on their situation.

The timing for DestinationNEXT is ideal. The ability for DMOs to make a difference has never been greater, and the need for leadership action has never been more compelling. This phase 1 report from DestinationNEXT is designed to assist DMOs when considering their current position in the globally competitive tourism industry as well as preparing for activating the necessary transformational strategies on the phase 2 road map.

Welcome to the first-step in an exciting journey.

Sincerely,

Co-Chairs, DestinationNEXT Advisory Group



Scott Back
President & CEO, Visit Salt Lake



Tammy Blount
President & CEO, Monterey County Convention & Visitors Bureau

EXECUTIVE SUMMARY

On its 100th anniversary, Destination Marketing Association International (DMAI) is taking a bold leadership step with the DestinationNEXT initiative. The vision is to provide Destination Marketing Organizations (DMOs) with practical, clear actions and strategies for sustainable success in a dramatically changing world. This road map will culminate with a number of co-created transformational strategies and DMO prototypes based on the specific characteristics of their communities and destinations.

This initiative was made possible through a generous grant from the Destination & Travel Foundation. After an extensive review process, a project team was selected, led by InterVISTAS Consulting Inc. (InterVISTAS), along with a number of experienced executives from the DMO community (GainingEdge, Bandwidth Management, and Global Meetings & Tourism Specialists).

The project team completed a detailed review of industry trends, supported by a futurist and industry panel. An extensive survey was sent to industry leaders in March 2014. The response was strong: 327 DMOs from 36 countries participated in the survey, one of the best response rates of any DMAI survey.

The top 20 trends were plotted on a grid that assessed each trend based on:

- Degree to which the trend will have a positive or negative impact on the DMO and destination
- Degree of control the DMO has to influence this trend

Rather than a conventional SWOT analysis, this approach helps organizations focus on trends and issues that they can impact or affect (e.g., the upper quadrants of the grid where a DMO can exploit opportunities and mitigate threats).

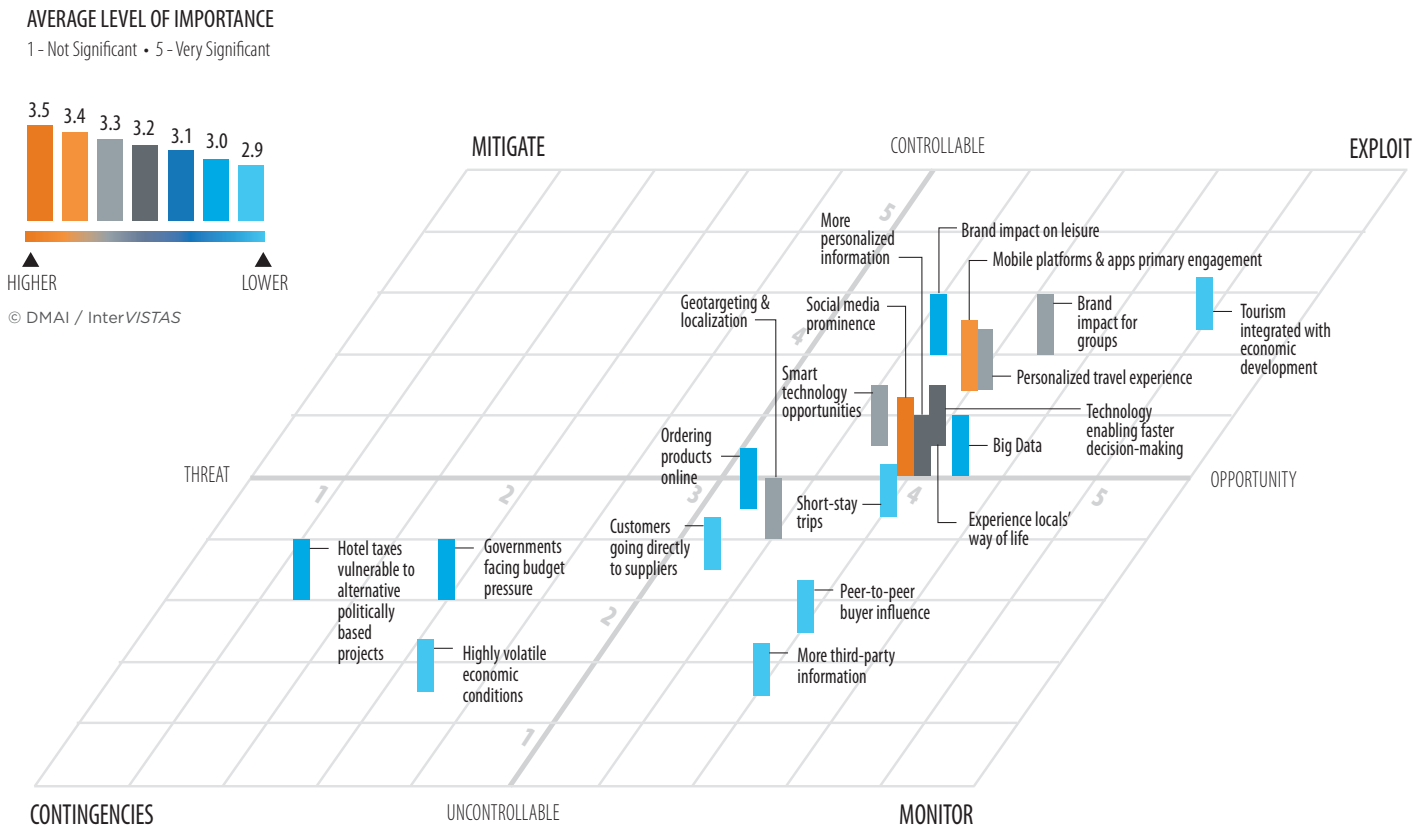
The analysis identified a number of opportunities to exploit (e.g., upper right quadrant of the grid). They revolved around the following areas:

- Playing an expanded role in the community on broader economic development issues
- Improving branding of a destination in leisure and meetings and conventions markets
- Capitalizing on social media and smart technology to engage and access residents, industry, and markets

This is good news for DMOs, who will have many opportunities to continue making a positive and significant impact on their communities in the future.

The detailed analysis of trends, strategies, and organization of the future concludes that DMOs have three transformational opportunities to effectively address the changing world. DMOs will have to move in each of these directions given that they are highly interrelated.

Fig. 1: Future Map — Top 20 Trends



- 1. DEALING WITH THE NEW MARKETPLACE
BROADCAST TO ENGAGEMENT
- 2. BUILDING & PROTECTING THE DESTINATION BRAND
DESTINATION MANAGERS
- 3. EVOLVING THE DMO BUSINESS MODEL
COLLABORATION AND PARTNERSHIPS

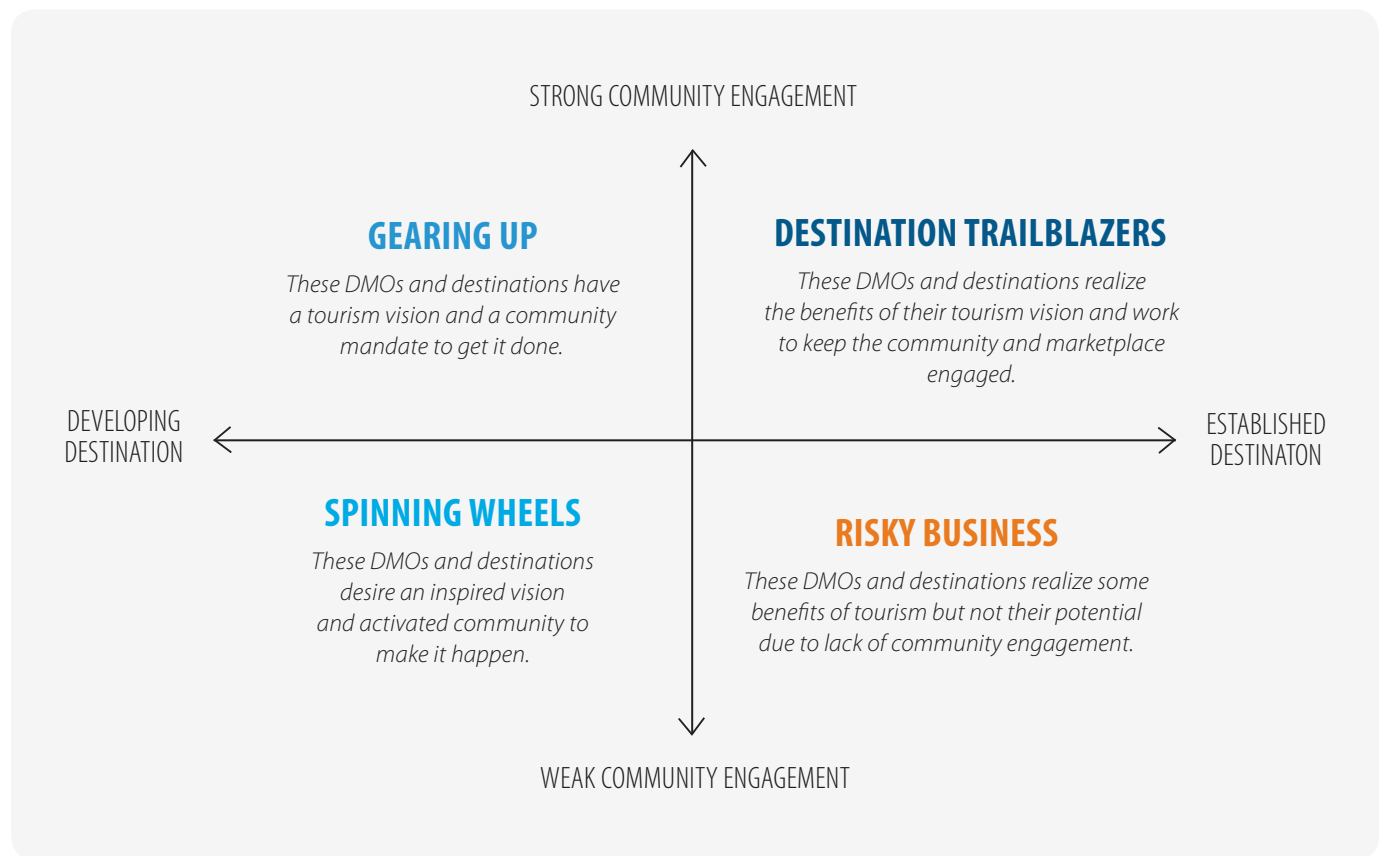
To help develop effective strategies, the practical realities of different destinations and DMOs must be considered. The analysis clearly demonstrates that one size does not fit all. Strategies and organizational prototypes need to recognize these significant differences.

A scenario model was developed based on two driving factors:

- Strength of destination (e.g., current market position, brand power, air capacity, quality of service, and infrastructure)
- Level of community support and engagement (e.g., political support, regional support, community understanding of tourism impact, and potential membership satisfaction)

The intersection of these two major, independent factors generates four dramatically different scenarios described below. Each DMO can generally find itself in one of these quadrants.

Fig. 2: Scenario Model



The overall goal of DestinationNEXT is to help DMOs become Destination Trailblazers, to help them increase community engagement and support as well as build their destinations.

The primary objective for the next phase of DestinationNEXT is to identify best practices (i.e., NEXTPractices) around the world to help adjust and effectively deal with the three transformational opportunities.

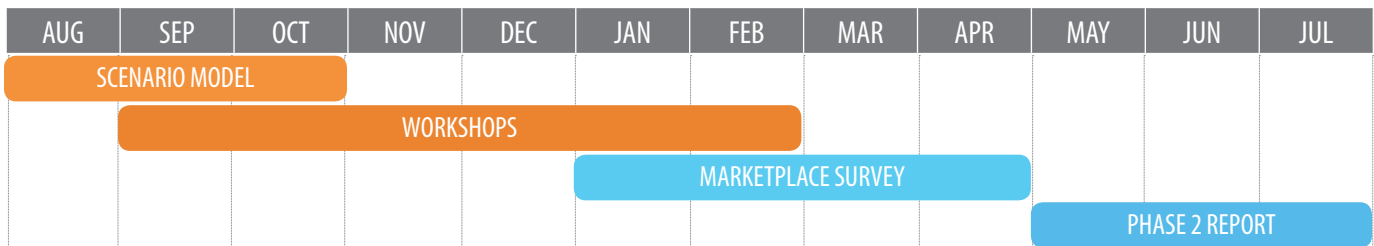
A work plan for phase 2 has been developed and approved by the Advisory Group. The vision is to create an online self-diagnostic questionnaire and tool kit with recommendations of specific NEXTPractices for DMOs in each of the scenarios. Another key element is a plan to update the DMO leadership survey every two years. In the alternate years, a similar survey focused on the marketplace will be administered to key customers and other stakeholders to identify changing market requirements.

The key elements of phase 2 include:

- Development of a scenario model and diagnostic tool kit to help DMOs assess their current positions
- DMAI hosting a series of two-day workshops in different world regions to co-create and assess NEXTPractices and strategies
- Administering a marketplace survey in spring 2015 to identify key trends and market requirements

A report will be produced with key findings and recommendations in time for the 2015 Annual Convention. The end result will be a powerful tool kit with practical recommendations, tested and validated by industry leaders, to help DMOs and destinations rise to the NEXT level.

Fig. 3: DestinationNEXT Phase 2 Action Plan



CONSENT AGENDA - Revised

Monday May 25, 2015

His Worship the Mayor
and
Members of Guelph City Council.

SUMMARY OF REPORTS:

The following resolutions have been prepared to facilitate Council’s consideration of the various matters and are suggested for consideration. If Council wishes to address a specific report in isolation of the Consent Agenda, please identify the item. The item will be extracted and dealt with immediately. The balance of the Consent Agenda will be approved in one resolution.

A REPORTS FROM ADMINISTRATIVE STAFF

REPORT	DIRECTION
<p>CON-2015.22 2015 PROVINCIAL CO-ORDINATED LAND USE PLANNING REVIEW</p> <p>1. That Report 15-44 from Infrastructure, Development and Enterprise dated May 25, 2015 regarding the 2015 Provincial Co-ordinated Land Use Planning Review be received.</p> <p>2. That the response prepared by staff, dated May 25, 2015, and included as Attachment 1, be endorsed and submitted to the Ministry of Municipal Affairs and Housing.</p>	Approve
<p>CON-2015.23 PROPOSED DEMOLITION OF 58 DEAN AVENUE, WARD 5</p> <p>1. That Report 15-51 regarding the proposed demolition of one (1) single detached dwelling at 58 Dean Avenue, legally described as Plan 363, Lot 68 and Lot 69; City of Guelph from Infrastructure, Development and Enterprise dated May 25, 2015, be received.</p> <p>2. That the applicant be requested to prepare and submit a Tree Preservation Plan prior to undertaking activities which may injure or destroy regulated trees.</p> <p>3. That the applicant be requested to erect protective fencing at one (1) metre from the dripline of any existing trees to be retained on the property or on adjacent properties which may be impacted by demolition and construction activities.</p>	Approve

4. That the applicant be requested to contact the City's Environmental Planner to inspect the tree protection fence prior to demolition and/or site alteration commencing.
5. That the applicant be requested to identify the access route and potential stockpile location on a site plan or aerial photo, and if a stockpile location is not required, a note specifying items to be removed upon demolition be included on the plan and be submitted to the City's Environmental Planner.
6. That if demolition is to occur during breeding bird season (approximately May 1 to July 31), a nest search be undertaken by a wildlife biologist prior to demolition so as to protect the breeding birds in accordance with the Migratory Birds Convention Act (MBCA) prior to any works occurring.
7. That the applicant be requested to contact the General Manager of Solid Waste Resources, within Infrastructure, Development and Enterprise regarding options for the salvage or recycling of all demolition materials.

CON-2015.24 AMENDMENT OF CITY-GMHI SHAREHOLDER DECLARATION

Approve

That the Shareholder Declaration relating to Guelph Municipal Holdings Inc. dated August 13, 2014 be amended as follows:

a) Article 4.03 *Composition of the GMHI Board* be amended to add the following subsection:

(a.1) The Chief Administrative Officer (CAO) of the City or such other person designated by him or her shall be a non-voting member of the Board, entitled to receive notice of and to attend and participate in all open and closed GMHI Board and Committee meetings.

(b) Article 6 *Decisions of the City* be amended by adding the following section:

6.03 The Chief Administrative Officer (CAO) of the City shall advise the GMHI Board of the City staff who will be representing the City as members of the GMHI Management Team. The Board shall ensure such City staff receive notice of and are able to attend and participate in all GMHI Management Team meetings and discussions. Such City staff shall be entitled to attend GMHI Board and Committee meetings at the

invitation of the CAO and his or her designate, unless otherwise agreed between the CAO and the Board Chair.

(c) A new Article 6.1 *CEO Recruitment and Compensation* be added as follows:

6.1.01 The Chief Administrative Officer (CAO) or his or her designate shall participate in the recruitment and selection of the Chief Executive Officer, or similar position, of GMHI (the "CEO"). The Chief Administrative Officer shall be entitled to participate in the GMHI Committee and Board discussions regarding appointment of the CEO and provide his or her opinion regarding candidates however the decision regarding selection shall be made by the GMHI Board.

6.1.02 The Chief Administrative Officer (CAO) shall be consulted on the compensation and benefit packages to be offered to senior management of GMHI. The CAO and the Board shall agree on a compensation package for the CEO.

attach.

STAFF REPORT



TO City Council

SERVICE AREA Office of the Chief Administrative Officer

DATE May 25, 2015

SUBJECT Amendment of City-GMHI Shareholder Declaration

REPORT NUMBER CAO-C-1502

EXECUTIVE SUMMARY

PURPOSE OF REPORT

To obtain Council approval for amendments to the Shareholder Declaration of the City relating to GMHI with regard to Board Composition, City Staff participation in GMHI and GMHI CEO recruitment and senior management compensation packages.

KEY FINDINGS

On August 13, 2014, Council approved a new Shareholder Declaration for the new GMHI amalgamated corporation. One of the unforeseen consequences of the amalgamation was the limitation of systems and protocols to ensure City staff, including the City Chief Administrative Officer (CAO), continued to be actively involved in GMHI, both at the Board and staff level. The CAO currently serves as the "Shareholder Representative" to GMHI's Board of Directors. Two City Council members serve as Board Members on the GMHI Board.

The CAO is seeking to resolve these issues through three amendments to the Shareholder Declaration:

1. Adding the City CAO as a participating, non-voting member of the Board, entitled to attend all open and closed GMHI Board and Committee meetings.
2. Incorporation of a provision requiring designated City staff to be included as part of the GMHI Management Team and able to participate in all Management Team meetings.
3. Clarifying the City's role in the recruitment of the GMHI CEO and the establishment of senior management and CEO's compensation packages.

FINANCIAL IMPLICATIONS

The cost of staff resources dedicated to GMHI may continue to be charged to

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GMHI through the existing Shared Services Agreement.

ACTION REQUIRED

Approve the amendments to the City-GMHI Shareholder Declaration.

RECOMMENDATION

THAT the Shareholder Declaration relating to Guelph Municipal Holdings Inc. dated August 13, 2014 be amended as follows:

- (a) Article 4.03 *Composition of the GMHI Board* be amended to add the following subsection:

(a.1) The Chief Administrative Officer (CAO) of the City or such other person designated by him or her shall be a non-voting member of the Board, entitled to receive notice of and to attend and participate in all open and closed GMHI Board and Committee meetings.

- (b) Article 6 *Decisions of the City* be amended by adding the following section:

6.03 The Chief Administrative Officer (CAO) of the City shall advise the GMHI Board of the City staff who will be representing the City as members of the GMHI Management Team. The Board shall ensure such City staff receive notice of and are able to attend and participate in all GMHI Management Team meetings and discussions. Such City staff shall be entitled to attend GMHI Board and Committee meetings at the invitation of the CAO or his or her designate, unless otherwise agreed between the CAO and the Board Chair.

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6.1.02 The Chief Administrative Officer (CAO) shall be consulted on the compensation and benefit packages to be offered to senior

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management of GMHI. The CAO and the Board shall agree on a compensation package for the CEO.

BACKGROUND

At the time GMHI was incorporated, a Shareholder Declaration was made by the City relating to GMHI. This Declaration establishes GMHI's objectives, its governance requirements and the oversight of financial matters, including reporting and performance.

On August 13, 2014, City Council approved the amalgamation of GMHI with Guelph Hydro Inc. On that same date, City Council approved a new Shareholder Declaration for the amalgamation, which among other matters, increased independent Board members and decreased the number of City Councillors on the Board.

From the date of incorporation until the amalgamation took effect on September 8, 2014, GMHI had been almost entirely supported by City staff, including the CAO.

After this date, a new CEO of GMHI was selected by the Board of Directors. Subsequently, City Council amended the City's Chief Administrative Officer By-law releasing the CAO from serving both as CAO of the City of Guelph and CEO for GMHI.

The City of Guelph's Chief Administrative Officer (CAO) is the Shareholder Representative. Two members of City Council are on the Board of GMHI serving as Board Members.

REPORT

As GMHI continues to develop we require the continued opportunity to ensure steady alignment between the City and its Holding Company. GMHI's vision and mandate is to, on behalf of the City of Guelph, actively explore opportunities, establish stakeholder partnerships and act as a vehicle for leveraging and implementing delivery models that leverage our City's municipal assets to support revenue generation and community prosperity.

One of the unforeseen outcomes of the amalgamation was the limited systems in place to ensure a continuation of the required level of involvement of City staff in management and Board decision making.

Based on the first six months following amalgamation, the need to have an expressed and very clear expectation regarding the ongoing involvement of City

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staff at GMHI Board meetings and GMHI Management Team meetings and discussions has become apparent.

This report serves to remedy this matter.

City Staff Participation in Board and Management Meetings

Upon amalgamation, GMHI Management under the new CEO assumed all existing GHI staff. In turn, the previous GHI staff began to serve in all functions previously performed by City staff. The City had limited involvement except through a seconded staff person who reported to the CEO of GMHI.

The situation regarding City staff participation in GMHI management is unique in that we do not have another City entity that is so closely tied to the objectives of a City department as GMHI is tied to the Enterprise Department.

Pending development of enhanced communication and working protocols, it is recommended that designated City staff be entitled to participate as members of the GMHI Management Team. This should alleviate the uncertainty currently existing regarding the status of City staff in that Management Team.

Many of the City's entities have City staff entitled to participate in Board meetings but not allowed to vote. Some examples are the Downtown Guelph Business Association and the MacDonald Stewart Art Gallery.

The model proposed for GMHI is that the CAO or her designate is a member of the GMHI Board and entitled to have notice of, attend and participate in all Board and Committee meetings, but not entitled to vote.

This strikes the appropriate balance between City input/influence and independence of the appointed Board.

GMHI Senior Management and CEO Recruitment and Compensation

City Staff advised in the recruitment of the GMHI CEO. The actual deliberation and decision was made by the GMHI Board. There is however a lack of clarity regarding the Shareholder/City's ongoing involvement in the compensation of GMHI senior management and the recruitment and compensation of GMHI's CEO.

There is a continuum of options available, from the GMHI Board having full discretion with no involvement of the City to the City retaining all control over CEO recruitment and compensation.

The preferred option is a balanced approach based on the following factors:

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1. One of the primary and most important functions of the Board is the hiring and management of the CEO.
2. If the City Council has final approval of the candidate for CEO, the Council is usurping the Board's responsibility and obligations in that regard. This may result in a CEO being selected that the Board does not want, but that they are required to manage, and ultimately may cause the resignation of independent Board members.
3. City involvement in the recruitment process, from the development of the candidate profile and job description to interviewing, should be acceptable to the Board, provided the City's Shareholder Representative (the CAO) is not able to veto the consensus choice.
4. Shareholders, even in publicly traded corporations, are increasingly asserting their opinions and rights regarding executive compensation and benefits. GMHI is a wholly owned private corporation of the City and as such is a hybrid of a municipal agency and a private sector corporation.

In this case, it is reasonable for the City CAO as Shareholder Representative to at least be consulted on the compensation and benefit packages to be offered to senior management (i.e. CFO, Secretary, VP's) of GMHI. It is also reasonable to expect that the Board should work with the CAO to agree on a compensation package for the CEO.

The CAO of the City has a similar authority to administer all salaries and performance review of executive level employees in consultation with Council as required.

Staff have therefore concluded that the City's Chief Administrative Officer role in the recruitment of the GMHI CEO be one of participating in reaching a consensus, with the GMHI Board having the final decision. The Chief Administrative Officer shall be consulted on the compensation and benefit packages to be offered to senior management of GMHI. The Chief Administrative Officer and the Board shall agree on a compensation package for the CEO.

CORPORATE STRATEGIC PLAN

Innovation in Local Government

- 2.2 Deliver Public Service better
- 2.3 Ensure accountability, transparency and engagement

City Building

- 3.2 Be economically viable, resilient, diverse and attractive for business

STAFF REPORT

DEPARTMENTAL CONSULTATION

Infrastructure, Development and Enterprise – Enterprise Department

COMMUNICATIONS

N/A

ATTACHMENTS

ATT-1 Existing City-GMHI Shareholder Declaration dated August 13, 2014



Recommended By

Donna Jaques
City Solicitor
Ext. 2288
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Approved By

Ann Pappert
Chief Administrative Officer
519-837-5602
cao@guelph.ca

**SHAREHOLDER DECLARATION OF
THE CORPORATION OF THE CITY OF GUELPH
REGARDING GUELPH MUNICIPAL HOLDINGS INC.**

WHEREAS:

1. Guelph Municipal Holdings Inc. was incorporated on August 13, 2011 under the Business Corporations Act (Ontario) under s. 203 of the Municipal Act and related regulations;
2. The original Guelph Municipal Holdings Inc. amalgamated with its Subsidiary, Guelph Hydro Inc., on September 8, 2014 to create the existing Guelph Municipal Holdings Inc. (GMHI);
3. The City of Guelph is the sole shareholder of all the issued shares of GMHI;
4. GMHI is the sole shareholder of Guelph Hydro Electric Systems Inc. (GHESI) and Envida Community Energy Inc. (Envida) and intends to acquire additional Subsidiary corporations in the future;
5. The City of Guelph wishes to set out its expectations, establish certain operating principles, set out requirements to be met by GMHI and inform the residents of Guelph of the City's fundamental principles and accountability mechanisms regarding GMHI.

NOW THEREFORE THIS DIRECTION WITNESSES:**Article 1 Interpretation****1.01 Definitions**

In this Shareholder Declaration,

- (a) "Annual Budget" means a quantitative expression of an operating and capital plan for a fiscal year including projected revenues based on anticipated sales volumes and projected operating and capital expenditures, resource quantities, assets, liabilities and cash flows and intended as a tool to control resources and ensure management accountability.

- (b) "Applicable Law" means any statute, regulation, code, regulatory policy or order of any Governmental Authority, including all applicable by-laws, and relevant common law.
- (c) "Business Plan" means a high level quantitative expression of projected revenues and operating and capital expenditures expected to be earned or incurred over a number of future accounting periods estimated on a reasonable efforts basis and intended only as an approximate guide to future financial profitability.
- (d) "Community Energy Initiative" means the City's Community Energy Plan (now called Initiative) dated April 3, 2007 which outlines the City's strategies and vision with respect to energy conservation, consumption, generation and efficiency and environmental sustainability as may be modified by Council from time to time;
- (e) "Energy Legislation" means legislation enacted from time to time by the Province of Ontario regulating the energy sector and including without limitation the *Electricity Act, 1998*, the *Ontario Energy Board Act, 1998*, the *Green Energy and Green Economy Act, 2009* and all regulations thereunder, and all amendments, reenactments and replacements to such legislation and all other statutes, decisions, orders and policies of the Province of Ontario with respect to the energy sector which may be enacted from time to time;
- (f) "GMHI Subsidiary" means any subsidiary corporation of GMHI, a majority of whose shares are directly owned by GMHI;
- (g) "Governmental Authority" means a federal, provincial or municipal government, or any entity, person, court or other body or organization exercising one or more executive, legislative, judicial or regulatory functions;
- (h) "Independent Director" means an individual who is not a Municipal Member or an employee of, or consultant to, the City or any agency, board or commission of, or corporation established by, the City;
- (i) "MFIPPA" means the *Municipal Freedom of Information and Protection of Privacy Act (Ontario)*;
- (j) "Municipal Act" means the *Municipal Act 2001 (Ontario)*;
- (k) "Municipal Member" means a sitting member of Council;
- (l) "OBICA" means the *Business Corporations Act (Ontario)*;

- (m) “Strategic Plan” means a plan setting forth for a number of future periods an organization’s vision, mission, values and strategy of resource utilization to successfully execute and achieve its vision; and,
- (n) “Subsidiary” means a corporation, a majority of whose shares are owned directly by another corporation.

1.02 Authority of Applicable Law

In the event of any conflict between any approval, direction or requirement of GMHI under this Shareholder Declaration and any Applicable Law, the Applicable Law shall govern.

Article 2 OBJECTIVES AND PRINCIPLES

2.01 Purpose of this Shareholder Declaration

This Shareholder Declaration:

- (a) establishes a framework of corporate governance for GMHI, including the City’s expectations of and objectives for GMHI;
- (b) establishes GMHI’s mandate, scope of responsibility and reporting requirements;
- (c) sets out the relationship between GMHI and the City; and,
- (d) constitutes, where applicable, a declaration by the City pursuant to s.108(3) of the OBCA.

2.02 City Objectives

The City established GMHI to meet the following objectives:

- (a) GMHI, reporting through the City, would work to build value for the community through synergistic collaboration that strengthens the individual and collective position of City-owned assets and investments.
- (b) Operating in a business environment, GMHI will play an integral role in achieving enhanced operational excellence through a continuum of improved communications between the operating companies and the Shareholder.
- (c) By capitalizing on synergies and unlocking greater potential, GMHI, through its management and oversight role, will help to ensure the continued generation of reliable returns and benefits from its assets.

2.03 Overarching Principles

The following principles shall apply to the relationship between the City and GMHI:

- (a) A Shareholder Declaration for municipal entities should foster and reinforce a collaborative relationship and shared values among all parties and recognize that the interface between the worlds governed by the *Municipal Act* (public sector) and the OBCA (private sector) requires mutual respect, understanding and flexibility and regular communication between GMHI and the City regarding the activities of GMHI and its Subsidiaries. Such communication should take place whether or not such activities would require the approval of the City.
- (b) The activities of the City and GMHI which may be applicable to the Community Energy Initiative shall be a fundamental aspect of the relationship between GMHI and Envida.
- (c) Decision making authority shall be clearly assigned to the City and GMHI, recognizing that the GMHI Board is the primary decision-making body of the corporation.
- (d) The authority of the GMHI Board will be accompanied by clearly articulated reporting to ensure transparency, accountability and recognition of its status as a public sector entity and of the role of the City as the ultimate authority over GMHI, subject to the fiduciary responsibilities of directors of the GMHI Board.
- (e) The provisions of this Shareholder Declaration should be interpreted so as to maximize transparency and facilitate communication between the City and GMHI. Employees and management of GMHI and the City are expected to communicate seamlessly and transparently with each other on a regular basis without the need for GMHI Board approval.
- (f) The principles of director independence and skills based boards will be paramount in the interpretation of this Shareholder Declaration.
- (g) The unique overlapping community interests and professional capabilities of the “group of companies” – including the City – are important components of an integrated and coordinated approach to excellence in asset management.
- (h) Shareholder return and benefits will be measured by several metrics, including but not limited to, dividends. In general, a long term, strategic view will be applied to the measure of shareholder return.

- (i) It is recognized that GMHI and its Subsidiaries are operated on a “for profit” basis, may operate in a competitive environment, and are subject to the obligation to make payments in lieu of taxes under Energy Legislation.
- (j) The opportunity for community assets to contribute to the building of community capacity, community pride and overall community well-being should be key drivers to the decision making of the GMHI Board and the City in relation to GMHI.
- (k) In making decisions concerning GMHI Subsidiaries, the GMHI Board and management of GMHI shall act in a commercially reasonable manner consistent with the City’s requirements from time to time and having regard to the City’s Strategic Plan.

Article 3 CORPORATE GOVERNANCE

3.01 GMHI Director’s Duties

The GMHI Board shall supervise the management of the business and affairs of GMHI. The directors and officers of GMHI have a duty to act honestly , in good faith and in 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.

3.02 Standards of Governance

In conducting its oversight of the Corporation, the Board may consult the standards for corporate governance established by the Canadian Securities Administrators for publically traded corporations, modified as appropriate, for non-issuing private corporations.

Article 4 BOARD OF DIRECTORS AND OFFICERS OF GMHI

4.01 Qualifications

In addition to the requirements established under the OBCA, it is the intention of the City that the GMHI Board will be a skills based board with the collective ability to discharge their duty of care to GMHI and the City.

4.02 Residency

Preference may be given to qualified candidates for the GMHI Board who are residents of the City, however non-residents shall not be excluded from serving as Board members.

4.03 Number of Directors

The GMHI Board shall consist of a minimum of 7 directors.

4.04 Composition of the GMHI Board

(a) The GMHI Board shall consist of:

- i. the Mayor of the City of Guelph or a Councillor designated by the Mayor to be appointed as a director for a specific term;
- ii. one City Councillor; and,
- iii. the balance of the members of the Board shall be Independent Directors, except that a member of a GMHI Subsidiary Board may be appointed as a member of the GMHI Board.

(b) The GMHI Board shall establish a Nominating Committee, as required, which shall develop a process to identify and evaluate potential GMHI Board candidates. The GMHI Board shall recommend qualified candidates to the City for appointment to the GMHI Board.

4.05 Chair of GMHI Board

The Chair of the GMHI Board shall be selected by the Board and appointed for a term determined by the GMHI Board.

4.06 Officers of GMHI

The GMHI Board shall appoint officers of the corporation, which shall include a Chief Executive Officer, a Chief Financial Officer and a General Counsel and Corporate Secretary and such other officers as the Board determines appropriate.

4.07 Term of Directors

(a) The term for Municipal Members shall be concurrent with the municipal term of each Council, provided that following the expiry of the term of council, the Municipal Member shall continue to serve until reappointed or replaced by the City.

(b) The term for Independent Members shall be between one and three years unless otherwise determined by the City. The GMHI Board will establish a policy for term limits of directors which is informed by best practices in continuity and succession management for Boards.

- (c) The City may at its discretion terminate the appointment of a GMHI Board member prior to the end of the member's term and appoint a replacement member.
- (d) Any member of the GMHI Board may serve for successive terms as determined by the City, having regard to any GMHI Board policy as set out in (b).

4.08 Board Committees

The GMHI Board may establish committees of the Board in the GMHI Board's discretion.

4.09 Director Compensation

- (a) Municipal Members shall not receive an remuneration or other compensation of any kind, other than as expressly approved by the City, for serving as a member on the GMHI Board or any committee of the Board or carrying out any activities in relation to the Board or committee.
- (b) Despite 4.09(a), Municipal Members shall be entitled to compensation for reasonable expenses related to the director's role on the GMHI Board in accordance with the policy established under section 4.09(c).
- (c) The GMHI Board shall establish a policy for Independent Director compensation, which shall include compensation for reasonable expenses related to the director's role on the GMHI Board. The policy shall be provided to the City at the time the report on directors' compensation is submitted to the City in accordance with section 8.01(d).

4.10 GMHI Subsidiary Boards

The GMHI Board shall appoint the members of GMHI Subsidiary Boards in accordance with the terms of the Shareholder Declarations between GMHI and its Subsidiaries.

Article 5 DIVIDEND POLICIES, RISK MANAGEMENT AND STRATEGIC OBJECTIVES FOR GMHI

5.01 Dividends

The GMHI Board shall establish policies regarding the payment of dividends to the City, from time to time, which policy shall be approved by the City.

5.02 Risk Management

The GMHI Board shall establish risk management strategies and internal controls to manage all risk related to the businesses conducted by GMHI and its Subsidiaries.

5.03 Strategic Objectives

The GMHI Board shall establish strategic objectives for GMHI and its Subsidiaries that incorporate the City's long and short term strategic objectives for GMHI and its Subsidiaries and which are consistent with the maintenance of viable, competitive businesses and preservation of the value of the businesses of GMHI and its Subsidiaries.

Article 6 DECISIONS OF THE CITY

6.01 Shareholder Representative

The City designates the Chief Administrative Officer of the City or their designate as its legal representative (the "Shareholder Representative") for purposes of communicating to the GMHI Board any consent or approval required by the Shareholder Declaration or by the OBCA.

6.02 City Approval

Approvals or decisions of the City required pursuant to this Shareholder Declaration or the OBCA shall require a resolution of Council and shall be communicated in writing to the GMHI Board by the Shareholder Representative.

Article 7 SHAREHOLDER MEETINGS

7.01 Protocol

GMHI shall establish a protocol with the City Clerk, from time to time, for the calling and holding of shareholder meetings.

7.02 Closed Meetings

Shareholder meetings, in whole or in part, may only be conducted as a closed meeting of Council in compliance with the provisions of the *Municipal Act*. All directors of GMHI shall be entitled to have notice of open and closed shareholder meetings.

7.02 Annual General Meeting

GMHI shall hold an annual shareholder meeting prior to June 30 of each year. At the annual meeting, GMHI shall place before Council, the following:

- (a) Audited financial statements and notes thereto with the auditor's report for GMHI and the consolidated statements, notes and auditor's reports of GMHI Subsidiaries for the previous fiscal year;
- (b) Recommendations for any required appointment of members to the GMHI Board;
- (c) Recommendations for the appointment of auditors for GMHI; and,
- (d) Any other information the GMHI Board determines should be presented.

Article 8 GMHI REPORTS TO THE CITY

8.01 Annual Report

Within six months after the end of each financial year, GMHI shall present its annual report to City Council. This report shall include the following:

- (a) An update on the Strategic Plans and strategic objectives of GMHI and its Subsidiaries and how the plan and the objectives align with the City's strategic objectives;
- (b) A report on any material deviations from the GMHI Business Plan in the previous year;
- (c) A report on major business developments or significant results;
- (d) A report on compensation disclosure and analysis for officers and directors of GMHI for the previous year;
- (e) A report on risk management strategies;
- (f) Confirmation from the GMHI Board that as of the end of the previous financial year, GMHI has complied with the requirements of this Shareholder Declaration and is in compliance with applicable Laws and that it has received a similar confirmation of compliance from the Boards of GMHI Subsidiaries;
- (g) Any other information the GMHI Board wants to present or the City requests.

Some or all of the contents of this report may be confidential and may be presented in a closed session meeting.

8.02 Regular Reporting

GMHI shall maintain a dialogue with the City based on a mutual understanding of strategic objectives to ensure that the activities of GMHI remain fully aligned with the interests of the City. This dialogue may include correspondence and meetings between the Chair of the

GMHI Board and the Shareholder Representative, information reports from GMHI to Council and meetings between City and GMHI officers and staff.

Article 9 BUDGET

9.01 Budget Forecast

On or before September 15 of each year, GMHI shall provide the City Treasurer with a report regarding any major budget impacts to the City anticipated in the next financial year.

9.02 Budget

On or before April 30 of each year, the GMHI Board shall provide the City with its Annual Budget, which shall include the following:

- (a) an operating budget for GMHI for the financial year;
- (b) the projected operating and capital expenditure budget on a consolidated basis for GMHI Subsidiaries' financial year and an operating and capital expenditure projection on a consolidated basis for GMHI Subsidiaries for each of the two subsequent financial years, including the resources necessary to implement the GMHI Business Plan; and,
- (c) the projected annual revenues and Net Income for GMHI and GMHI Subsidiaries, on a consolidated basis, for the following two financial years.

Article 10 CONFIDENTIALITY

10.1 Confidentiality of GMHI Information

Except as required by applicable law or any Governmental Authority and except for portions of the annual report to Council pursuant to Section 8.01, the City shall treat as confidential each GMHI Business Plan and all other information provided to it in confidence pursuant to this Article 10, subject to the Municipal Act and Applicable Laws. The parties acknowledge that information that is in the custody or under the control of the City or GMHI is subject to the access provisions of MFIPPA.

10.2 Disclosure of Confidential Information

The City acknowledges that GMHI and GMHI Subsidiaries may, from time to time, supply it in confidence with confidential information, the disclosure of which could reasonably be expected to significantly prejudice the competitive position of or interfere with contractual or other negotiations of GMHI or the relevant Subsidiary or result in undue loss to GMHI or

the relevant Subsidiary, and the City shall protect such information in accordance with the exemption for third party information in Section 10 of MFIPPA.

10.3 Request for Information

The City shall inform GMHI or the relevant GMHI Subsidiary of any request made for access to information supplied to the City by GMHI or the relevant Subsidiary, permit GMHI or the relevant Subsidiary an opportunity to make representations on the disclosure of such information, and consider any such representations prior to disclosing or permitting access to the information and shall provide GMHI or the relevant Subsidiary with notice of its decision concerning any such request for access to information.

Article 11 DECISIONS RESERVED TO THE SHAREHOLDER

11.01 Matters Requiring Shareholder Approval under the OBCA

GMHI shall not take any of the following actions without the approval of the City:

- (a) Amend or repeal its articles of incorporation;
- (b) Amalgamate with another corporation, apply to continue as a body corporate under the laws of another jurisdictions, merge, consolidate or reorganize or approve or effect any plan of arrangement, in each case whether statutory or otherwise;
- (c) Take or institute proceedings for any winding up, arrangement, reorganization or dissolution;
- (d) Create new classes of shares or reorganize, consolidate, subdivide or otherwise change its outstanding securities;
- (e) Sell or otherwise dispose of, by conveyance, transfer, lease, sale and leaseback, or other transaction, all or substantially all of its assets or undertaking;
- (f) Change the auditor;
- (g) Make any changes to the number of directors comprising the Board; or,
- (h) Enter into any other transaction or take any other action that requires shareholder approval pursuant to the OBCA.

11.02 Other Matters Requiring City Approval

Without the prior written approval of the City, GMHI shall not:

- (a) Make representations or promises of any financial incentives or similar inducements that are binding on the City;

- (b) Issue publicly traded debt, or any debt instruments with real or implied recourse to, or guarantees from, the City or any borrowing that, in the opinion of the City CFO, will have a negative impact on the City's credit rating;
- (c) Sell any shares of a GMHI Subsidiary;
- (d) Amend the dividend policy approved by the City in accordance with Article 5 or,
- (e) Approve an agreement for a transaction for the disposition or acquisition, whether by purchase, merger/amalgamation or otherwise, where the transaction involves GHESI or where the transaction has a value greater than 25% of the book value of GMHI on a consolidated basis.

11.03 GMHI By-laws

The GMHI Board may make, amend or repeal any of its by-laws and the changes take effect at such time as the Board approves. By-laws and changes to by-laws shall be submitted to the City, as shareholder, immediately upon approval by the Board for approval. If the City makes any amendments, the amendments take effect when approved by the City and are not retroactive.

Article 12 REVISIONS TO THE SHAREHOLDER DECLARATION

The City, in its sole discretion, may revise this Shareholder Declaration from time to time and may consult with GMHI regarding proposed revisions as appropriate in the circumstances. The City will provide a written amendment or the amended Shareholder Declaration, as the case may be, to the GMHI Board. The amendment will come into effect on a date specified by the City.

Article 13 TRANSITION PROVISIONS

13.01 Effective Date

This Shareholder Declaration shall come into effect on the date the amalgamation of GMHI and GHI is effective and the shareholder declaration made August 16, 2011, as amended, shall be terminated as of that date.

13.02 Transition

Despite the provisions of Section 13.01, Article 4 of this Shareholder Declaration shall only come into effect and replace the provisions in the August 16, 2011 shareholder declaration

at the time the City appoints a new Board of Directors in December 2014 or such other date as the City determines.

Approved by the City of Guelph, the 13th day of August, 2014.

THE CORPORATION OF THE CITY OF GUELPH

Per: _____


Ann Pappert, CAO