

## Shareholders Meeting

Date: May 16, 2016

Report from: Ann Pappert, CAO, City of Guelph  
Pankaj Sardana, CFO, GMHI / CEO, Guelph Hydro Electric Systems Inc.  
and Envida Community Energy Inc.

### RE: Financial History of the GMHI Group of Companies

The financial history provides clarity and establishes a shared understanding of the transition of funds and assets among the GMHI group of companies starting with provincial government's Energy Competition Act in 1998 through to present day. A better understanding of GMHI's financial history is also an important step towards improved asset management and organizational transparency.

**Meeting context:** This shareholder meeting is part of a series of meetings related to GMHI, its subsidiaries and the City's energy projects where the following information is provided:

- April 4 and 25 – CEI Report
- May 3 and 24 – GEERS Project Proposal
- **May 16 – Financial history and GMHI's restated 2016 budget**
- June 7 – City's Audit Statements
- June 20 – GMHI Annual General Meeting
- June 27 – District energy long-term financial plan
- July TBD – CEI Update

**Asset management:** Presenting the chronological financial history of the GMHI group of companies is an important component of the City's participation in the Community Energy Initiative update. Excellence in asset management practices – one of the core objectives in creating GMHI – requires a full, accurate accounting of the company's position and assets, which is what this report provides.

**Revaluing district energy assets:** Based on the auditor's current assessment of the long-term value projections of GMHI's district energy assets, GMHI is revaluing/writing down the balance sheet value of the Galt District Energy System and Hanlon Creek Business Park district energy assets.

Since the assets are already paid for, the revaluation doesn't have an immediate impact on the organization's actual cash balance. And should the long-term value projection of the asset change, the write-down can be reversed in the future.

Providing this full accounting of the financial history of the GMHI group of companies provides clarity and transparency to the Shareholder and the community.



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Ann Pappert



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Pankaj Sardana