

CITY COUNCIL MEETING AS SHAREHOLDER OF GUELPH MUNICIPAL HOLDINGS INC. AGENDA



Council Chambers, Guelph City Hall, 1 Carden Street

DATE Monday October 28, 2013 – 6:30 p.m.

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

Agenda Approval

Disclosure of Pecuniary Interest and General Nature Thereof

GMHI Community Representative Director Compensation

7:00 p.m. Adjournment



Resolutions of the Shareholder of
Guelph Municipal Holdings Inc.

Date of
Meeting:

October 28, 2013

GMHI COMMUNITY REPRESENTATIVE DIRECTOR COMPENSATION

RESOLVED THAT:

- 1. The City approve an amendment to section 5.10 (a) of the Shareholder Declaration to provide that the community representative directors of GMHI shall receive compensation.*
- 2. GMHI report annually on community representative director compensation.*

Report to Shareholder

Date of Meeting: October 28, 2013

RE: GMHI Community Representative Director Compensation**RECOMMENDATION**

1. That the City approve an amendment to section 5.10 (a) of the Shareholder Declaration to provide that the community representative directors of GMHI shall receive compensation.
2. That GMHI report annually on community representative director compensation.

BACKGROUND

The Shareholder Declaration made by the City, with the consent of GMHI, Guelph Hydro Inc. and its Subsidiaries, states in section 5.10(a):

Directors – No member of the GMHI Board shall receive any remuneration or other compensation of any kind, other than as expressly approved by the City, for serving as a director on the GMHI Board or on any committee thereof, or carrying out any activities or providing services in relation thereto provided that each member of the GMHI Board shall be entitled to incur reasonable expenses for travel and/or training in respect of the director's role on the GMHI Board, in accordance with policies established by the GMHI Board from time to time and approved by the City.

Section 12.1(o) of the Shareholder Declaration states:

Approvals in Respect of GMHI – The City hereby directs GMHI at all times to seek the approval of the City in respect of each of the following matters prior to GMHI

undertaking or causing to be undertaken any of the following matters with respect to GMHI:

- (o) salary, benefits and other compensation of members of the GMHI Board or any officers of GMHI.

To date, there has been no compensation paid to any Director of GMHI.

In order to maximize the revenue potential of City assets, GMHI must operate as a business in a fast-paced and timely business environment under the oversight of those with relevant experience. They contribute essential insights, industry and business information that guides GMHI decisions. Compensation is necessary to retain and continue attracting Directors that can apply effective strategic oversight.

REPORT

On November 26, 2012, the City approved the appointment of two Community Representative Directors to the GMHI Board. Following these appointments, the Governance Committee of the GMHI Board considered the issue of compensation of Board members. The Committee considered the following:

- (a) The Shareholder Declaration provides that the directors of Guelph Hydro Inc. (GHI) and its subsidiaries shall receive compensation in amounts sufficient to attract candidates with necessary qualifications and consistent with industry norms and standards for comparable businesses. In determining compensation for GMHI directors, the foregoing general rule seem equally applicable although the question of "comparable businesses" is more difficult to assess than in the case of GHESI.
- (b) Board compensation should as a matter of principle be related to the accountability of directors in respect of the business or businesses that are being overseen.
- (c) Survey done by GHI regarding Board compensation and additional research by GMHI regarding Council approved comparators within Ontario as well as those in other provinces. Taken together as one data set, the average meeting fees and average annual stipends of comparable entities are \$505 and \$21,494 respectively.

At the September 26, 2013 GMHI Board meeting, the Governance Committee presented its report. Following deliberations, the GMHI Board passed the following resolution:

- (a) THAT a phased approach to GMHI Board compensation be adopted, subject to approval by the City, to ensure that GMHI is able to attract and retain Board of Director candidates with necessary qualifications, consistent with industry norms and standards for comparable businesses;

- (b) THAT in the first phase only Community Representative Directors be compensated, with subsequent phases focused on developing a Board compensation policy with options for all other Directors, including elected officials;
- (c) THAT the GMHI Community Representative Directors' compensation include the provision of meeting fees in the amounts of \$500 per Board Meeting, \$250 per Committee Meeting and an annual stipend in the amount of \$5000 to be paid out in monthly increments effective following Council approval;
- (d) THAT the compensation costs for the Community Representative Directors be resourced in the GMHI business plan;
- (e) THAT the GMHI Community Representative Director compensation be revisited every second year to ensure alignment with evolution of GMHI; and
- (f) THAT the GMHI Board request that the City amend the Shareholder Declaration to provide for Community Representative Director compensation.

Proposed Amendment

It is recommended that section 5.10(a) of the Shareholder Declaration be amended as follows:

Directors – No member of the GMHI Board, except community representative directors, shall receive any remuneration or other compensation of any kind, other than as expressly approved by the City, for serving as a director on the GMHI Board or on any committee thereof, or carrying out any activities or providing services in relation thereto provided that each member of the GMHI Board shall be entitled to incur reasonable expenses for travel and/or training in respect of the director's role on the GMHI Board, in accordance with policies established by the GMHI Board from time to time and approved by the City. Community representative directors shall receive compensation for serving as a director on the GMHI Board and on any committee in accordance with the policy approved by the GMHI Board and GMHI shall report annually on community representative director compensation.

Report Prepared By:

Donna Jaques, Corporate Secretary, GMHI