



111 Horton Street
P.O. Box 2700
London, ON N6A 4H6

Powering London.
Empowering You.

May 30, 2019

Mayor Ed Holder
The Corporation of the City of London
Office of the Mayor
300 Dufferin Avenue
London, Ontario N6A 4L9

Re: London Hydro's Board of Directors & Shareholder Resolutions

Dear Mayor Holder:

We received a notification dated May 22, 2019 of Municipal Council's Resolution in connection with London Hydro's Board of Directors appointments/affirmations following our original letter dated April 12, 2019. In our letter we advised Council of the retirement of one Class III Board member as well as the renomination of the remaining Board members by the Corporate Governance Committee of London Hydro. As we indicated in our letter, the London Hydro Board is renominating the Class I Board members whose terms are up for reelection. We also noted in our letter that with the retirement of our experienced Class III Board member, the average tenure of the Board will decline to about 6 years, while our good governance requires an average tenure of 9 years.

By virtue of introduction, London Hydro is a business corporation strictly regulated by the provincial regulator and a competitive organization aggressively pursuing business growth opportunities. London Hydro is subjected to provincial regulation, several federal regulations as well as the Income Tax Act (ITA). Moreover, the corporation is subject to electricity open market trading. As we have shared with you in the past, London Hydro requires a rather long tenure for its Board members in order to ensure greater understanding of the complexities of the business, consistency in decision making, fiduciary responsibilities in terms of corporate liabilities, personal liabilities, and regulatory and ITA compliance. We have had two new Board members join us in the last three years and, as such, our current average tenure is about 7.7 years, much less than desirable. As we have noted above, with the retirement of one Class III member, this average will decline to 6 years. This is our prime reason for renominating the incumbent Class I Board members in order to retain experienced members. Furthermore, one of the incumbent Class I Board members has just been appointed Chair of the Board for his experience and profound knowledge of the business. In December 2018, the Ontario Energy Board (OEB) adopted rules and regulations regarding the corporate governance of utilities, a longer tenure of

Board members is going to assist London Hydro in fulfilling the OEB's governance requirements.

I speak from personal experience, that a longer tenure of the Board is paramount to London Hydro's success. I have been a London Hydro Board member since 2011 and I am currently the Vice Chair. I can assure you that I am still learning the complexities of the business. Therefore, I request that you give due consideration to the nominations of the Board members for reelection and affirmation with one vacancy, as noted in the Chair's letter dated April 12, 2019. I understand that the incumbent Class I members have been asked to reapply; please consider this letter and their nomination from the London Hydro Board as their applications for reelection to the London Hydro Board. I also believe that you already have a copy of their credentials and CVs from their previous application.

Further to this effect, please find enclosed Shareholder Resolutions pertaining to London Hydro's AGM scheduled for June 24, 2019, which represents the financial statements, election and confirmation of Board members as well as the appointment of auditors.

Sincerely,

A handwritten signature in black ink, appearing to read "Connie Graham".

Connie Graham, Vice Chair, Board of Directors
London Hydro Inc.

Enclosure: Shareholder Resolutions

c. Cathy Saunders, City Clerk, Corporation of the City of London

LONDON HYDRO INC.
(the "Corporation")

WHEREAS subsection 104(1)(b) of the *Business Corporations Act* (Ontario) (the "Act") provides that a resolution in writing dealing with all matters required by the Act to be dealt with at a meeting of shareholders, and signed by all the shareholders or their attorney authorized in writing entitled to vote at the meeting, satisfies all the requirements of the Act relating to that meeting of shareholders;

The following resolutions, signed by the sole shareholder of the Corporation entitled to vote thereon, are hereby passed pursuant to the provisions of the Act:

FINANCIAL STATEMENTS

It is hereby acknowledged that the balance sheet of the Corporation as at December 31, 2018, and the other audited financial statements, together with Auditors' Report, of the Corporation for the financial year ended on such date have been received by the undersigned shareholder of the Corporation.

ELECTION OF DIRECTORS

WHEREAS pursuant to an Amended and Restated Shareholder Declaration, as amended (the "**Amended and Restated Shareholder Declaration**"), the board of directors of the Corporation shall consist of seven directors, six of which shall be composed of various classes of directors, each serving for a three-year term, and the seventh member of the fourth class shall serve as the representative of the municipal council of The Corporation of the City of London;

AND WHEREAS the terms of the directors that are members of the third class expire at the annual meeting of shareholders held in 2019 pursuant to paragraph 4.4 of the Amended and Restated Shareholder Declaration;

NOW THEREFORE BE IT RESOLVED THAT:

1. Each of the following persons, being directors that are members of the first class pursuant to paragraph 4.4 of the Amended and Restated Shareholder Declaration, is hereby **elected** as a director of the Corporation to hold office for a term with the expiry as set out below, provided that when a successor is not duly elected at the close of the annual meeting described below, such director shall hold office until his or her successor is elected:

<u>Class</u>	<u>Name of Director</u>	<u>Term</u>
First	Gabriel Valente	the close of the annual meeting of shareholders to be held in 2019 for the financial year ending December 31, 2018
First	Jack Smit	the close of the annual meeting of shareholders to be held in 2019 for the financial year ending December 31, 2018

CONFIRMATION OF CONTINUING TERMS

2. Each of the following persons, being directors that are members of the second, third, and fourth class, as provided for below, pursuant to paragraph 4.4 of the Amended and Restated Shareholder Declaration, are hereby confirmed as having a term continuing until the expiry as set out below, provided that when a successor is not duly elected at the close of the annual meeting described below, such director shall hold office until his or her successor is elected:

<u>Class</u>	<u>Name of Director</u>	<u>Term</u>
Second	Connie Graham	the close of the annual meeting of shareholders to be held in 2020 for the financial year ending December 31, 2019
Second	Guy Holburn	the close of the annual meeting of shareholders to be held in 2020 for the financial year ending December 31, 2019
Third	Vacant	
Third	Marilyn Sinclair	the close of the annual meeting of shareholders to be held in 2021 for the financial year ending December 31, 2020
Fourth	Michael van Holst	the term ending November 30, 2022

RESOLVED THAT:

KPMG LLP are hereby appointed auditors of the Corporation to hold office until the close of the next annual meeting of the shareholders or until a successor is appointed by the shareholder at such remuneration as may be fixed by the directors and the directors are hereby authorized to fix such remuneration.

DATED this _____ day of _____, 2019.



**London
Hydro**

111 Horton Street
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April 12, 2019

Mayor Ed Holder
The Corporation of the City of London
Office of the Mayor
300 Dufferin Avenue
London, Ontario N6A 4L9

Re: Appointments/Affirmations of London Hydro's Board of Directors

Dear Mayor Holder:

After five strong years of leadership, hard work and significant time commitment, Mohan Mathur, P.Eng., Ph.D., FCAE, has decided to relinquish the Board Chair responsibilities. Mohan has also elected to retire from the London Hydro Board after having served for over 13 years. Former Dean of Western Engineering, Mohan was instrumental in shaping the technology innovation culture and in nurturing the safety culture at London Hydro. All of us profoundly thank him for his contributions to the success of London Hydro and wish him the very best in the future. With Mohan's exit, we will lose engineering skills on the Board. Please note, the Board of London Hydro has elected Gabe Valente as Chair and Connie Graham as Vice Chair, effective March 1, 2019.

London Hydro has been a very successful corporation with excellent performance and sound financial returns. This is the result of a well-functioning, skilled and experienced Board which has over the years maintained a high standard of governance. The average tenure of the current Board members is about 7.7 years, much less than desirable; this is because of the two new appointments of Board members in 2016 and 2017. Ideally, it would be more appropriate to maintain an average tenure of 9 years or more for good governance of the corporation, especially a strictly regulated and yet competitive organization, like London Hydro. Also, with Mohan's exit our average tenure will decline to about 6 years.

Ex-Mohan, London Hydro has strong financial, business and strategic expertise in the current mix of its Board members; thus, it is necessary and appropriate to seek a new member with engineering skills to replace Mohan. Such a selection will again complete the required skill set for the corporation. It would be consistent with London Hydro's Shareholder Declaration, the Ontario Energy Board's draft Governance Guidelines as well as the Office of the Superintendent of Financial Institutions of Canada's requirements for a high performing Board to have all-round skills from engineering to finance to strategy. Therefore, please consider this letter as a request to City Council to elect a new Board member to replace Mohan for Class III, specifically with a candidate that has engineering skills. The remaining Board members in the various classes have all expressed interest to continue to serve on the Board of London Hydro.

The former Western Engineering Dean, Andy Hrymak, PhD, PEng., who is presently Western's Provost & Vice President (Academic), had previously applied to be a member of our Board in 2017 when Guy Holburn was the eventual appointee. Our understanding is that Andy is still willing to be nominated for the appointment to London Hydro's Board. Given Andy's engineering qualifications as well as our experience of having worked with him on many research projects during his tenure as Dean of Engineering, London Hydro strongly endorses his candidacy. We believe that Andy's experience and qualifications will strengthen the collective skills of the London Hydro Board.

With the noted vacancy for Mohan's replacement, we will separately prepare and submit the necessary shareholder resolution at the time of our Annual General Meeting regarding the following nominations for the various Classes of London Hydro's Board members for Council's consideration.

Class	Number of Board Members	Board Members	Skills/Competencies	Nomination for 2019
I	2	Jack Smit	Finance	Nominated
		Gabe Valente	Finance	Nominated
II	2	Guy Holburn	Business/Regulatory	Nominated
		Connie Graham	Strategy	Nominated
III	2	Marilyn Sinclair	IT & Business	Nominated
		Vacancy	Engineering	Vacant
IV	1	Michael van Holst	Community	Nominated

Sincerely,



Gabe Valente, Chair, Board of Directors
London Hydro Inc.

✓ c. Cathy Saunders, City Clerk, Corporation of the City of London