

Request for Decision City Council




Type of Decision									
Meeting Date	February 14, 2007			Report Date	February 7, 2007				
Decision Requested	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	Priority	<input type="checkbox"/>	High	<input type="checkbox"/>	Low
	Direction Only				Type of Meeting	<input checked="" type="checkbox"/>	Open	<input type="checkbox"/>	Closed

Report Title
Appointment of Court of Revision pursuant to the <i>Drainage Act</i>


Budget Impact / Policy Implication	Recommendation
<p>This report has been reviewed by the Finance Division and the funding source has been identified.</p> <p><u>Policy Implication:</u></p> <p>None.</p> <p><u>Budget Impact:</u></p> <p>There is no budget impact associated with this Request for Decision.</p>	<p>That the following Members of Council be appointed to the Court of Revision under the Drainage Act for the term of Council or until their successors are appointed:</p> <p>1. _____</p> <p>2. _____</p> <p>3. _____</p>
Background Attached	Recommendation Continued

Recommended by the Department




Caroline Hallsworth
Executive Director, Administrative Services

Recommended by the C.A.O.



Mark Mieto
Chief Administrative Officer

Date: February 7, 2007

Report Prepared By	Division Review
 Eric Labelle Clerk Designate	

Background

The *Drainage Act*, R.S.O. 1990, c. D.17, provides that City Council must appoint three (3) to five (5) Members of Council to a Court of Revision.

On occasion, the Planning Committee holds public hearings with respect to projects for drainage works (i.e. municipal drains) within the City of Greater Sudbury. Once a matter is recommended for approval by the Planning Committee and confirmed by City Council, appeals may proceed to a Court of Revision containing members as appointed by City Council. The Court of Revision hears appeals from the owners of lands assessed for drainage works that take issue with the assessment of their land.

For the last term of Council, three (3) members were appointed to the Court of Revision.

Selection

Appointments will be conducted in accordance with Section 37 of the Council Procedure By-law. In the event that more than three (3) Members of Council are nominated, then a vote shall be held by way of simultaneous written recorded ballots pursuant to section 37.14 of the Council Procedure By-law which is applicable to Council appointments.

Ballots have been prepared in anticipation of an election for the convenience of the Members of Council. In order to be appointed, applicants must receive a majority of the votes (for example if ten Members of Council are present, applicants would require six (6) votes to be appointed). In the event of an equality of votes, then the successful candidate is to be determined by lot conducted by the Clerk.

It is always in order for Members of Council to nominate themselves and to vote for themselves. A nomination does not require a second.

Once the successful candidates have been selected, an appropriate resolution will be presented confirming their appointment.

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Report Title

Council Appointment to the Planning Committee

Budget Impact / Policy Implication	Recommendation
<p>This report has been reviewed by the Finance Division and the funding source has been identified.</p> <p><u>Policy Implication:</u></p> <p>None.</p> <p><u>Budget Impact:</u></p> <p>There is no budget impact associated with this Request for Decision.</p>	<p>That City Council Resolution #2006-1000 be amended to replace Councillor Dupuis with Councillor _____ on the Planning Committee.</p>
Background Attached	Recommendation Continued

Recommended by the Department	Recommended by the C.A.O.
 Caroline Hallsworth Executive Director, Administrative Services	 Mark Mieto Chief Administrative Officer

Date: February 7, 2007

Report Prepared By	Division Review
 Eric Labelle Clerk Designate	

Background

On December 13th, City Council appointed five (5) Members of Council to the Planning Committee. On February 7th, 2007, Councillor Dupuis advised that he would be removing himself from the Committee effective immediately. Councillor Dupuis has been a valued member of the Planning Committee for the past six years and has also been Chair of the Committee.

Selection

Accordingly, City Council will be asked to nominate and appoint another member of Council to the Planning Committee for the remainder of the two year term as modified by City Council at its December 13th meeting.

Appointments will be conducted in accordance with Section 37 of the Council Procedure By-law. In the event that more than one (1) Member of Council is nominated, then a vote shall be held by way of simultaneous written recorded ballots pursuant to section 37.14 of the Council Procedure By-law which is applicable to Council appointments.

Ballots have been prepared in anticipation of an election for the convenience of the Members of Council. In order to be appointed, the applicant must receive a majority of the votes (for example if ten Members of Council are present, applicants would require six (6) votes to be appointed). In the event of an equality of votes, then the successful candidate is to be determined by lot conducted by the Clerk.

It is always in order for Members of Council to nominate themselves and to vote for themselves. A nomination does not require a second.

Once a Member of Council is chosen, an appropriate resolution will be presented.

Request for Decision City Council



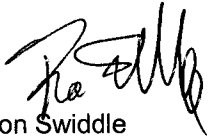
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Report Title
Appointment of the Board of Directors for the Downtown Sudbury (Sudbury Metro Centre) Business Improvement Area - Term 2006-2010

Budget Impact / Policy Implication	Recommendation
<p>This report has been reviewed by the Finance Division and the funding source has been identified.</p> <p>Policy Implication:</p> <p>Chapter 32 of the former City of Sudbury Municipal Code (as amended by By-law 2002-334) sets out the qualifications, number and manner of appointment for the Members of the Board of Directors of the Downtown Sudbury (Sudbury Metro Centre) Business Improvement Area. Downtown Sudbury (Sudbury Metro Centre) conducts its own election for the appointment of non-Council Board members. The appointment of the new Board must be confirmed by Council by way of resolution.</p> <p>Budget Impact:</p> <p>None.</p>	<p>That City Council hereby appoints the following Member(s) of Council to the Board of Management for the Downtown Sudbury (Sudbury Metro Centre) Business Improvement Area for the term ending November 30th, 2010 or until such later time as their successors are appointed:</p> <p>1. _____ 2. _____</p> <p>AND THAT City Council hereby appoints the following persons to the Board of Management for the Downtown Sudbury Business Improvement Area for the term ending November 30th, 2010 or until such later time as their successors are appointed:</p> <p>1. John Arnold 6. Victoria May 2. Jan Browning 7. Shirley Vincent 3. Brenda Edington 8. Bob Wygant 4. Marsha Fabbro 9. Derek Young 5. Dennis Gainer</p>
Background Attached	Recommendation Continued

Recommended by the Department	Recommended by the C.A.O.
 Caroline Hallsworth Executive Director, Administrative Services	 Mark Mieta Chief Administrative Officer

Date: February 8, 2007

Report Prepared By	Division Review
 Ron Swiddle City Solicitor	

Background

Chapter 32 of the former City of Sudbury Municipal Code established a Central Business District Improvement Area for the Downtown of the former City of Sudbury, known as Downtown Sudbury (formerly known as the Sudbury Metro Centre).

The Downtown Sudbury Business Improvement Area’s boundaries include: Durham, Elm (railway tracks on west to Paris), Lisgar, Young, Larch, Cedar, Elgin, Beech, Fir, Minto, Shaughnessy, Grey, Van Horne, and the City Centre.

Downtown Sudbury is governed by a Board of Management that is entrusted with the improvement, beautification and maintenance of municipally-owned lands, buildings and structures for the promotion of the area as a business or shopping area.

Composition of the Board:

The Downtown Sudbury Board of Management consists of nine (9) Members who are not Members of Council and up to two (2) Members of Council, as Council considers appropriate. To be a Member of the Board of Management, other than a Member of Council, a person must be:

- a) assessed with respect to rateable property in the area that is in a prescribed business property class and be on the last returned assessment roll; or
- b) a tenant of property in the area who is, under a lease required to pay all or part of the taxes of the property; or
- c) nominated by those persons referred to above.

The notification and election procedures for the selection of non-Council Members of the Board of Management are overseen by the Executive Director of the Board and the City Clerk for the City of Greater Sudbury.

Selection of Members of Council:

City Council may appoint a maximum of two (2) Members of Council to the Board of Management as it considers appropriate.

Date: February 8, 2007

Appointments will be conducted in accordance with Section 37 of the Council Procedure By-law. In the event that more than two (2) Members of Council are nominated, then a vote shall be held by way of simultaneous written recorded ballots pursuant to section 37.14 of the Council Procedure By-law which is applicable to Council appointments.

Ballots have been prepared in anticipation of an election for the convenience of the Members of Council. In order to be appointed, the applicants must receive a majority of the votes (for example if ten Members of Council are present, applicants would require six (6) votes to be appointed). In the event of an equality of votes, then the successful candidates are to be determined by lot conducted by the Clerk.

It is always in order for Members of Council to nominate themselves and to vote for themselves. A nomination does not require a second.

Once Members of Council are chosen, an appropriate resolution will be presented.

Request for Decision City Council



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Meeting Date	February 14, 2007				Report Date	February 8, 2007			
Decision Requested	X	Yes		No	Priority	X	High		Low
	Direction Only				Type of Meeting	X	Open		Closed

Report Title
Hydro Governance

Budget Impact / Policy Implication		Recommendation	
X	This report has been reviewed by the Finance		
<p>Decisions on the Greater Sudbury Utilities Inc. Board's remuneration would impact the Greater Sudbury Utilities Inc.'s Budget.</p>		<p>THAT Council receive the report on the Greater Sudbury Utilities Boards; and</p> <p>THAT the Board of Greater Sudbury Utilities Inc. be a five member Board, consisting of the Mayor (or designate), two Councillors and two citizens. These same individuals would also serve on the Boards of Greater Sudbury Hydro Plus Inc. (SERVICECO), Agilis Networks (TELCO), 1627596 Ontario Inc. (Competitive Services) and 1700211 Ontario Inc. (GENCO); and</p> <p>THAT the Board of Greater Sudbury Hydro Inc. (WIRESKO) be a five member Board, comprised of three members from the Board of Greater Sudbury Utilities Inc. and two different, independent citizens;</p> <p>So that there are a total of seven members between all of the various Boards; and</p> <p>THAT Option _____ be adopted as the model for Board Remuneration; and</p> <p>THAT staff be directed to take all steps necessary to implement Council's decision and enhance Hydro board transparency through reporting requirements.</p>	
X	Background Attached	Recommendation Continued	

Recommended by the Department	Recommended by the C.A.O.
 Caroline Hallsworth Executive Director, Administrative Services	 Mark Mieto Chief Administrative Officer

Report Prepared By	Division Review
Caroline Hallsworth Executive Director, Administrative Services	

Executive Summary:

At the Council meeting of December 13, 2006, staff were directed to prepare a report on the size of the Board of Greater Sudbury Utilities Inc. and its Subsidiary Boards, and to bring forward further options for cost savings associated with the remuneration paid these Boards.

Background:

At the December 13, 2006 meeting of Council, the report entitled "Shareholder's Declaration for Greater Sudbury Utilities Inc." was discussed. The report proposed a reduction in the size of the Boards for Greater Sudbury Utilities Inc. and its Subsidiary Companies. A copy of that report is attached for the information of Council as Appendix "A".

Greater Sudbury Utilities Inc. (HOLDCO) is the Board for Greater Sudbury Utilities Inc. The Subsidiary Companies are:

- Greater Sudbury Hydro Inc. (WIRESKO)
- West Nipissing Energy Services Ltd. (WIRESKO)
- Greater Sudbury Hydro Plus Inc. (SERVICECO)
- Agilis Networks (TELCO)
- 1627596 Ontario Inc. (Competitive Services)
- 1700211 Ontario Inc. (GENCO)

PART A: BOARD SIZE

History of Board Size:

Prior to incorporation in November of 2000, the Sudbury Hydro-Electric Commission was governed by a five member Hydro Commission that consisted of the Mayor and four Elected Commissioners. The Hydro Commissions for Capreol and Nickel Centre/Coniston each had three Commissioners.

Currently, there are a total of nine members between all of the various Boards associated with Greater Sudbury Utilities Inc. and its Subsidiaries. Greater Sudbury Utilities (HOLDCO) and four of its Subsidiaries have six member Boards. These Boards are comprised of the Mayor (or Mayor's Designate), three Councillors and two citizens. Greater Sudbury Hydro Inc. (WIRESKO) has a nine member Board, which consists of six directors from Greater Sudbury Utilities and three independent citizen directors.

Theories of Board Size:

There is a considerable body of research that relates to the size, composition and function of boards, both in the private and public sectors. John Carver, one of the most prominent researchers on boards and governance writes In *“Boards that Make a Difference”* that *“structure is best kept to the minimum to accomplish the task”*.

The Council on Foundations in a January 2006 document entitled *“At Issue: What is the Best Size for Your Board?”* lays out the advantages and disadvantages of different sized boards as follows:

Small Boards	
<p>Advantages:</p> <ul style="list-style-type: none"> • Board members feel more ownership and responsibility for the work. • Communication and interaction may be easier and more flexible. • Board members know each other as individuals, creating unity. • Every person’s participation counts. • Board members may gain more satisfaction from their meaningful involvement. • Fewer staff are required to support the administrative functions of the board. 	<p>Limitations:</p> <ul style="list-style-type: none"> • Small numbers limit opportunities for diversity and inclusiveness. • Fewer skills and perspectives are represented at the table. • Fewer people are available to serve on committees; heavy work load may create burnout. • For public/community foundations fundraising becomes a burden on the shoulders of a few. • The board has less continuity in times of leadership change.
Large Boards	
<p>Advantages:</p> <ul style="list-style-type: none"> • Larger numbers allow for more opportunities for diversity and inclusiveness. • More seats allow for inclusion of legal and financial advisors, community leaders and funding area experts. • Work can be shared among the group; more people are available to serve on committees. • Fundraising may be easier because there are more people on the board with more connections. • More board members helps maintain institutional memory in times of leadership change. 	<p>Limitations:</p> <ul style="list-style-type: none"> • Members may feel less individual responsibility and less ownership of the work. • Large groups may hinder communication and interactive discussion. • Cliques or core groups may form, deteriorating board cohesion. • Some voices may not be heard. • Bigger boards may not be able to engage all members, which can lead to apathy and loss of interest. • Meetings are more difficult to schedule; more staff time is needed to coordinate board functions.

The Toronto Stock Exchange Corporate Governance Guidelines Number 7 states that:

“Every Board of Directors should examine its size and, with a view to determining the impact of the number upon effectiveness, undertake where appropriate, a program to reduce the number of directors to a number which facilitates more effective decision making.”

There are a number of criteria which can be considered when selecting the size of a board. These criteria include requirements for quorum, the type and amount of director's committee work, the size and function of the corporation, the requirements for diversity, representation or director skill sets and the purpose or type of the board.

Brown Governance Inc. which is a Canadian consulting firm that specializes in Boards, has found that:

“While there is no single ‘right’ board size, the average board in Canada numbers 11, which is exactly what it has numbered for over 30 years. The change has been in ‘right-sizing’, the number of smaller (5 or fewer) and larger (over 25) boards dropped significantly.”

Brown Governance has identified five broad types of Board, each of which has typical board size. The three smaller board types are described below. The other two types are larger boards found primarily in Crown corporations, co-operatives and in the not-for-profit sector.

Management Theory Board 3 - 5 Members
Largely advisory in nature, providing the CEO with wise counsel when asked

Stewardship Theory Board 5 - 9 Members
Assist the CEO in opening doors to new markets and providing needed expertise in certain areas.

Agency Theory Board 9 - 15 Members
Act as independent intermediaries between the interests of the owners and those of management . . . acting only in the best interests of the corporation itself.

The paper *“Board Size Effects in Closely Held Corporations”* found that while there are *“no performance effects in closely held corporations of varying the board size at levels below six members . . . we find a significantly negative effect of increasing the size of the boards at board sizes of seven members or more.”*

Around the world, there is a trend to ensure that a fixed proportion of every board is comprised of independent directors. In the United States, both the New York Stock Exchange and NASDAQ have amended their rules to require that the boards of listed companies have a majority of members who are independent directors. In Britain, the Report of the Committee on the Financial Aspects of Corporate Governance: The Code of Practice (Cadbury Code) recommends that,

“boards of U.K. corporations include at least three outside directors”

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and the Combined Code of Good Governance and Best Practice which is used by the London Stock Exchange states that,

"The Board should include a balance of executive and non-executive directors, such that no individual or small group of individuals can dominate the board's decision making".

The Toronto Stock Exchange Guideline Number 2 states that,

"The Board of Directors of every corporation should be constituted with a majority of individuals who qualify as unrelated directors."

Recommended Board Size:

If Council works from these principles, which suggest that a board be reduced to the most effective size for decision making, that the ideal size for a stewardship board is between five and nine members and that there be a balance of inside and outside directors, then a return to the historical hydro commission model board of five members, with two additional members to sit on the WIRESCO Board, for a total of seven members between all of the boards, would meet these criterion.

If this model is approved by Council, the Board of Greater Sudbury Utilities Inc. would consist of the Mayor (or designate), two Councillors and two citizens. These same individuals would also serve on the Boards of Greater Sudbury Hydro Plus Inc. (SERVICECO), Agilis Networks (TELCO), 1627596 Ontario Inc. (Competitive Services) and 1700211 Ontario Inc. (GENCO).

The Affiliate Relationships Code of the Ontario Energy Board requires that certain Energy Boards be one-third independent. Specifically, this means that one-third of the WIRESCO Directors must be independent and cannot sit on the HOLDCO Board. Given the requirement that the Board of Greater Sudbury Hydro Inc. (WIRESCO) have at least one-third of its members who are independent, the WIRESCO Board would be a five member Board, comprised of three members from the Greater Sudbury Utilities Inc. Board and two different, independent citizens. This would bring the total number of directors, between all of the Boards to seven.

PART B: BOARD REMUNERATION

History of Board Remuneration:

At the time of incorporation the Sudbury Hydro-Electric Commission Chairperson was paid \$6,428.23 per annum and the Commissioners were paid \$4,821.18 per annum. In 1998, the Sudbury Hydro-Electric Commission approved per diem rates of \$100 for local meetings and \$150 for out-of-town meetings. Currently, compensation rates, as described in By-Law 2006-137 of the City of Greater Sudbury are that all directors of the Corporation receive \$8,500 per annum and that the Chair receive \$12,000 per annum. Those directors who serve only on Subsidiaries are paid \$2,500 per annum, unless they are the chair who is paid \$4,000 per annum. Per diem rates are \$150 for each meeting, to a maximum of \$150 per day. The different Board meetings are scheduled to run consecutively on the same day so that only one day's per diem applies. Since amalgamation, some members of Council who have served on the Hydro Boards have waived their Hydro remuneration, while other members of Council have chosen to receive their Hydro remuneration.

Theories of Board Remuneration:

In recruiting directors, consideration is given to individuals with a “range of skills and understanding” who will be equipped “to deal with various business issues and have the ability to review and challenge management performance”. Generally, the theories of board remuneration suggest that in order to attract and retain directors who bring that type of knowledge to the table, it is necessary to pay directors for their work on the board. This is particularly important for boards that meet during business hours, as for many directors attendance at the board meetings is directly related to a loss of income, as for example professionals such as lawyers and accountants for whom time away from the office represents lost billable time.

The Combined Code of Good Governance and Best Practice states that:

“Levels of remuneration should be sufficient to attract and retain the directors needed to run the company successfully, but companies should avoid paying more than is necessary for this purpose.”

The Toronto Stock Exchange Corporate Governance Guideline Number 8 states:

“The board of directors should review the adequacy and form of compensation of directors and ensure the compensation realistically reflects the responsibilities and risk involved in being an effective director.”

Other Utilities in Ontario have conducted peer reviews regarding remuneration practices. In 2004, Guelph Hydro surveyed nineteen utility companies and in 2006 Oakville Hydro retained the Hay Group to prepare a “Report on the Market Review of Board Member Remuneration”. These two documents are attached as Appendices “B” and “C” respectively. All nineteen companies surveyed by Guelph Hydro had provisions to pay annual compensation to directors, though seven of the nineteen did not pay Council members who serve on the Board. Fourteen of the nineteen also pay per diems. The Hay Group used data from Oakville and seven other Utilities, all of whom have provisions for payment of Board members, which includes both annual “retainers” and per diem or meeting fees.

In addition, information was gathered from Thunder Bay, Sault Ste Marie and North Bay. Thunder Bay pays all directors, while Sault Ste Marie specifically states that “Councillors are representatives from the city and are not remunerated” and only makes payment to citizen appointees. North Bay Hydro has five citizens on its WIRESCO Board and three citizens on its SERVCO Board, none of whom are councillors. North Bay does not pay its directors, but has noted that they do, on occasion, have challenges in getting a quorum at meetings.

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Review of Ontario Hydro Board Remuneration Rates				
	Chair (Annually)	Vice-Chair (Annually)	Member (Annually)	Board Meeting Fees (per meeting)
Guelph Hydro Survey, 2004 (Survey of 19 Utilities)	\$10,139 (average)	\$7,092 (average)	\$6,700 (average)	\$337 (average)
North Bay Hydro, 2006	Unpaid	Unpaid	Unpaid	No per diem
Oakville Hydro Survey, 2006 (Survey of 8 Utilities)	\$22,138 (average)	N/A	\$10,025 (average)	\$538 (average)
Sault Ste Marie, 2006 (Citizen Appointees only)	\$6,500	\$5,000	\$3,500	Chair \$125 Member \$90
Thunder Bay, 2006	\$7,500	N/A	\$5,000	Paid only when travel
Greater Sudbury Utilities Inc., 2006	\$12,000	NA	\$8,500	\$150

Options for Board Remuneration:

According to Greater Sudbury Utilities Inc, \$100,000 was budgeted in 2006 for Board remuneration and \$110,000 was expended. This includes both the annual remuneration and total per diems paid out. Board expenses were budgeted at \$42,700 while actual Board expenses paid in 2006 were \$18,885 for a total of nine directors between the various Boards. Should Council agree to a smaller Board structure, with a total of seven directors, the Board expenses would be reduced proportionally.

There are four options available for Council consideration as they relate to Board remuneration for the incoming Greater Sudbury Utilities Inc. Board members:

Option One: Pay all directors on the Greater Sudbury Utilities Board and its Subsidiary Boards at their current rates. The annual cost of Option One is \$81,550 and the saving achieved by having a smaller board is \$29,450

Option Two: Reduce the honorariums for citizens and councillors who are directors from \$8,500 to \$4,000. Reduce the additional honorarium paid to the board chair from \$3,500 to \$2,000. Eliminate all payments to the Mayor and eliminate all per diem payments. The annual cost of Option Two (assuming that the same individual chairs all boards) is \$26,000 and the saving achieved is \$84,000.

- Option Three: Pay only those directors who are citizen representatives to the Greater Sudbury Utilities Board and its Subsidiary Boards at their current rates, because the Mayor and Councillors are representatives of the City and are already in receipt of salaries for those roles. The annual cost of Option Three is \$47,750 and the saving achieved is \$62,250.
- Option Four: Pay none of the directors on the Greater Sudbury Utilities Board and its Subsidiary Boards. The annual cost of Option Four is \$0 and the saving achieved is \$110,000.

Once staff have been provided with instructions by Council on the composition of the Board and Board remuneration, they will take all steps necessary to implement Council's decision and ensure transparency through reporting requirements which could include regular updates to Council and inclusion of Hydro Board minutes in the package of minutes circulated to Council.

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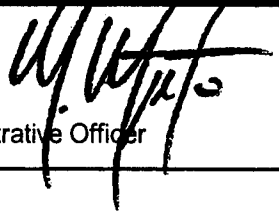


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Report Title

SHAREHOLDER'S DECLARATION FOR GREATER SUDBURY UTILITIES INC.

Budget Impact / Policy Implication		Recommendation	
This report has been reviewed by the Finance			
Not applicable		That a By-law be passed updating the Shareholder's Declaration for the Greater Sudbury Utilities Inc. and subsidiary companies in order to reduce the size of the Boards of these Corporations.	
<input checked="" type="checkbox"/>	Background Attached	<input type="checkbox"/>	Recommendation Continued

Recommended by the Department	Recommended by the C.A.O.
 Ron Swiddle City Solicitor	 Mark Mioto Chief Administrative Officer

Report Prepared By	Division Review
Ron Swiddle City Solicitor	Caroline Hallsworth, Executive Director Administrative Services

BACKGROUND:

In November of 2003, Council passed By-law 2003-297, adopting the Shareholder's Declaration for the Greater Sudbury Utilities Inc. and its subsidiary companies. This Declaration provided for a one-third independence from Greater Sudbury Utilities Inc. and its subsidiaries. Up until the passage of that By-law, the Greater Sudbury Utilities Inc. and its subsidiaries were all governed by Boards that consisted of the same ten individuals appointed by Council.

The Affiliate Relationships Code of the Ontario Energy Board, however, required that certain of these Boards be one-third independent, and so Council passed By-law 2003-297 and subsequently 2006-137 in order to bring the Shareholders Declaration in line with this Code.

Mayor Rodriguez has requested that this Report proceed at this time in order to reduce the size of these Boards. The proposal set out below would be the minimum size for these Boards that could practically be obtained, given the one-third independence rule of the Affiliate Code.

Under the reduced Board size, the following would occur:

- Greater Sudbury Hydro Inc. (WIRESKO) and West Nipissing Energy Services Ltd. will consist of:
 - > Mayor/Mayor's designate
 - > 1 citizen/chair
 - > 1 citizen

This would be a reduction from 6 Directors to 3.

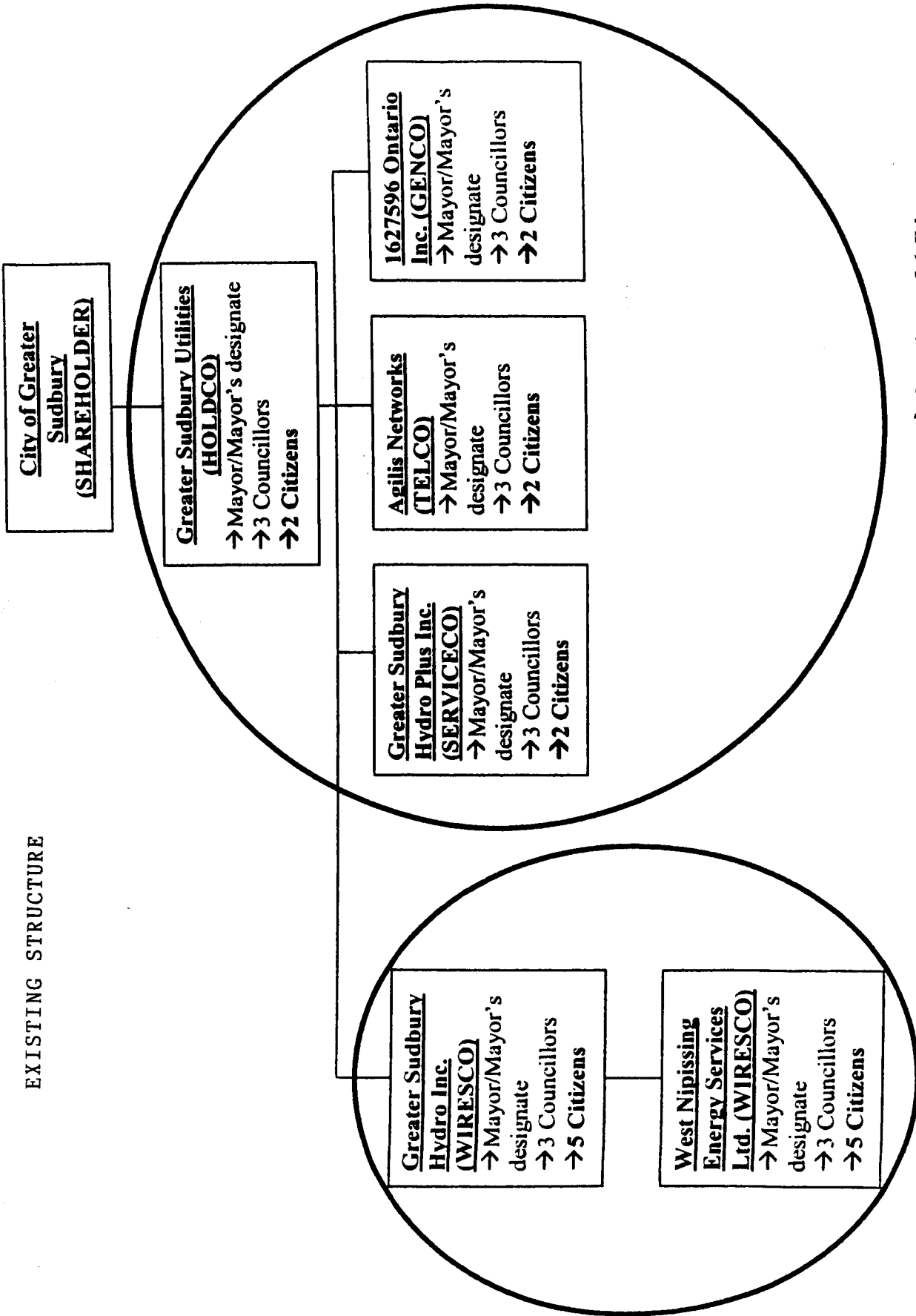
- Greater Sudbury Utilities Inc. (HOLDSCO), Greater Sudbury Hydro Plus Inc. (SERVICECO), Agilis Networks (TELCO) AND 1627596 Ontario Inc. (GENCO) will consist of:
 - > Mayor/Mayor's designate
 - > 1 citizen/chair
 - > 1 citizen

This would also be a reduction from 6 Directors to 3, but the citizen appointment would be independent from the citizen director of HOLDSCO.

If Council approves the Board size at this time, advertising will then proceed to seek citizens candidates to be appointed by Council in the new year. It is not proposed that appointments be made at this time.

A chart showing the existing Board structure is attached, along with a chart outlining the proposed structure. A By-law to give effect to this Declaration will be presented to Council as part of the Addendum at the Council meeting.

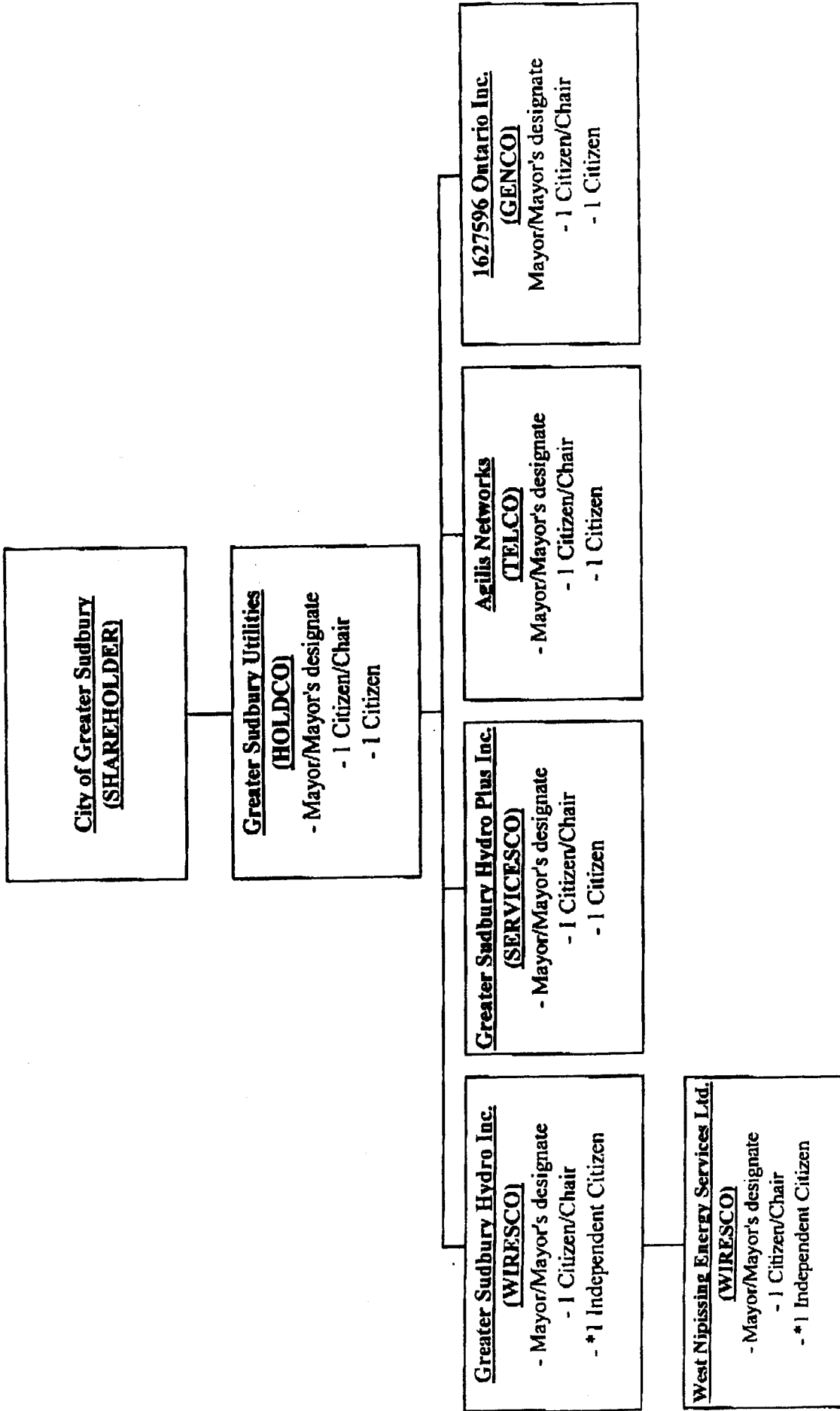
EXISTING STRUCTURE



→ Consists of 6 Directors

→ Consists of 6 Directors + 3 Independent Citizen Directors

PROPOSED STRUCTURE



* WIRESKO must have 1/3 independent Directors not sitting on HOLDCO Board.

Total requirement = Mayor + 3 citizens. One citizen will Chair all Boards.



Survey of Company Structure and Board Compensation

The Survey of Company Structure and Board Compensation was forwarded to 22 companies. Responses were received from the 19 companies listed below:

Barrie Hydro Distribution Inc.
Burlington Hydro
Cambridge & North Dumfries Hydro
Enwin Powerlines
Greater Sudbury Utilities
Guelph Hydro Inc.
Hamilton Utilities Corporation
Hydro Ottawa
Kitchener-Wilmot Hydro
London Hydro
Markham Hydro Distribution Inc.
Niagara Falls Hydro
Oshawa PUC Networks Inc.
Ottawa River Power Corporation
Peterborough Utilities Group
St. Catharines Hydro
Thunder Bay Hydro
Veridian Corporation
Waterloo North Hydro Inc.



Survey of Company Structure and Board Compensation

Holding Company and Subsidiary Companies

1. Do you have a Holding Company as a parent company with subsidiary affiliate companies?

Total number of respondents: 19

Responses: 17 Yes 2 No

2. Please provide an outline of your corporate organization (attach a separate sheet if needed)

please see attachments

3. Is the Board of the Holding Company the Board for the subsidiary companies?

Total number of respondents: 19

*Responses: 9 Yes
1 Yes for Wires Company
7 No
2 Not Applicable (no holding company)*

4. Does the Holding Company Board operate with Committees of the Board (e.g. Governance, Finance & Audit, Nominating)? Please provide details.

Total Number of Respondents: 19

*16 Yes
1 No
2 Not Applicable*

Of the 15 who responded 'yes' the following committees were specifically identified:

<i>Audit/Audit & Finance/Budge</i>	<i>13</i>
<i>Governance/Executive</i>	<i>7</i>
<i>Nominating</i>	<i>8</i>
<i>Joint Advisory</i>	<i>1</i>
<i>Human Resources</i>	<i>4</i>
<i>Compensation</i>	<i>3</i>
<i>Communications</i>	<i>1</i>
<i>LDC Committee</i>	<i>1</i>
<i>Energy & Telecommunications</i>	<i>1</i>

5. Do the Subsidiary Company Boards operate with Committees of the Board similar to the Holding Company? Please provide details.

Total Number of Respondents: 19
 11 No
 7 Yes
 1 Not Applicable

** two do not have holding companies – operate with Board Committees.*

Municipal Shareholder Board Representation

1. Does the Holding Company Board include the Mayor or Mayor’s Designate and/or City Councillors as Directors? Please provide detail.

Total Number of Respondents: 19

<i>Mayor</i>	<i>14</i>
<i>Mayor’s Designate</i>	<i>3</i>
<i>Councillors</i>	<i>11</i>
<i>Not Applicable</i>	<i>2 (no holding company)</i>

Note: Does not add to 18 as it reflects some LDC’s with multiple municipal shareholders and some Boards with Mayor and Councillor(s). One respondent has no Council representation on the Holding Company Board.

2. If Councillors(s) on the Board please advise the number of Councillors.

Total Number of Respondents: 19
 10 Yes
 7 No
 2 Not Applicable (no Holding Company)

3. If you have more than one municipal shareholder please identify representation for each municipal shareholder.

Total Number of Respondents: 19

<i>1 Shareholder</i>	<i>13</i>
<i>2 Shareholders</i>	<i>2</i>
<i>3 Shareholders</i>	<i>1</i>
<i>4 Shareholders</i>	<i>1</i>
<i>Not Applicable</i>	<i>2</i>

Note: Where multiple municipal shareholders each shareholder has representation on the holding company board.

Do the Subsidiary Company Boards include the Mayor and/or City Councillors as Directors? Please provide detail by company.

<i>Total Number of Respondents:</i>	<i>19</i>
<i>Mayor/Mayor Designate</i>	<i>11 Yes, 9 No (more than 18 due to companies with multiple municipal shareholders)</i>
<i>Councillors</i>	<i>8 Yes, 10 No</i>
<i>No response</i>	<i>1</i>

If more than one Councillor please provide details.

Frequency of meetings

1. How often does the Holding Company Board hold regularly scheduled meetings? (e.g. monthly, bi-monthly, quarterly, semi-annually)

<i>Total Number of Respondents:</i>	<i>19</i>
<i>Monthly</i>	<i>9</i>
<i>Monthly, moving to bi-monthly</i>	<i>1</i>
<i>Bi-monthly</i>	<i>2</i>
<i>Quarterly</i>	<i>4</i>
<i>As needed, usually 5 per year</i>	<i>1</i>
<i>Under Review</i>	<i>1</i>
<i>Not Applicable</i>	<i>1</i>

** One respondent indicated meetings during summer months at call of the Chair.*

2. How often do the Holding Company Board Committees hold regularly scheduled meetings? (e.g. monthly, bi-monthly, quarterly, semi-annually)

<i>Total Number of Respondents:</i>	<i>19</i>
<i>Monthly as required</i>	<i>1</i>
<i>Bi-Monthly</i>	<i>1</i>
<i>As required</i>	<i>10</i>
<i>Semi-annually</i>	<i>2</i>
<i>Quarterly</i>	<i>1</i>
<i>Annually</i>	<i>1</i>
<i>Not Applicable</i>	<i>3</i>

3. How often do the Subsidiary Company Boards hold regularly scheduled meetings? (e.g. monthly, bi-monthly, quarterly, semi-annually). Please provide detail for each Company.

<i>Total Number of Respondents:</i>	<i>19</i>
-------------------------------------	-----------

<i>Monthly</i>	9
<i>Monthly, moving to bi-monthly</i>	1
<i>Bi-Monthly</i>	2
<i>Monthly (LDC), others under review</i>	1
<i>None</i>	2
<i>Quarterly</i>	2
<i>3 times per year</i>	1
<i>As Required</i>	1
<i>Not Applicable</i>	2

** Note column adds to more than number of respondents as frequency of meetings were varied among Boards of individual respondents.*

4. How often do the Subsidiary Company Board Committees hold regularly scheduled meetings? (e.g. monthly, bi-monthly, quarterly, semi-annually). Please provide detail for each Company.

Total Number of Respondents: 17

<i>Bi-Monthly</i>	1
<i>Annually</i>	1
<i>Semi-annually</i>	1
<i>None</i>	2
<i>Not Applicable</i>	10
<i>As Required</i>	2

** Note: Committee meetings for some respondents not on the same frequency*

Board of Directors Annual Compensation

Total Number of Respondents: 19

<i>Chair</i>	<i>\$ 5,000 - \$10,000 per annum</i>	11
	<i>\$10,001 - \$15,000 per annum</i>	7
	<i>\$15,001 - \$25,000 per annum</i>	1

Average \$10,139 per annum

<i>Vice Chair</i>	<i>\$ 4,000 - \$ 8,000 per annum</i>	9
	<i>\$ 8,001 - \$12,000 per annum</i>	4
	<i>\$12,001 - \$20,000 per annum</i>	1
	<i>Not Applicable</i>	5

Average \$ 7,092 per annum

<i>Director</i>	<i>\$ 4,000 - \$ 8,000 per annum</i>	14
	<i>\$ 8,001 - \$12,000 per annum</i>	4
	<i>\$12,001 - \$20,000 per annum</i>	1

Average \$ 6,700 per annum

1. If there are Subsidiary Company Directors not on the Holding Company Board is the compensation the **Same as** or **Different to** the Holding Company Board? If Different please provide details.

<i>Total Number of Respondents:</i>	<i>12</i>
<i>Same as Holding Company</i>	<i>4</i>
<i>Not Applicable</i>	<i>6</i>
<i>Different</i>	<i>2</i>

Board Compensation for Council representatives on the Board

Please provide the Annual Honorarium for the Council representatives.

<i>Total Number of Respondents:</i>	<i>19 (Mayor/Councillors)</i>	
	<i>\$ 4,000 - \$ 8,000</i>	<i>10</i>
	<i>\$ 8,001 - \$10,000</i>	<i>2</i>
	<i>Not Applicable</i>	<i>7</i>
	<i>Average \$ 6,108 per annum</i>	

** Note: One respondent had provision for Council representatives to be paid the same, however payment has been waived.*

Per Diem

1. Does your company provide a per diem for attendance at Board meetings?

<i>Total Number of Respondents:</i>	<i>19</i>
	<i>14 yes</i>
	<i>5 no</i>

Per Diem Amount (9 respondents)

<i>\$ 90.00 - \$ 150.00 per meeting</i>	<i>2</i>
<i>\$151.00 - \$300.00 per meeting</i>	<i>3</i>
<i>\$301.00 - \$450.00 per meeting</i>	<i>1</i>
<i>\$451.00 - \$600.00 per meeting</i>	<i>3</i>

Average per diem \$337 per meeting. Per diem average is calculated on actual per diem reported, not the range noted above

2. Does your company provide a per diem for Board Committee meetings?

Total Number of Respondents: 19

12 yes

1 yes if held on separate day from regular Board

6 no

If "Yes" what is the per diem? \$

Total Number of Respondents: 19

\$ 90.00 - \$150.00 per meeting 3

\$151.00 - \$300.00 per meeting 6

\$301.00 - \$450.00 per meeting 3

\$451.00 - \$500.00 per meeting 1

Not Applicable 1

No 5

Average per diem \$ 288 per meeting

One respondent noted amount capped at \$1,500 per annum

3. Does the Board Chair receive a greater per diem than other Board members?

Total Number of Respondents: 18

16 no

1 yes

1 Not applicable

If "Yes" What is the Chair's per diem? \$250

4. Does the Board Committee Chair receive a greater per diem than other committee members?

Total Number of Respondents: 19

16 No

1 Yes

2 Not Applicable

If "Yes" What is the Chair's per diem? \$500

5. Is the per diem the same for the subsidiary companies?

Total Number of Respondents: 17
 9 yes
 2 no
 6 Not applicable

Note: several respondents noted that if meetings are held on the same day for multiple companies then only one per diem is paid.

If different please provide details.

Attendance at other activities/functions

1. Do Directors participate in other business related activities (e.g. EDA Annual and District meetings, MEARIE Seminar, Industry Conferences, Shareholder meetings) and is a per diem paid for attendance at those events?

Please provide details:

<i>Total Number of Respondents:</i>	19
<i>Attends EDA Annual Meeting, per diem paid</i>	9
<i>Attends EDA Annual Meeting, no per diem paid</i>	1
<i>Occasionally attends EDA Annual Meeting, no per diem</i>	2
<i>Do not attend EDA Annual Meeting</i>	6
<i>Did not answer this question</i>	1
<i>Attends EDA District Meetings, per diem paid</i>	7
<i>Attends EDA District Meetings, no per diem paid</i>	1
<i>Occasionally attends EDA District Meetings, no per diem</i>	1
<i>Do not attend EDA District Meetings</i>	9
<i>Did not answer this question</i>	1
<i>Attends MEARIE Seminar, per diem paid</i>	5
<i>Attends MEARIE Seminar, no per diem paid</i>	0
<i>Occasionally attends MEARIE Seminar, no per diem paid</i>	1
<i>Irregularly attends MEARIE Seminar, per diem paid</i>	1
<i>Do not attend MEARIE Seminar</i>	11
<i>Did not answer this question</i>	1
<i>Attends Industry Conferences, per diem paid</i>	5
<i>Attends Industry Conferences, no per diem paid</i>	1
<i>Occasionally attends Industry Conferences, per diem paid</i>	1
<i>Occasionally attends Industry Conferences, no per diem</i>	2
<i>Irregularly attends Industry Conferences, per diem paid</i>	1
<i>Do not attend Industry Conferences</i>	8
<i>Did not answer this question</i>	1

Director's Preparation

1. Does your per diem policy include a per diem for a Director's preparation time related to Board/Committee meetings?

Total Number of Respondents: 18

16 No

*1 Yes (preparation time was limited to one
Director and is not currently part of policy)*

1 Not Applicable

If a per diem is paid for preparation what is the per diem? \$400

Compensation Limits

1. Does your Board compensation policy include a limit (maximum amount) that would be paid to a Director in any fiscal year? This would be the sum of all honorarium and all per diem amounts.

Total Number of Respondents: 19

18 No

1 Not applicable

If yes, what is that limit?

Expenses

1. Does your Board have a documented expense reimbursement policy?

Total Number of Respondents: 19

15 Yes

4 No

2. Does the Company pay any expenses over and above Board business travel expenses?

Total Number of Respondents: 19

6 Yes

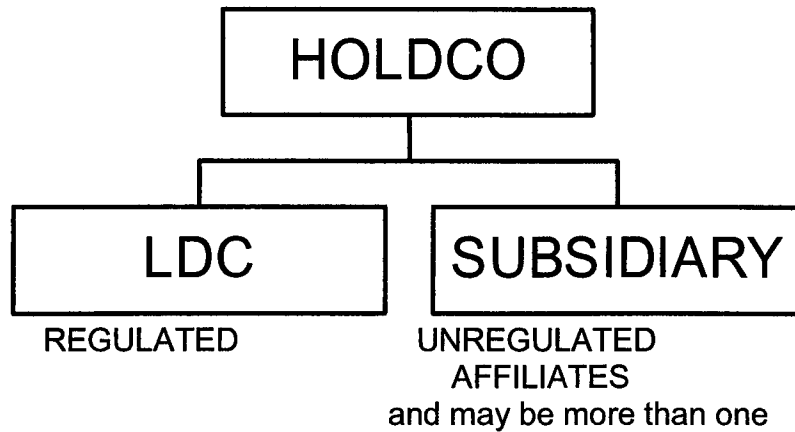
13 No

For example does the Company pay expenses for "home office" expenses such as computer supplies, print paper, printer supplies (e.g. ink jet cartridges), shredding services? If "Yes" would you please provide examples.

Total Number of Respondents: 6

Examples include access to computer and printer, allowance of \$1,910 per year, home office (fax machine, designated phone line etc.), working meals, software, meals, meeting room expenses, printer paper, binders, reimbursement of out-of-pocket expenses upon presentation of receipts.

CORPORATE STRUCTURE (15 Respondents)



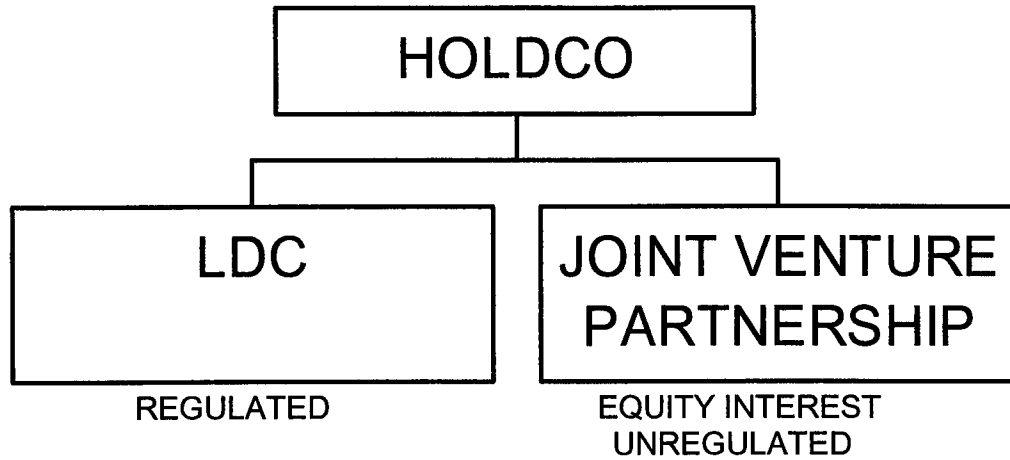
UNREGULATED AFFILIATES INCLUDE:

Retail Energy, Energy Services, FibreOptics, Retailers, Generation

Respondents have structured the Unregulated Affiliates in a variety of arrangements:

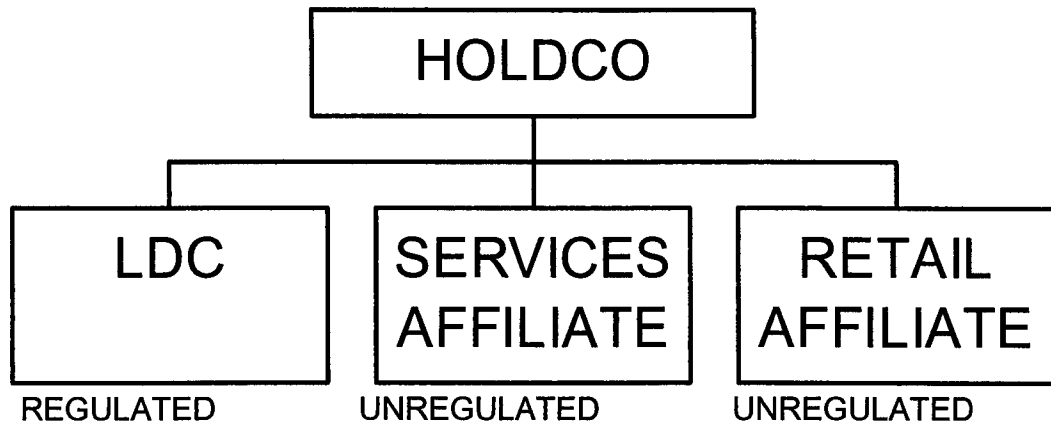
- Generation as a separate entity wholly owned by the Holdco.
- District Energy as a separate entity wholly owned by the Holdco.
- FibreOptics as a separate entity wholly owned by the Holdco.
- Retail Energy as a separate entity wholly owned by Holdco
- Services including Fibre, Retail Energy in one entity wholly owned by Holdco
- One Energy Affiliate reports an equity interest in a FibreOptics entity
- Two holding companies, each report an equity interest as a partner in FibreOptics joint venture companies.

CORPORATE STRUCTURE (1 RESPONDENT)



- Holdco reports an equity interest in a FibreOptic joint venture entity with other partners.
- Regulated affiliate wholly owned by Holdco.

CORPORATE STRUCTURE (2 RESPONDENTS)



Unregulated Affiliates include:

- Services Affiliate (1) provides a range of services to LDC, retail entity, other LDC's and generators.
- Retail affiliate (1) combines rentals, generation and FibreOptics.
- Services affiliate (1) provides management and billing services
- Retail affiliate (1) is a FibreOptics business.

CORPORATE STRUCTURE (1 RESPONDENT)

- No holding company.
- One corporate entity for LDC.
- One corporate entity for an unregulated entity with FibreOptics and Equipment Rentals.
- Separate Boards of Directors

Report on the Market Review of Board Member Remuneration

Report to Participants

**L. Pierre Chabot
Senior Consultant**

April 2006

HayGroup

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I. METHODOLOGY

- ❖ Hay Group Limited conducted a custom survey of Local Distribution Companies, (LDCs) on the behalf of Oakville Hydro Corporation.
- ❖ 11 organizations were invited to participate, 7 responded and provided data.
(List of organizations is shown in Appendix A.)
- ❖ Survey covered the following items:
 - Areas of activity
 - Board membership
 - Number/types of committees
 - Meeting frequency
 - Retainers
 - Meeting attendance fees, (on-site and remote)
 - Fees for attending other events
 - Long-term incentives
 - Expense Reimbursements
 - Perquisites
- ❖ All information was collected in February & March of 2006.

METHODOLOGY, (cont'd)

PARTICIPANTS STATISTICS

A. Quantitative Information - Organizations

	Average
Annual Revenues:	\$270MM
Residential	104,000
Commercial	15,900
Employees	219
Areas of activities*	3

* The survey asked participants if their organization was involved in the following activities:

- Power Distribution
- Power Generation
- Sale of Equipment, (i.e. water heaters)
- Servicing of equipment
- Telecommunications
- Construction
- Support services
- Metering
- Cable

METHODOLOGY, (cont'd)

PARTICIPANTS STATISTICS

B. Board Information

	Low	Average	High
# of members	5	8	10
Reported annual meetings *	5	10	14
# of committees	2	5	7

*In-person and over the phone – Board only

METHODOLOGY, (cont'd)

PARTICIPANTS STATISTICS

C. Information pertaining to committees

	# of orgs with committee	Annual meetings		
		Low	Avg.	High
Audit	8	2	5	7
HR/Compensation	7	2	4	6
Communications	3	4	6	7
Finance/Investment/Budgets	2		6	
Energy	2		4	
Governance	2		4	
Others *	7		5	

* Types of committees reported were: Nominating, Chairman Committee, Health & Safety & Environment, Development, Steering.

II. FINDINGS

II-B. Retainer and Meeting Fees

Our other observations on this item are as follows:

- ❖ Seven of the eight organizations do not differentiate between chair and members on the topic of meeting fees, either at the Board level or for participating on committees.
- ❖ One participant pays a **lower** fee to committee members when they sit on a committee versus what they receive when sitting at the Board. However, this reduction does not apply to the chair of the committee.
- ❖ Only one organization reduces fees when meetings are not on-site. (Half the regular fee is paid).
- ❖ Two of the surveyed organizations report paying a fee equivalent to their regular meeting fee when members are asked to attend other types of functions.
- ❖ One organization pays no fees for meeting attendance, either at the Board or committee level.
- ❖ Only one organization provides a retainer to committee chairs. No retainer is offered to committee members.

Retainer and meeting fees practices are summarized in the following pages.

FINDINGS - LDCs, (cont'd)

Exhibit 1 – Retainers and Meeting Fees – Board Participation.

	RETAINERS		MEETING FEES			
			ON-SITE		REMOTE	
	CHAIR	MEMBER	CHAIR	MEMBER	CHAIR	MEMBER
P75	\$28,750	\$11,250	\$533	\$533	\$508	\$508
Average*	\$22,138	\$10,025	\$538	\$538	\$499	\$499
P50	\$16,300	\$9,100	\$500	\$500	\$400	\$400
P25	\$14,375	\$8,125	\$400	\$400	\$338	\$338
N	8	8	7	7	7	7

* The average value of the sample pertaining to meeting fees is affected by one observation that is materially higher than those from other participants.

FINDINGS - LDCs, (cont'd)
Exhibit 2 – Retainers and Meeting Fees – Committee Participation.

	RETAINERS		MEETING FEES			
	CHAIR	MEMBER	ON-SITE		REMOTE	
			CHAIR	MEMBER	CHAIR	MEMBER
P75			\$533	\$533	\$508	\$263
Average			\$538	\$538	\$499	\$463
P50			\$500	\$500	\$400	\$400
P25			\$400	\$400	\$338	\$263
N	1	0	7	7	7	7

* The average value of the sample is influenced by the presence of one observation that is materially higher than those from other participants.

FINDINGS, (cont'd)

III-D. Expense Reimbursements

- ❖ Few organizations appear to have formally developed practices or policies in regards to expense reimbursement.
- ❖ A number of participants mentioned that expenses and their reimbursement were dealt with on a needs basis.
- ❖ Five of the eight participants reported having reimbursed members in the past for expenses such as meals, lodging and entertainment.
- ❖ Three organizations reported no reimbursement of expenses.
- ❖ Five organizations reimburse members for mileage and/or for the use of public transportation. Current average reimbursement is **\$0.41 per kilometer**.

FINDINGS - LDCs, (cont'd)

III-E. Long-Term Incentives and Perquisites

A. Long-Term Incentives

None of the organization surveyed provide long-term incentives to Board members.

B. Perquisites

None of the participants provide Board members any of the perquisites that we surveyed. The list of items surveyed appears below.

- Car/Lease/Car Allowance
- Sport/Fitness Membership
- Social/Business Membership
- Financial/Tax Planning
- Subsidized Parking
- Medical Examinations
- Pension Benefits

APPENDIX

Appendix A.

LOCAL DISTRIBUTION COMPANIES SURVEYED

The following Organizations were invited and provided us with data.

Bluewater Power Distribution Corp. <i>Corp - 4 Board Dist - 6 Board</i>	Horizon Utilities Corporation <i>7-10 Councilors</i>
Burlington Hydro <i>6-Board - no councilors - City Manager</i>	Oshawa Power & Utilities Corp. <i>5- no councilors</i>
Enersource Corporation <i>10-Board - Mayor - 1 Councilor</i>	Ottawa Hydro <i>7- Including 1 Councilor</i>
Greater Sudbury Utilities	Oakville Hydro Corporation <i>7- Board. Including 1 Mayor</i>