

**AMENDED AND RESTATED SHAREHOLDER DECLARATION OF  
THE CORPORATION OF THE CITY OF GUELPH  
REGARDING  
GUELPH JUNCTION RAILWAY LIMITED**

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**WHEREAS:**

1. The Guelph Junction Railway Company was incorporated by a special act of Parliament in 1884, which Act was last amended in 1910.
2. The corporation was continued under section 187 of the *Canada Business Corporations Act* (CBCA) as Guelph Junction Railway Limited (GJR);
3. The Corporation of the City of Guelph (City) is the sole shareholder of all the issued and outstanding shares of GJR;
4. Pursuant to section 146 of the CBCA, the sole shareholder of a corporation may make a written declaration that restricts, in whole or in part, the powers of the directors to manage, or supervise the management of, the business and affairs of the corporation; and
5. The City issued a Shareholder Declaration regarding GJR dated November 9, 2015 (the Original Declaration);
6. The City wishes to amend the Original Declaration on the terms of this Amended and Restated Shareholder Declaration which shall replace, in its entirety, the Original Declaration.

**NOW THEREFORE, THIS DECLARATION 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 with respect to a person, entity, property, transaction or event, all applicable laws, statutes, regulations, treaties, judgments, official directives, rules, consents, approvals, by-laws, permits, authorizations, guidelines, orders and policies of any Governmental Authority having authority over that person, property, transaction or event;

- (c) "Articles" means the Articles of Continuance of GJR under the CBCA;
- (d) "Board" means the Board of Directors of GJR;
- (e) "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;
- (f) "CBCA" means the *Canada Business Corporations Act*, RSC 1985, c. C-44, as amended from time to time;
- (g) "City" means The Corporation of the City of Guelph;
- (h) "Council" means the municipal council of the City, as constituted from time to time;
- (i) "Director" means a member of the Board;
- (j) "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;
- (k) "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;
- (l) "MFIPPA" means the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. M.56, as amended from time to time;
- (m) "Municipal Act" means the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended from time to time;
- (n) "Municipal Member" means a sitting member of Council;
- (o) "Officer" means an officer of GJR;
- (p) "Shareholder Declaration" means this Amended and Restated Shareholder Declaration made and issued by the City as shareholder of GJR on the Effective Date, as amended from time to time; and,
- (q) "Strategic Plan" means a plan setting forth an organization's vision, mission, values and strategy of resource utilization to successfully execute and achieve its vision.

## **1.02 CBCA Definitions**

Words and phrases used but not defined herein which are defined in the CBCA shall have the meaning provided for in the CBCA.

### **1.03 Authority of Applicable Law**

In the event of any conflict between any approval, direction or requirement of GJR 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 GJR, including the City's expectations of Directors and Officers and objectives for GJR;
- (b) establishes GJR's mandate, scope of responsibility, and reporting requirements;
- (c) sets out the relationship between GJR and the City; and,
- (d) constitutes, where applicable, a declaration by the City pursuant to s.146(2) of the CBCA.

### **2.02 City Objectives**

The City has the following objectives for GJR:

- (a) GJR shall be an economic development tool for the City;
- (b) GJR shall operate as a for-profit business providing value to the City in the form of dividends or other benefits; and,
- (c) GJR shall restrict its business activities to railway related operations.

### **2.03 Overarching Principles**

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

- (a) Decision-making authority shall be clearly assigned to the City and GJR, recognizing that the Board is the primary decision-making body of the corporation;
- (b) Clearly articulated reporting requirements by GJR to the City will ensure transparency, accountability and recognition of GJR's status as a public sector entity; and
- (c) 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.

## **Article 3 Corporate Governance**

### **3.01 Director's and Officer's Duties**

- (1) Subject to this Shareholder Declaration, the Board shall supervise the management of the business and affairs of GJR.
- (2) The Board may designate offices of the corporation, appoint persons as officers, specify their duties, and delegate to them powers to manage the business and affairs of the corporation.
- (3) The Directors and Officers of GJR have a duty to act honestly and in good faith with a view to 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.
- (4) Every Director and Officer of GJR has a duty to comply with the CBCA, the regulations, the Articles and by-laws of GJR, and this Shareholder Declaration.

### **3.02 Standards of Governance**

In conducting its oversight of GJR, the Board may consult the standards for corporate governance established by the Ontario Securities Commission for reporting issuers, modified as appropriate, for non-issuing private corporations.

## **Article 4 Directors and Officers**

### **4.01 Qualifications of Directors**

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

### **4.02 Number of Directors**

The Board shall consist of the number of Directors determined and appointed by the City, from time to time.

### **4.03 Composition of the GJR Board**

The Board of Directors may be composed of Independent Directors, Municipal Members and City employees. The Board shall include, at minimum, the persons occupying the following positions in the City (as such may be modified or replaced from time to time):

- (a) Chief Administrative Officer;
- (b) Deputy CAO, Infrastructure, Development and Environment.

#### **4.04 Chair of GJR Board**

The Chief Administrative Officer of the City shall be the Chair of the Board.

#### **4.05 Board Mandate**

The Board shall adopt a written mandate in which it explicitly acknowledges responsibility for the stewardship of GJR, including responsibility for:

- (a) attendance at Board meetings and advance review of meeting materials;
- (b) to the extent feasible, satisfying itself as to the integrity of the Officers and create a culture of integrity throughout the organization;
- (c) adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business;
- (d) the identification of the principal risks of GJR's business, and ensuring the implementation of appropriate systems to manage these risks;
- (e) succession planning (including appointing, training and monitoring senior management);
- (f) internal controls and information systems; and
- (g) developing GJR's approach to corporate governance.

#### **4.06 Term of Directors**

- (1) Directors shall be appointed by a resolution of the City at a shareholder meeting for one to three year terms, as determined by the City. The City shall elect the Directors at each annual meeting where election of Directors is required.
- (2) The City may at its discretion terminate the appointment of a Director prior to the end of the Director's term and appoint a replacement.
- (3) Any Director may serve for successive terms as determined by the City, having regard to any Board policy establishing term limits.

#### **4.07 Vacancies**

- (1) A quorum of Directors may fill a vacancy among the Directors, except a vacancy resulting from an increase in the minimum or maximum number of Directors or a failure to elect the minimum number of Directors provided for in the Articles.
- (2) If there is not a quorum of Directors or if there has been a failure to elect the minimum number of Directors provided for in the Articles, the Directors then in office shall call a special meeting of the City as shareholder to fill the vacancy.

#### **4.08 Board Committees**

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

#### **4.09 Quorum**

A majority of the number of Directors or minimum number of Directors required by the Articles constitutes a quorum at any meeting the Board, and, notwithstanding any vacancy among the Directors, a quorum of Directors may exercise all the powers of the Directors.

#### **4.10 Officers of GJR**

In addition to the Chair, the corporation shall have the following officers:

- (a) Chief Executive Officer;
  - (b) Chief Financial Officer;
  - (c) Chief Operations Officer;
  - (d) Corporate Secretary; and
  - (e) General Manager.
- (2) The Chief Financial Officer, Chief Operations Office and Corporate Secretary shall report to the Chief Executive Officer. The General Manager shall report to the Chief Operations Officer.

#### **4.11 Director and Officer Compensation**

- (1) Directors and Officers shall not receive any remuneration or other compensation of any kind for serving as an Officer, Director, or on any committee of the Board, or carrying out any activities in relation to their office, the Board, or committee, except as otherwise expressly provided in a compensation policy approved by the City.
- (2) A Board compensation policy may provide for reimbursement for reasonable expenses related to the Director's role on the Board.

### **Article 5 Risk Management and Strategic Objectives for GJR**

#### **5.01 Risk Management**

The Board shall establish risk management strategies and internal controls to manage all risk related to the business conducted by GJR.

#### **5.02 Strategic Objectives**

The Board shall establish strategic objectives for GJR that incorporate the City's long and short term corporate strategic objectives and which are consistent with

the maintenance of a viable, competitive business and preservation of the value of the business of GJR.

## **Article 6 Decisions of the Shareholder**

### **6.01 Shareholder Representative**

The City designates the Chair or their designate as its legal representative (the Shareholder Representative) for purposes of communicating to the Board any consent or approval required by the Shareholder Declaration or by the CBCA.

## **Article 7 Shareholder Meetings**

### **7.01 Protocol**

GJR 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 GJR shall be entitled to have notice of open and closed shareholder meetings.

### **7.03 Annual General Meeting**

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

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

## **Article 8 Reports to the Shareholder**

### **8.01 Annual Report**

Within six months after the end of each financial year, GJR 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 GJR and how the plan and the objectives align with the City's strategic objectives;

- (b) A report on the GJR Business Plan and any material deviations from the GJR Business Plan in the previous year;
- (c) An annual budget, which at the discretion of the Chief Operations Officer, may include the following:
  - (i) An operating budget for GJR for the financial year;
  - (ii) The projected operating and capital expenditure budget for GJR's financial year and for each of the two subsequent financial years, including the resources necessary to implement the GJR Business Plan; and,
  - (iii) The projected annual revenues and Net Income for GJR for the following two financial years;
- (d) A report on major business developments or significant results;
- (e) A report on compensation for Directors of GJR for the previous year, if any;
- (f) A report on risk management strategies;
- (g) Confirmation from the Board that as of the end of the previous financial year, GJR has complied with the requirements of this Shareholder Declaration and is in compliance with Applicable Laws;
- (h) Any other information the 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**

GJR shall provide reports to the City to ensure that the activities of GJR remain fully aligned with strategic objectives. This may include correspondence and information reports from the Shareholder Representative to Council, and meetings between the Shareholder Representative and other Directors, Officers and/or GJR staff.

## **Article 9 Budget**

### **9.01 Budget Forecast**

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



## **Article 10 Confidentiality**

### **10.1 Confidentiality of GJR Information**

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

### **10.2 Disclosure of Confidential Information**

The City acknowledges that GJR 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 GJR or result in undue loss to GJR, 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 GJR of any request made for access to information supplied to the City by GJR, permit GJR 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 GJR with notice of its decision concerning any such request for access to information.

## **Article 11 Decisions Reserved for the Shareholder**

### **11.01 Matters Requiring Shareholder Approval under the CBCA**

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

- (a) Amend or repeal its Articles of Continuance;
- (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 CBCA.

### **11.02 Other Matters Requiring City Approval**

Without the prior written approval of the City, GJR 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 Treasurer, will have a negative impact on the City's credit rating;
- (c) Issue additional shares;
- (d) Amend the dividend policy approved by the City;
- (e) Approve an agreement for a transaction for the disposition or acquisition assets outside the ordinary course of business, whether by purchase, merger/amalgamation or otherwise.

### **11.03 GJR By-laws**

The 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 at the next shareholders meeting and the City may confirm, reject, or make amendments. 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 the Board regarding proposed revisions as appropriate in the circumstances. The Board may propose amendments to this Shareholder Declaration for the City's consideration. No amendment of this Shareholder Declaration shall be effective except by written amendment or the amended Shareholder Declaration, as the case may be. An amendment to this Shareholder Declaration will come into effect on a date specified by the City.

## **Article 13 Transition Provisions**

### **13.01 Effective Date**

This Amended and Restated Shareholder Declaration shall come into effect on the date approved by the City and the Shareholder Declaration dated November 9, 2015, as amended, shall be terminated as of that date.

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Approved by The Corporation of the City of Guelph, the 24<sup>th</sup> day of June, 2025.

**THE CORPORATION OF THE CITY OF  
GUELPH**

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Tara Baker, Chief Administrative Officer