

Staff Report



To	City Council as Shareholder of Guelph Municipal Holdings Inc.
Date	Tuesday, June 24, 2025
Subject	Guelph Municipal Holdings Inc. – Governance Update

Recommendation

1. That the staff report dated June 24, 2025 entitled Guelph Municipal Holdings Inc. – Governance Update be received.
 2. That the Amended and Restated Shareholder Declaration of The Corporation of the City of Guelph, as the sole shareholder of Guelph Municipal Holdings Inc., included as Attachment-1, be approved by resolution of the shareholder.
 3. That the Amended and Restated By-law Number 1 of Guelph Municipal Holdings Inc., attached as Attachment-2, be confirmed by resolution of the shareholder.
 4. That Gene Matthews be elected as a director of Guelph Municipal Holdings Inc. to hold office for a term of up to three (3) years, subject to earlier resignation, removal, or election of his successor.
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Executive Summary

Purpose of Report

This report is provided to the Council of The Corporation of the City of Guelph (the City), in its capacity as shareholder of Guelph Municipal Holdings Inc. (GMHI). The purpose of this report is to present and recommend:

- a. the Amended and Restated Shareholder Declaration attached to this Staff Report as Attachment-1 for approval by the City as shareholder of GMHI;
- b. present the Amended and Restated By-law Number 1 attached to this Staff Report as Attachment-2 for confirmation by the City as shareholder of GMHI; and
- c. the election of Gene Matthews as a director of GMHI to fill a vacancy on the Board of Directors.

Key Findings

- In 2019, Guelph Municipal Holdings Inc. amalgamated with GMHI Development Corporation and continued as amalgamated corporation Guelph Municipal Holdings Inc. (GMHI) under the Ontario Business Corporations Act (OBCA).
- By-law Number 1 of amalgamating entity Guelph Municipal Holdings Inc. became By-law Number 1 of the amalgamated GMHI. By-law Number 1 establishes the basic structure, rules, and regulations for governance of the corporation.

- The City as the sole shareholder of the amalgamating entity Guelph Municipal Holdings Inc. made a Shareholder Declaration dated October 24, 2016, which imposes restrictions on the power of the directors to manage, or supervise the management of, the business and affairs of the corporation, which Shareholder Declaration has not been updated.
- In connection with the merger of Guelph Hydro Electric Systems Inc. (a subsidiary of pre-amalgamation Guelph Municipal Holdings Inc.) with Alectra Utilities Corporation in 2019, GMHI became a minority shareholder of Alectra Inc.
- The Board has reviewed the Shareholder Declaration and recommends certain amendments in order to: reflect the current corporate structure; clarify the authority of GMHI and the Board with respect to Alectra; enhance the ability of the directors to fulfil their duty to manage the business and affairs of the corporation, including through the appointment of officers; align with the OBCA, as well as minor administrative amendments.
- The Board has reviewed By-law Number 1 and recommends certain amendments with a view to enhancing the ability of the directors to manage the business and affairs of the corporation, alignment with the Shareholder Declaration and the OBCA, as well as minor administrative amendments.
- At the Annual General Meeting of the City as shareholder of GMHI on February 11, 2025, the shareholder set the number of directors at three (3) and appointed two (2) additional directors. There is now a vacancy on the Board and the remaining directors recommend the election of Gene Matthews, the Acting Deputy CAO, Corporate Services of the City of Guelph, to fill the vacancy.
- At a meeting of the Board of Directors on May 29, 2025, Jennifer Charles, the General Manager of Legal and Court Services / City Solicitor of the City of Guelph, was appointed as Corporate Secretary of GMHI; and, Gene Matthews, Acting Deputy CAO, Corporate Services of the City of Guelph was appointed as Chief Financial Officer of GMHI. The current Shareholder Declaration and By-law Number 1 provide that the Chief Executive Officer of GMHI may appoint officers of the corporation.
- Should the shareholder approve the director appointment recommended in this report by the Board, the directors and officers of GMHI will be as follows:
 - **Directors:** Tara Baker, Jayne Holmes, Gene Matthews (filling a vacancy).
 - **Officers:** Tara Baker as Chair and Chief Executive Officer, Gene Matthews as Chief Financial Officer, Jennifer Charles as Corporate Secretary and General Counsel.

Financial Implications

None.

Report

Background

Guelph Municipal Holdings Inc. amalgamated with GMHI Development Corporation in 2019 and continued as amalgamated corporation Guelph Municipal Holdings Inc. (GMHI) under the *Business Corporations Act* (Ontario). By-law Number 1 of

amalgamating entity Guelph Municipal Holdings Inc. became By-law Number 1 of the amalgamated GMHI. By-law Number 1 establishes the basic structure, rules, and regulations for governance of the corporation.

The City, as the sole shareholder of the amalgamating entity Guelph Municipal Holdings Inc. made a Shareholder Declaration dated October 24, 2016, which imposes restrictions on the power of the directors to manage, or supervise the management of, the business and affairs of the corporation, which has not been updated for post-amalgamation GMHI.

The Board has reviewed the Shareholder Declaration and By-law Number 1 and recommends certain amendments to: reflect the current corporate structure; clarify the authority of GMHI and the Board with respect to Alectra; enhance the ability of the directors to manage the business and affairs of the corporation; align with the OBCA; as well as minor administrative amendments.

At the Annual General Meeting of the City as shareholder of GMHI on February 11, 2025, the shareholder set the number of directors at three (3) and appointed two (2) additional directors. There is currently a vacancy on the Board. The remaining directors recommend that Gene Matthews, the Acting DCAO of Corporate Services, be elected as a director of GMHI.

Recommendations

Amended and Restated Shareholder Declaration

The Board of Directors of GMHI recommend the City approve the Amended and Restated Shareholder Declaration regarding GMHI which includes the following amendments, as well as administrative edits:

- Revised definition of "Applicable Law" to a more comprehensive definition;
- Streamlined repetitive language regarding the limited power of GMHI and its Board to make decisions regarding Alectra, which are restricted to decisions that are administrative in nature;
- Specified standard of care and duties of the directors and officers, consistent with section 134 of the OBCA;
- Specified shareholder intention that the board of GHMI be a skills-based board with the ability to meet the standard of care and fulfil duties;
- Specified that the Chief Administrative Officer of the City shall be the Chair of the Board of Directors;
- Clarified role of the Chair of the Board as the Shareholder Representative and the reporting relationship between City and GMHI, facilitated by the Shareholder Representative;
- Specified mandatory offices of the corporation, namely the Chief Executive Officer, Chief Financial Officer, Corporate Secretary and General Counsel;
- The Board of Directors may appoint officers of the corporation, specify their duties, and delegate responsibility for management of the business and affairs of the corporation. In the current Shareholder Declaration, officers can be appointed by the CEO. This change is consistent with section 133 of the OBCA which provides for director appointment of officers and is consistent with the duties described in the organizational by-law. The power of the directors to appoint officers and to delegate responsibility is subject to limitations in the Articles, By-laws, any shareholder declaration from time to time, and the OBCA;

- The term of office for directors shall be one to three years as determined by the City as shareholder, consistent with section 119(4) of the OBCA;
- Added provisions to address vacancy on the Board of Directors, consistent with section 124 of the OBCA;
- Specified what constitutes quorum of directors, consistent with section 126 of the OBCA;
- Deleted provisions requiring shareholder approval to changes in the board composition of any GMHI subsidiary, given that GMHI does not have subsidiaries. The incorporation or acquisition of any subsidiaries in future would be governed by the provisions of the *Municipal Act, 2001*. Further, corporate structuring is strategic and intentional and it is uncommon for a beneficial owner to exert direct control over subsidiary boards. There is a risk of liability where directors of a shareholder of beneficial owner, rather than the directors of the subsidiary, are the "directing minds" of the management and affairs of the subsidiary; and
- Updated to refer to the Unanimous Shareholder Agreement of Alectra Inc. (Alectra USA) and to specified that the exercise of rights, decisions, consents, approvals, and similar, of GMHI under the Alectra USA are to be exercised by the City as shareholder (not administrative in nature).

Amended and Restated By-law Number 1

The Board of Directors of GMHI recommend the City approve the Amended and Restated By-law Number 1, which includes the following amendments consistent with the Amended and Restated Shareholder Declaration, as well as administrative edits:

- Deleted definition of Subsidiary to avoid conflict with definition under section 1(2) of the OBCA;
- Specified that the shareholder may, by special resolution, empower the directors to determine the number of directors within the minimum and maximum established in the Articles. This is consistent with section 124(3) of the OBCA;
- Specified that directors shall be elected for one to three year terms as determined by the shareholder, consistent with section 119(4) of the OBCA;
- Specified the mandatory offices of the corporation, namely the Chief Executive Officer, Chief Financial Officer, Corporate Secretary; and
- Included position descriptions for the mandatory offices of the corporation.

Board Vacancy

At the Annual General Meeting of the City as shareholder of GMHI on February 11, 2025, the shareholder set the number of directors at three (3) and appointed two (2) additional directors. There is currently a vacancy on the Board and the Directors recommend that Gene Matthews, the Acting DCAO of Corporate Services, be elected as a director of GMHI.

Directors and Officers

At a meeting of the Board of Directors on May 29, 2025, Jennifer Charles, the General Manager of Legal and Court Services / City Solicitor of the City of Guelph, was appointed as Corporate Secretary of GMHI; and, Gene Matthews, Acting Deputy CAO, Corporate Services of the City of Guelph was appointed as Chief Financial Officer of GMHI. The current Shareholder Declaration and By-law Number

1 provide that the Chief Executive Officer of GMHI may appoint officers of the corporation.

Should the shareholder approve the director appointment recommended in this report by the Board, the directors and officers of GMHI will be as follows:

- **Directors:** Tara Baker, Jayne Holmes, Gene Matthews (filling a vacancy).
- **Officers:** Tara Baker as Chair and Chief Executive Officer, Gene Matthews as Chief Financial Officer, Jennifer Charles as Corporate Secretary.

Financial Implications

None.

Consultations

Gene Matthews, Chief Financial Officer of Guelph Municipal Holdings Inc. and Acting Deputy Chief Administrative Officer, Corporate Services, City of Guelph

Attachments

Attachment-1 Amended and Restated Shareholder Declaration

Attachment-2 Amended and Restated By-law Number 1

Report Author

Jennifer Charles, Corporate Secretary and General Counsel of Guelph Municipal Holdings Inc., General Manager of Legal and Court Services / City Solicitor, City of Guelph

This report was approved by:

Jayne Holmes
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This report was recommended by:

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