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## Newmarket Hydro Holdings Inc.

June 4, 2019

### Newmarket Hydro Holdings Inc. Report of the President

TO: Town of Newmarket Committee of the Whole

SUBJECT: Newmarket Hydro Holdings Inc. 2018 Annual General Meeting

ORIGIN: President, Newmarket Hydro Holdings Inc.

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#### RECOMMENDATIONS:

**THAT** the Newmarket Hydro Holdings Inc. Report of the President dated June 4, 2019 regarding the financial statements of Newmarket Hydro Holdings Inc. (the "Corporation"), the written resolutions of Newmarket – Tay Power Distribution Ltd. ("NT Power"), the written resolutions of Envi Networks Ltd. ("Envi") and appointment of the sole director and auditors be received and the following recommendations be adopted:

**WHEREAS** the Corporation of the Town of Newmarket (the "Sole Shareholder") is the sole shareholder of the Corporation;

**AND WHEREAS** the Sole Shareholder by a Shareholder Declaration dated November 1, 2000 appointed the Mayor as its legal representative for the purpose of communicating any shareholder consent or approval required by either the terms of the Shareholder Declaration or the *Business Corporations Act* (Ontario) (the "*OBCA*");

**AND WHEREAS** the Corporation owns a majority of the common shares of NT Power and Envi;

**AND WHEREAS** pursuant to s.102(2) of the *OBCA* where a body corporate is the shareholder of a corporation the corporation shall recognize any individual properly authorized by the body corporate to represent it at meetings of shareholders of the corporation;

**AND WHEREAS** pursuant to s.104 of the *OBCA* a written resolution dealing with all the matters required to be dealt with at a shareholders meeting and signed by the shareholders entitled to vote at that meeting satisfies all requirements of the *OBCA* relating to that meeting of shareholders;

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**NOW THEREFORE BE IT RESOLVED by the Municipal Council of the Corporation of the Town of Newmarket as follows:**

**1. THAT the Mayor, as the Sole Shareholder's legal representative, is directed to sign the following Corporation Shareholder resolutions:**

- a. THAT the Corporation's financial statements for the financial year ended December 31, 2018 together with the report of the Corporation's auditors, Baker Tilly KDN LLP ("Baker Tilly"), Chartered Accountants, formerly Collins Barrow, thereon dated May 14, 2019 be approved and adopted.
- b. THAT Baker Tilly, Chartered Accountants, be appointed auditors of the Corporation to hold office until the next annual meeting of shareholders at such remuneration as may be fixed by the sole director and the sole director is authorized to fix such remuneration.
- c. THAT Jag Sharma be appointed as the sole director of the Corporation to hold office until the next annual meeting of shareholders or until his or her successor is elected or appointed.
- d. THAT Jag Sharma, so long as he or she is the sole director of the Corporation, shall represent the Corporation at meetings of the shareholders of NT Power and Envi;
- e. AND THAT all acts, contracts, bylaws, proceedings, appointments elections and payments, enacted, made, done and taken by the sole director and sole officer of the Corporation to December 31, 2018, as the same are set out or referred to in the resolutions of the sole director, or in the financial statements of the corporation, are approved, sanctioned and confirmed.

**2. AND THAT the Mayor, as the Sole Shareholder's legal representative, direct Jag Sharma, the sole director and legal representative of the Corporation, to sign the following NT Power shareholder resolutions in lieu of an annual meeting:**

- a. THAT the financial statements of NT Power for the financial year ended December 31, 2018 together with the report of NT Power's auditors, Baker Tilly, thereon dated April 30, 2019 be approved and adopted.
- b. THAT Baker Tilly, Chartered Accountants, be appointed auditors of NT Power to hold office until the next annual meeting of shareholders at such remuneration as may be fixed by the directors and the directors are authorized to fix such remuneration.

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c. THAT J. Taylor, T. Walker, B. Gabel, R. Betts, D. Charleson, C. Prattas and P. Ferguson are elected directors of NT Power to hold office until the next annual meeting of shareholders or until their successors are elected or appointed.

d. AND THAT all acts, contracts, bylaws, proceedings, appointments elections and payments, enacted, made, done and taken by the directors and officers of NT Power to December 31, 2018, as the same are set out or referred to in the resolutions of the board of directors, the minutes of the meetings of the board of directors or in the financial statements of NT Power, are approved, sanctioned and confirmed.

**3. AND THAT the Mayor, as the Sole Shareholder's legal representative, direct Jag Sharma, the sole director and legal representative of the Corporation, to sign the following Envi shareholder resolutions in lieu of an annual meeting:**

a. THAT the financial statements of Envi for the financial year ended December 31, 2018 together with the report of Envi's auditors, Baker Tilly, thereon dated April 18, 2019 be approved and adopted.

b. THAT Baker Tilly, Chartered Accountants, be appointed auditors of Envi to hold office until the next annual meeting of shareholders at such remuneration as may be fixed by the directors and the directors are authorized to fix such remuneration.

c. THAT I. Collins, J. Schatz, T. Van Bynen and B. Kwapis are elected directors of Envi to hold office until the next annual meeting of shareholders or until their successors are elected or appointed.

d. AND THAT all acts, contracts, bylaws, proceedings, appointments elections and payments, enacted, made, done and taken by the directors and officers of Envi to December 31, 2018, as the same are set out or referred to in the resolutions of the board of directors, the minutes of the meetings of the board of directors or in the financial statements of Envi, are approved, sanctioned and confirmed.

**Background**

**Financial Statements of the Corporation**

The audited financial statements for the Corporation, NT Power and Envi are attached. The financial statements of the Corporation and NT Power are in

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International Financial Reporting Standards (“IFRS”) format. The CFO of NT Power will answer any questions regarding them. The Envi financial statements are also in IFRS format. The President and CEO of Envi will answer any questions regarding them.

Appointment of Auditors

The Board of Directors of NT Power (the “Board”) notes that, with the implementation of IFRS over the next few years and the acquisition of Midland Power Utility Corporation, the additional workload that would be involved with a request for proposal for audit services and the possible change in audit firms will hamper these initiatives. The Board therefore recommends the re-appointment of the current auditors, Baker Tilly for the period January 1 to December 31, 2019 for the Corporation and NT Power. The Board of Directors of Envi concurs with this recommendation for Envi as well as they are still a new company in start-up mode and would similarly be hampered by a change in audit firms.

Election of Directors for the Corporation

Esther Armchuk is currently the sole director of the Corporation. With the recent appointment of Jag Sharma as the CAO of the Town of Newmarket, the Shareholder has requested that he be appointed to this position.

Election of Directors – NT Power

The existing directors of NT Power are:

J. Taylor, Mayor of the Town of Newmarket  
T. Walker, Mayor of the Township of Tay  
R. Betts, Independent Director  
B. Gabel, Independent Director  
C. Prattas, Independent Director  
D. Charleson, Independent Director  
P. Ferguson, President of NT Power

The appointments of The Mayor of Newmarket, the Mayor of Tay and the President of NT Power are de facto. In response to a request by the Township of Tay, The Corporation of the Town of Newmarket, The Corporation of the Township of Tay, Tay Hydro Inc. Newmarket Hydro Holdings Inc. and NT Power have agreed to amend the Shareholders Agreement between them to allow for the Mayors to designate a sitting member of Council in their place on the board of directors. At present, both the Mayor of Newmarket and the Mayor of Tay have chosen to sit on the board of directors. The independent directors being Betts, Prattas, Charleson and Gabel are eligible for re-appointment and are recommended by the Board of Directors of NT Power.

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Election of Directors – Envi

The existing directors of Envi are:

- I. Collins, Independent Director
- J. Schatz, Independent Director
- T. Van Bynen, Independent Director
- B. Kwapis, Ward 5 Councillor, Town of Newmarket

In accordance with the Envi Shareholders Agreement, the Town of Newmarket is to appoint one sitting member of Council to the board of Envi. Ward 5 Councillor B. Kwapis was appointed to the inaugural board in January, 2019 and no change to this appointment has been requested. The independent directors being Collins, Schatz and Van Bynen are eligible for re-appointment and are recommended by the Board of Directors of Envi.

*[Original signed by]*

P.D. Ferguson P.Eng.  
President,  
Newmarket Hydro Holdings Inc.