

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 8, 2014

Item 21, Report No. 14, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on April 8, 2014.

21 DIRECTOR REMUNERATION FOR VAUGHAN'S HYDRO COMPANIES

The Committee of the Whole recommends approval of the recommendation contained in the following report of the Interim City Manager, dated March 25, 2014:

Recommendation

1. That the remuneration paid by Vaughan Holdings Inc. to the six directors sitting on the PowerStream Board of Directors be set at \$9,000 annually;
2. That the Vaughan Holdings Inc. per meeting fee be reduced to \$125.00 per meeting; and
3. That the three Vaughan Holdings Inc. (VHI) directors not sitting on the PowerStream Board of Directors appointed to the following VHI positions be reimbursed accordingly;

Chair	\$18,000
Vice Chair	\$15,000
Second (2 nd) Vice Chair	\$14,000

Contribution to Sustainability

Not Applicable

Economic Impact

There is no economic impact resulting to either the City of Vaughan or Vaughan's hydro companies as a result of the recommendations in this report as the total remuneration paid to directors is not increasing.

Communications Plan

Not applicable.

Purpose

The purpose of this report is to obtain Council approval, as shareholder, of the reallocation of current remuneration paid to Vaughan's hydro company directors, as a result of hydro company restructuring which took place in 2013.

Background - Analysis and Options

Council approved the restructuring of the City's 100% owned hydro companies during 2013. The original companies involved were Vaughan Holdings Inc. (VHI), Hydro Vaughan Holdings Inc. (HVHI), and Hydro Vaughan Energy Corporation (HVEC).

The restructuring dissolved the former VHI, and transferred the net assets to HVHI. Once this transaction was complete, HVHI underwent a legal name change to Vaughan Holdings Inc. The remaining active companies are Vaughan Holdings Inc. and Hydro Vaughan Energy Inc.

The new Vaughan Holdings Inc. holds 45.315% of PowerStream Holdings Inc. Six Members of Vaughan Council are appointed by VHI to sit on the PowerStream Board of Directors. PowerStream directors receive remuneration for their work on the PowerStream Board.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 8, 2014

Item 21, CW Report No. 14 – Page 2

All nine members of City of Vaughan Council were appointed as directors of the city's three original active hydro companies, and received remuneration for sitting as directors for each company. This remuneration has been publicly reported in March of each year as part of the statutory disclosure of council remuneration and expenses.

As a result of restructuring Vaughan's hydro companies in 2013, it is appropriate to reallocate the remuneration paid to the directors.

Director Remuneration Pre-Restructuring

HVHI paid directors \$3,000 annually and HVEC paid directors \$6,000 annually. Both companies also paid an additional \$250 to directors for each meeting attended.

VHI did not remunerate the six directors who were appointed to the PowerStream Board of Directors. Only the three directors not sitting on the PowerStream board were remunerated by VHI. These three directors were remunerated as follows:

Chair	\$14,000
Vice Chair	\$12,500
One (1) Director	\$10,750

VHI did not provide for additional per meeting remuneration.

Proposed Re-Allocated Remuneration Post-Restructuring

VHI has been dealing with increasingly important and complex PowerStream initiatives over the last several years, with the result of more strategic and impactful decision making. The restructuring recently completed lends itself to recognizing the increasing responsibilities of the VHI board members by remunerating all VHI directors, which is where the bulk of the work and decision making is done. It must be noted that the VHI Board of Directors instructed staff to bring a remuneration plan to Council for approval that does not increase the overall remuneration paid to directors under the previous structure.

It is therefore recommended that VHI pay the six directors sitting on the PowerStream Board \$9,000 annually, equivalent to the previous remuneration from HVHI (\$3,000) and HVEC (\$6,000). These six directors would not receive any remuneration from HVEC. It is also recommended that the additional \$250 per meeting be reduced to \$125 as it is anticipated that VHI will meet four times a year, which is more frequently than the former HVHI and HVEC.

The three VHI directors who do not sit on the PowerStream Board of Directors would be appointed to the positions of Chair, Vice Chair and Second Vice Chair. The remuneration paid to these positions would be comparable to similar positions on the PowerStream Board, reflecting the increasing complexity and impactful decisions relating to PowerStream initiatives.

Chair	\$18,000
Vice Chair	\$15,000
Second (2 nd) Vice Chair	\$14,000

Although the remuneration for these three VHI positions increases slightly, it will be offset by the remuneration paid by HVEC in order to achieve the same overall total remuneration paid prior to the restructuring. Hydro Vaughan Energy Corp. (HVEC) now exists as a subsidiary of Vaughan Holdings (rather than a subsidiary of the City), therefore HVEC remuneration decisions will be made by the shareholder, VHI.

The remuneration paid to directors of the City of Vaughan's hydro companies will continue to be disclosed annually, as required by the Municipal Act, Section 283(1).

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 8, 2014

Item 21, CW Report No. 14 – Page 3

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the priorities previously set by Council.

Regional Implications

Not applicable

Conclusion

The objective of this report is to align director remuneration with the work effort and decision making responsibilities under Vaughan's new hydro company structure. In addition, the second objective is to maintain overall total director remuneration level consistent from the previous structure to the new structure.

In order to achieve these objectives, staff recommend that the remuneration paid by Vaughan Holdings Inc. to the six directors sitting on the PowerStream Board of Directors be set at \$9,000 annually, that the Vaughan Holdings Inc. per meeting fee be reduced to \$125.00 per meeting and that the three Vaughan Holdings Inc. (VHI) directors not sitting on the PowerStream Board of Directors appointed to the following VHI positions be reimbursed accordingly;

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Attachments

Not Applicable

Report prepared by:

Barbara Cribbett, Interim City Manager

COMMITTEE OF THE WHOLE – MARCH 25, 2014**DIRECTOR REMUNERATION FOR VAUGHAN'S HYDRO COMPANIES****Recommendation**

The Interim City Manager, in consultation with the Executive Director, recommends:

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Contribution to Sustainability

Not Applicable

Economic Impact

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Communications Plan

Not applicable.

Purpose

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Attachments

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Report prepared by:

Barbara Cribbett, Interim City Manager

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Barbara Cribbett
Interim City Manager