

**ST. CATHARINES HYDRO INC.
(The Corporation)
MINUTES OF
ANNUAL SHAREHOLDER'S MEETING
Monday, May 14, 2012, 5:30 p.m.**

Present	Mayor Brian McMullan Councillors Mark Elliott, Joseph Kushner, Bill Phillips, Mathew Siscoe, Len Stack, Greg Washuta (5:46 p.m.), Bruce Williamson
Absent	Councillors Jeff Burch, Dawn Dodge, Matt Harris (SCHI Director), Peter Secord and Jennifer Stevens
St. Catharines Hydro Inc. Board	Chair, Robert Marshall Vice Chair, Rob Cary Chair SCHGI, Director SCHI Rick Vanderkuip Director, John Bergsma Director, Timothy Curtis General Manager, Frank Perri Auditor, Mark Palumbi Recording Secretary, Pat Yanik
Officials Present	Chief Administrative Officer, Mr. Colin Briggs Deputy Chief Administrative Officer, Mr. Dan Carnegie Acting Director of Legal Services, Mr. Christopher C. Cooper Director of Financial Management Services, Ms. Shelley Chemnitz

The Chair, Robert Marshall, took the chair and called the meeting to order in Council Chambers, City Hall, at 5:40 p.m.

Chair, Robert Marshall, General Manager, Frank Perri, and Auditor, Mark Palumbi of Crawford, Smith & Swallow LLP, made presentations, and the following resolutions were passed:

S2012-001

MOVED BY COUNCILLOR KUSHNER

SECONDED BY MAYOR MCMULLAN

RESOLVED that the Revised Agenda, dated May 14, 2012, be approved as distributed.

CARRIED

S2012-002

MOVED BY MAYOR MCMULLAN

SECONDED BY COUNCILLOR WILLIAMSON

RESOLVED that the Minutes of the Annual Shareholder's Meeting, held on May 9, 2011, be approved as circulated.

CARRIED

S2012-003

MOVED BY COUNCILLOR ELLIOTT
SECONDED BY COUNCILLOR STACK

RESOLVED that the Audited Consolidated Financial Statements, including the Balance Sheet as of December 31, 2011, the Statement of Profit and Loss for the fiscal year of the Corporation ended on such date are hereby approved and adopted.

CARRIED

S2012-004

MOVED BY COUNCILLOR SISCOE
SECONDED BY COUNCILLOR PHILLIPS

RESOLVED that the appointment of the Auditor of the Corporation be the same as chosen by the City of St. Catharines, pursuant to the required selection process, and authorizing the Directors to fix the Auditors' remuneration.

CARRIED

S2012-005

MOVED BY COUNCILLOR STACK
SECONDED BY COUNCILLOR KUSHNER

RESOLVED that the 2011 Annual Report of the Corporation is hereby received.

CARRIED

S2012-006

MOVED BY COUNCILLOR WILLIAMSON
SECONDED BY COUNCILLOR WASHUTA

RESOLVED that the following persons are hereby appointed as directors for the term as set out herein, pursuant to the provisions of the By-laws, Shareholders' Declaration of St. Catharines Hydro Inc., and the provisions of the *Business Corporations Act* (Ontario).

Bob Marshall, SCHI Chair	- term 3 years to 2015
Robert Cary, SCHI Vice Chair	- term 3 years to 2015; and

As of this date, the Board of Directors of St. Catharines Hydro Inc. is as follows:

John Bergsma	- until May 2014
Timothy Curtis	- until May 2014
Rick Vanderkuip, (SCHGI Chair)	- until May 2013
Bob Marshall, SCHI Chair, SCHGI Vice Chair	- until May 2012
Robert Cary, SCHI Vice Chair	- until May 2012
Mayor Brian McMullan	- until term of Council
Councillor Matthew Harris	- until term of Council

CARRIED

S2012-007

MOVED BY COUNCILLOR ELLIOTT
SECONDED BY COUNCILLOR SISCOE

RESOLVED that the Shareholder approves the Directors' stipend 1.16% decrease as per the stipend for Councillors, with an effective date of January 1, 2012.

CARRIED

S2012-008

MOVED BY COUNCILLOR WILLIAMSON

SECONDED BY COUNCILLOR SISCOE

RESOLVED that the Shareholder waives the requirement of an "In-Camera" meeting for the presentation of the Business Plan.

CARRIED

S2012-009

MOVED BY COUNCILLOR KUSHNER

SECONDED BY COUNCILLOR ELLIOTT

RESOLVED that Resolution No. S2012-008 be rescinded and an "In-Camera" meeting be held following the public portion of the meeting to respond to questions regarding the Business Plan.

CARRIED

S2012-010

MOVED BY COUNCILLOR KUSHNER

SECONDED BY COUNCILLOR WASHUTA

ST. CATHARINES HYDRO INC. Resolution of the Shareholder
Dividend Policy Change

WHEREAS:

- A. The City of Hamilton is the sole shareholder of Hamilton Utilities Corporation ("HUC") and the City of St. Catharines is the sole shareholder of St. Catharines Hydro Inc. ("SCHI").
- B. HUC, SCHI, and Horizon Holdings Inc. ("HHI") are parties to a shareholders agreement dated as of November 1, 2006 (the "HHI Shareholders Agreement") which governs the affairs of HHI and its subsidiaries, including Horizon Utilities Corporation.
- C. Schedule B to the HHI Shareholders Agreement sets out the dividend policy (the "Current Dividend Policy") for HHI and its subsidiaries.
- D. The HHI Shareholders Agreement provides that:
 - i. any change to the Current Dividend Policy must be approved by the respective Council for each of Hamilton and St. Catharines; and
 - ii. any amendment to the HHI Shareholders Agreement must be set forth in writing and duly executed by all of the parties to the HHI Shareholders Agreement.
- E. Commencing January 1, 2012, HHI and its subsidiaries are required to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS"), which may result in material variability in net earnings used as the basis for determining the annual amount of dividends that are calculated and paid to shareholders;
- F. The revised dividend policy, which has been laid before the meeting and which will be attached to this resolution (the "Revised Dividend Policy"), will reduce the propensity for material variability in the annual amount of dividends that are calculated and paid to shareholders, which results from the transition of the preparation of financial statements of HHI to IFRS;
- G. A corresponding amendment to a credit facility between HHI and Canadian Imperial Bank of Commerce dated June 30, 2010 ("CIBC Credit Facility") is required to permit the payment of regular dividends under the Revised Dividend Policy;

RESOLVED THAT, conditional on the City of Hamilton approving the Revised Dividend Policy and the corresponding amendment to the CIBC Credit Facility:

1. The Current Dividend Policy is replaced by the Revised Dividend Policy, effective January 1, 2012; and
2. SCHI is hereby authorized to execute an agreement amending the HHI Shareholders Agreement by deleting the Current Dividend Policy, which appears as Schedule B thereto, and substituting therefor as Schedule "B" the Revised Dividend Policy.

THE FOREGOING RESOLUTION is hereby consented to by the sole shareholder of the Corporation pursuant to the provision of the *Business Corporation Act* (Ontario).

DATED the 14th day of May 2012.

CITY OF ST. CATHARINES

Per: _____

Dan Carnegie

Director of Corporate Support Services, Shareholder Representative

S2012-011

MOVED BY COUNCILLOR WASHUTA

SECONDED BY COUNCILLOR KUSHNER

RESOLVED that the "In-Camera" meeting be adjourned and the proceedings are to continue in public.

CARRIED

S2012-012

MOVED BY COUNCILLOR KUSHNER

SECONDED BY COUNCILLOR WILLIAMSON

RESOLVED that the 2012 Business Plan is hereby approved.

CARRIED

S2012-013

MOVED BY COUNCILLOR SISCOE

SECONDED BY COUNCILLOR ELLIOTT

RESOLVED that all acts, contracts, proceedings, appointments, by-laws, elections and payments enacted, made, done, given and taken by the Directors and the Officers of the Corporation since the date of its incorporation as the same are set out or referred to in the Minutes of the Corporation or in the Financial Statements submitted to this meeting, be and the same are hereby approved, sanctioned and confirmed.

CARRIED

There being no further business, the meeting adjourned at 6:29 p.m.

Certified Correct:

Confirmed By:

City Clerk

Mayor