Committee of the Whole
MINUTES

3:00 p.m.
October 16, 2006
Council Chambers
Hamilton City Hall
71 Main Street West, Hamilton

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Present:
Mayor L. DiIanni
Councillors D. Braden, B. Bratina, P. Bruckler,
C. Collins, T. Jackson, B. Kelly, B. McHattie
B. Morelli, S. Merulla, D. Mitchell, M. Pearson, T. Whitehead

Absent with regrets:
Councillor M. Ferguson – Illness
Councillors A. Samson, M. McCarthy – Another Commitment

Also Present:
G. Peace, City Manager
J. Rinaldo, General Manager, Finance and Corporate Services
P. Barkwell, City Solicitor
K. Christenson, City Clerk
M. Gallagher, Coordinator

Mayor DiIanni called the meeting to order.

THE FOLLOWING ITEMS WERE REPORTED TO CITY COUNCIL FOR CONSIDERATION:

1. Restructuring of Horizon Utilities Corporation
   (Kelly/Pearson)
   WHEREAS The Corporation of the City of Hamilton (the “City”) is the sole
   shareholder of Hamilton Utilities Corporation (“HUC”);

   AND WHEREAS HUC is the holder of 7,890 Class 1 common shares of Horizon
   Utilities Corporation (“Horizon”) and St. Catharines Hydro Inc. (“SCHI”) is the
   holder of 2,110 Class A common shares of Horizon;

   AND WHEREAS Horizon is an electricity distributor licensed by the Ontario
   Energy Board and also provides certain wholesale metering services (“MSP
   Business”);
AND WHEREAS Horizon wishes to re-organize its corporate structure (the “Restructuring”) to provide flexibility for future operations and businesses of Horizon;

AND WHEREAS the City is a party to various documents which require its authorization, approval or consent to the Restructuring;

THEREFORE, BE IT RESOLVED THAT,

1. The Restructuring based substantially on the terms and conditions as submitted to this meeting (the “Meeting”) of Council on October 11, 2006, is approved and authorized, namely:

   (a) the incorporation by HUC and SCHI of a proposed new corporation, Horizon Holdings Inc. (“Holdco”) and the incorporation by Holdco of a proposed new corporation, Horizon Energy Solutions Inc. (“Affco”), (“Phase 1 of the Restructuring”); and

   (b) subject to a favourable resolution of a transfer tax issue in respect of the transfer of Horizon’s shares held by HUC and SCHI and approval of the Ontario Energy Board, the sale and transfer by HUC to Holdco of HUC’s 7,890 Class 1 common shares of Horizon and, in consideration of the sale and transfer by HUC and SCHI of their respective Horizon shares, the issue of shares by Holdco to HUC and SCHI in the same proportions as the shares of Horizon are currently held (“Phase 2 of the Restructuring”);

2. The City authorizes, approves and/or consents to Phase 1 of the Restructuring including the following:

   (a) the incorporation by HUC and SCHI of Holdco and the subscription by HUC for 789 Class 1 common shares at the aggregate price of $78.90 and the subscription by SCHI for 211 Class A common shares at the aggregate price of $21.10; and

   (b) the incorporation by Holdco of Affco and the subscription by Holdco for 100 common shares at the aggregate price of $100.00;

3. The City authorizes, approves and/or consents to, as may be required, the Restructuring pursuant to the following documents:

   (a) the Amended and Restated Declaration (the “Declaration”) by the City relating to HUC dated August 31, 2000;

   (b) the Declaration by the City relating to Horizon dated February 28, 2005;
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(c) the Shareholders’ Agreement between HUC, SCHI and Horizon relating to Horizon dated March 1, 2005; and

(d) documents which may be executed in respect of the Restructuring and amendments and restatements of existing documents as a result of the Restructuring;

4. The City authorizes, approves and/or consents to:

(a) Phase 2 of the Restructuring; and

(b) subject to the completion of Phase 2 of the Restructuring, the declaration and the payment by Horizon to Holdco of a dividend-in-kind, being the promissory note to be delivered by Affco to Horizon in payment of the consideration for the sale and transfer of the MSP Business;

5. The entering into by the City of a municipal co-operation agreement (the “Municipal Co-operation Agreement”) with The Corporation of the City of St. Catharines (“St. Catharines”) relating to the co-operation of the City and St. Catharines in respect of Holdco and its subsidiaries substantially in the form of the merger co-operation agreement dated November 25, 2004, is approved and authorized;

6. The entering into by the City of an amended and restated shareholder declaration (“Amended Shareholder Declaration) relating to Holdco and its subsidiaries substantially in the form of the shareholder declaration dated February 28, 2005 relating to Horizon, is approved and authorized;

7. The Mayor and the City Clerk are authorized, for and on behalf of the City, to finalize, execute and deliver the Municipal Co-operation Agreement and the Amended Shareholder Declaration and the execution by the Mayor and the City Clerk and the delivery of such documents shall be conclusive evidence that the Municipal Co-operation Agreement and the Amended Shareholder Declaration are approved by Council;

8. The Mayor and the City Clerk are authorized, for and on behalf of the City, to execute and deliver all such other agreements, instruments, certificates and other documents and to do all such other acts and things as the Mayor and the City Clerk may determine to be necessary or advisable in connection with the Restructuring and to otherwise give effect to this resolution, the execution of any such agreement, instrument, certificate or other document or the doing of any such other act or thing by the Mayor and the City Clerk being conclusive evidence of such determination; and
9. The Mayor and the City Clerk are authorized to execute and deliver, for
and on behalf of the City, a resolution in writing of the City in its capacity
as shareholder of HUC, substantially in the form of the resolution
submitted to this Meeting for the purposes of section 6.2 of the
Declaration. CARRIED.

FOR THE INFORMATION OF COMMITTEE:

(a) CHANGES TO THE AGENDA
(Kelly/Pearson)
The agenda was approved as circulated. CARRIED.

(b) DECLARATIONS OF INTEREST
None

(c) ADOPTION OF MINUTES
None

(d) PRESENTATIONS
(I) Presentation by Hamilton Utilities Corp.

Committee received a power point presentation by Charles Hantho and
John Basilio.

The meeting adjourned at 3:25 p.m.

Respectfully submitted

Mayor L. Dilanni

M. Gallagher
Co-ordinator, Council/COW
September 27, 2006