



Hamilton Utilities Corporation®
The Business of Public Service®

Independent Directors Profile October 2018

Organizational Profile

Hamilton Utilities Corporation (“HUC” or “Corporation ”) is a holding company owned by the City of Hamilton. HUC was established in response to the restructuring and deregulation of Ontario’s electricity industry in 2000. Today it owns and operates two businesses, HCE Energy, Inc. and HCE Telecom Inc.

HCE Energy, Inc. was established in 2002. HCE Energy provides non-regulated energy services in the form of thermal district energy to approximately 2.5 million square feet of commercial, institutional, and multi-residential facilities in Hamilton, and generates on-peak electricity for the City of Hamilton. HCE Energy earns revenues by charging customers for the supply and distribution of electricity and thermal energy, as well as operations and maintenance service. HCE’s award winning primary facility together with its other operations offers sustainable energy solutions that align with the City of Hamilton’s Vision 2020. To find out more, please visit <http://www.hamiltonce.com/abouthce.html>

HCE Telecom Inc. is a newly established fibre-based communications company that is 100% held by HUC. HCE Telecom is building a fibre network throughout Hamilton with the ability to extend its fibre offering directly to a significant portion of Southern Ontario. This fibre network will be the basis of HCE Telecom’s advanced network services that will service the data and voice requirements of both the enterprise business and MUSH (Municipal, University, School Boards & Healthcare) sectors. HCE Telecom earn revenues by acquiring customers and signing a term contract for services (3 years is typical). HCE Telecom then builds fibre or uses a 3rd party to deliver network access over which HCE Telecom delivers its services which currently include Ethernet, internet and voice services.

HUC’s CEO is Troy Hare, a strong business leader who brings over 25 years of experience in both the power and communications sectors, beginning as a utility engineer at Oakville Hydro in 1994.

For further information please go www.hamiltonucorp.com, www.hamiltonce.com and www.hcetelecom.com.

Sample Projects

McMaster Innovation Park: Since 2011 McMaster Innovation Park (MIP) has been providing the 350,000 square feet offices and laboratories at MIP with heating, cooling and domestic hot water. It does so through a hybrid energy system that integrates traditional boilers and chillers with innovative geo-exchange and solar thermal technologies.

Fiber Optics Telecommunications Network: On March 6, 2014 it was announced the HUC will be deploying a state-of-the-art fiber optic data network to meet the high-speed communication needs of the business, offices and other organization throughout Hamilton. It is specifically tailored to the growing needs of commercial customers and it is designed for users who demand 24/7 high-quality, high-speed communications services.



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HUC Strategic Direction

Background

Management and the Board of Hamilton Utilities Corporation (HUC) have made significant strides in developing and refining the strategic direction to ensure continued, sustainable growth and increasing Shareholder value.

Shareholder Value Strategy

HUC has recently adopted a triple bottom line approach to quantifying Shareholder value that includes:
Financial benefits to the Shareholder (i.e.: dividend payments & cost avoidance)
Social benefits to the Shareholder (i.e.: economic development & community improvement)
Environmental benefits to the Shareholder (i.e.: GHG emissions reduction)

In developing and growing the business, HUC measures its activities and aligns initiatives through the lens of these three components of the triple bottom line strategy.

Business Growth Strategy:

HUC has two main lines of business in the form of HCE Energy and HCE Telecom that own and operate a combination of energy, communications and technology related assets. In addition, HUC currently holds a minority position of shares of Alectra Utilities ("Alectra") , however, HUC does not make any operating or strategic decisions with regard to Alectra. HUC manages the shares, related Shareholder Agreements and Dividend payments on behalf of the City of Hamilton. Any strategic decisions of HUC for the purposes of this document are directly related to the unregulated energy and communications assets of HCE Energy & HCE Telecom and are independent of Alectra.

Growth for HUC comes from leveraging assets, platforms, customer relationships, internal talent and core competencies to expand its services into strategic markets and sectors where HUC can provide demonstrable value to its customers. The ownership and operating structure allow HUC to innovate in Hamilton and drive its capabilities outwards where HUC is uniquely positioned to provide energy, technology and communications services to the MUSH and B2B sectors throughout Ontario. HUC and Affiliates have a proven track record in these market segment with strong reference accounts serving as a springboard to grow into new MUSH and business account opportunities. The expertise and platforms that have been developed to deliver services locally are extended to target the broader MUSH market as well as strategic industrial and enterprise verticals. This has proven to be successful in growing the organization into new opportunities both within Hamilton and outside the city limits.

The core capabilities of HUC Affiliates include generation, district/campus energy, operations and maintenance, innovative connectivity solutions, data centre solutions and application services.

Management is focused on aligning the initiatives of both HCE Telecom and HCE Energy to achieve economies of scale and scope, realize cost synergies, develop a thriving culture, improved communications, and achieve a unified approach to opportunity/ investment evaluation. These efforts will produce an organization that has a combined service offering that includes the intersection of the energy,



technology and communications solutions that are uniquely positioned in the market. In the MUSH vertical, this will be positioned as 'smart city' solutions.

Organizational capacity is matched to the strategy through a nimble, lean, highly skilled workforce with internal expertise in business development, project management, product development, business and financial operations.

HUC continues to monitor and adjust to the changing regulatory framework ensuring that it is able to manage through an uncertain regulatory environment. As part of the strategy development, HUC is looking to emphasize solutions that are decoupled from the regulatory environment and are focused on customer value. In addition, the company is investing in emerging technologies that will enable its products and services to be market disruptive. HUC working to positioning itself to be at the front of the market adoption curves as communications and energy technologies continue to shift and evolve.

Director Biographies

Chair, Board of Directors

Joseph Rinaldo - Joseph Rinaldo the retired City Manager and General Manager of Finance and Corporate Services of the City of Hamilton. Prior to his role with the City of Hamilton, Mr. Rinaldo was the Commissioner of Corporate Services and Regional Treasurer with the Region of Halton and was President of Hamilton Renewable Power Inc., a municipal corporation which operates a successful co-generation facility at the Hamilton Wastewater Treatment Plant.

Mr. Rinaldo was the previous Chair of the Audit and Risk Management Committee. He also served on numerous Professional Associations, including Chairman of the Municipal Finance Officers Association, Co-Chair of a Provincial/Municipal Task Force on Financial Benchmarking, member of the Public Sector Accounting and Audit Committee of the Canadian Institute of Chartered Accountants and the Board of Directors of the Society of Management Accountants of Ontario. Mr. Rinaldo also served on several Advisory Committees on the Provincial/Municipal Fiscal and Service Delivery Review. Recently, he served on the Transitional Committees which evaluated the merits of the Alectra merger. Mr. Rinaldo has his

CPA (Chartered Professional Accountants of Ontario) and CMA (Certified Management Accountants of Ontario) designations.

Chair, Human Resources and Corporate Governance Committee

Christa Wessel – Christa C. Wessel is the Chief Operating Officer and General Counsel of ClearView Strategic Partners Inc. where she is responsible for operations including technology, finance and advisory services. Prior to joining ClearView, an ethics reporting system provider, Christa was Senior Advisor at The Change Alliance where she provided leading-edge advice and support to Boards of Directors and senior leaders in the areas of strategic planning, culture, reputation and ethics.

Ms. Wessel leverages her experience as a C-suite executive for global giants McCain and Siemens, where she held chief accountability for the human resources, compliance, legal and stakeholder engagement portfolios. As the Executive Vice-President, Global Business Practices at McCain, she was responsible for ensuring the business was aligned with organizational values and objectives, and that business strategies and social mission met stakeholder's expectations. As a senior partner with two major Canadian law firms, she has also provided strategic counsel to numerous corporations in the areas of



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international business transactions, mergers and acquisitions and governance. Ms. Wessel is a faculty member at The Directors College and lectures at Ryerson University. She was called to the Bar in the Province of Ontario, holds an LL.B., University of Ottawa, B.A. Econ., York University C. Dir., Directors College at McMaster University and a Certificate in Enterprise Risk Management from University of Toronto.

Chair, Audit and Risk Management Committee

Laurie Tugman - In addition to being a Director of Hamilton Utilities Corporation, he is currently Chairman of Nexterra Holdings Inc., and Vice Chairman and of the Advisory Board for Sustainable Business, CPA Canada. He is also a member of the Public Accountants in Business Committee of the International Federation of Accountants and serves as an Advisory Board member and Executive-in-Residence for FEI Canada's Leadership Beyond Finance Program.

Mr. Tugman was the former President and CEO of Marsulex Inc., from 2004 until its sale in June 2011. He is a former Director of a number of Corporations. Mr. Tugman was elected a Fellow Chartered Accountant in 2011. A member of Financial Executives International Canada (FEIC), he served on FEIC's Board from 2004 to 2007, and was a founding Chairman of one of the national committees. He has also served on the Chemistry Industry Assn. of Canada's (CIAC) Board from 2007 to 2011 and was Chairman from 2010 to 2011.

Directors

Maria Pearson City of Hamilton Councillor - Ward 10, Stoney Creek – Born and raised in Hamilton, and residing in Stoney Creek for over 34 years, Maria graduated from the Legal Secretarial Program at Mohawk College in 1975 and worked in the Legal profession for over a decade. When she retired from the workforce to raise a family she became actively involved with the local community and discovered her passion for addressing resident needs. In 1991, she inevitably ran for City Councillor in Stoney Creek's Municipal Election and was successful. She represented the residents of the second largest Ward for nine years.

Maria is currently serving as the City Councillor for Ward 10 since 2003. Her passion and commitment to serving residents in the community and effectively contributing to Municipal Government is paramount. Councillor Pearson is on the Board of Health Committee, Planning and Economic Development Committee, General Issues Committee, Audit and Finance Committee, Hamilton Municipal Heritage Committee, Art Gallery of Hamilton Board of Directors, and Hamilton Public Library Board, among many others.

Daryl Wilson - Daryl is President and Chief Executive Officer of Hydrogenics a global provider of advanced hydrogen solutions and one of Canada's prominent clean technology companies. Hydrogenics is working with utilities around the world to deploy large scale hydrogen energy storage projects enabling the pathway for integration of renewable power generation at the highest levels.

Mr. Wilson began his career with DOFASCO in 1982. From 1995 – 2002 he held various senior management roles at TMMC TOYOTA Motor Manufacturing Canada including General Manager of Human Resources and Vice President of Manufacturing. Mr. Wilson is a certified Corporate Director (C.Dir.) and sits on the board of Hydrogenics, ATS Automation and is chairman of the board of advisors for the University of Toronto program in Chemical Engineering and Applied Chemistry. Mr. Wilson holds a Bachelor's degree in Chemical Engineering from the University of Toronto and an MBA from McMaster University in Operations Management/Management Science.

Lesley Gallinger – Lesley graduated from York University with a B.A. and an M.B.A. from the Schulich School of Business. She earned her CPA (CMA), designation from the Institute of Professional



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Accountants of Ontario. Lesley also earned her CPA (Certified Public Accountant) designation from The Board of Accountancy of Illinois. Lesley holds both the C.Dir and A.C.C. certifications from the Director's College affiliated with DeGroot School of Business at McMaster University. She is a member of the Women's Executive Network, Financial Executives International and the Pension Investment Association of Canada.

Currently Lesley is the Vice President of Corporate Services and CFO for the Electrical Safety Authority. In this role Lesley is responsible for all Corporate and Affiliate Financial matters as well as, the Customer Service Centre, ERM, Pension Investment oversight and IT. Prior to joining ESA in 2011, Lesley was VP, Corporate and Regulatory Affairs and CFO for Oakville Hydro Corporation, where she was also the Corporate Secretary. Lesley currently serves as an Independent Director and Chair of the Pension Committee for Plexxus, and as a Director of the Municipal Property Assessment Corp (MPAC), Hamilton Utilities Corporation (HUC), and as an Independent Director and Chair of the Audit Committee of Dillon Consulting.

Responsibility and Structure of Board

As the result of the pending retirement of at least one Board member and the necessity to ensure that a majority of the members of the Board are residents of the City of Hamilton, the decision has been made to recruit three new Directors to join the Board as of July 1, 2019. Formal Shareholder approval and nomination to the Board will occur prior to the June 2019 HUC Annual General Meeting.

Ideally, prospective Directors will have relevant industry and Board experience and will possess the competencies required by HUC to serve effectively. We are actively seeking diversity candidates and will favour those who possess an ICD.D or C.Dir. (or equivalent) designation. **Any prospective Director must be a current resident of the City of Hamilton (which includes Ancaster, Stoney Creek, Dundas, Flamborough, and Glanbrook).**

The Board of Directors is responsible for stewardship of the corporation, supervising the management of the business and affairs of the company. The Board ensures that the business is operated in the best interests of the shareholder. The Board oversees and evaluates the performance of senior management in order to ensure the goals and objectives set out in the strategic plan for the business are achieved.

The Board delegates certain responsibilities to the Audit and Risk Management Committee and the Human Resources and Corporate Governance Committee. Both of these Committees has a Mandate and Annual Program which govern their activities and the Chairman of each Committee is responsible for reporting to the full Board.

The role of a member of the Board of Hamilton Utilities Corp. is to contribute positively and effectively to the operation of the Board as a strong, active and independent Board.

In carrying out the functions as a Director, each Director will demonstrate a clear understanding of the statutory and fiduciary duties of a Director and a continuing commitment to act at all times honestly, in good faith and in the best interests of the Corporation and to exercise the care, diligence and skill of a reasonably prudent person.

The Board of Directors acts collectively and exercises its powers and responsibilities as a group. Individual Directors have no power to act on their own.



The Board of Directors operates under a mandate by which it assumes responsibility for a number of activities including:

- Adopting a strategic planning process for the company and monitoring performance against plan on ongoing basis
- Developing a charter setting out the purpose, responsibilities, operations and reporting of the Board and its committees
- Evaluating the Chief Executive Officer and other senior management and considering and approving compensation recommendations
- Developing the corporation's approach to corporate governance
- Succession planning
- Approving and reviewing compliance with risk management policies including capital management, internal control and management information systems to ensure reliability of financial information and safeguarding of company's assets
- Establishing committees of the Board
- Evaluating and approving all significant business investments and transactions involving the company including acquisitions and divestitures
- Adoption of a code of business conduct and ethics
- Satisfying itself as to the integrity of the senior officers of the company and as to their creation of a culture of integrity
- Conducting regular assessments of the Board as a whole and its individual members

Board Meetings/ Process

General Board meetings occur six times annually. The majority of these meetings are face-to-face with additional meetings and teleconferences as required.

Board members typically sit on at least one Committee. Committees meet at least four times per year with the Nominating and Development Committees meeting as required.

In addition, Board members must make themselves available from time to time as special circumstances arise. Board members are expected to stay informed about committee matters and to prepare well in advance for meetings and reviews.

They are expected to get to know other Board members and to build a collegial working relationship that contributes to consensus. Board members need to be active participants in annual planning and evaluation processes.

Compensation

The HUC Administrative Practices Policy outlines the principles governing the compensation that is to be paid to Directors in the form of an Annual Retainer Fee and Meeting Fees. Company related expenses are to be submitted by Directors as per the Company Policies and are not part of the Annual Retainer Fees or Meeting Fees. This Policy is reviewed and updated annually.

Under this Policy, the recommended fees for 2018 are:

Annual Retainer:



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Board Chair	\$ 28,000
Committee Chair	\$ 18,000
Director	\$ 13,500

Meeting Fee (per meeting) \$ 600

A Director may also be entitled to additional compensation for work that is designated by the Board as a "Project" (eg. mergers and acquisitions work, bond issuance).

Key Responsibilities of a Director

- Act with integrity;
- Respect confidentiality;
- Use his or her ability, experience and influence effectively to address issues facing the Corporation;
- Be available as a resource to the management, the Chair, and the Board;
- Communicate with the Chair and with senior management between meetings as necessary and appropriate;
- Conform to the code of conduct to be followed by Directors as set out in the HUC Ethics Policy
- Understand conflict of interest issues and declare real or perceived conflicts;
- Demonstrate a commitment and an enthusiasm for the Corporation and be an effective ambassador;
- Prepare for each Board and Committee meeting by reading the reports and background materials provided for the meeting;
- Maintain an excellent Board and Committee meeting attendance record;
- Participate fully and frankly in the deliberations of the Board and its Committees;
- Encourage free and open discussion of the Corporation's affairs by the Board;
- Establish an effective, independent and respected presence and a collegial relationship with other Directors;
- Focus enquiries on issues related to strategy, policy and results rather than issues relating to the day-to-day management of the Corporation;
- Advise the CEO and/or Chair beforehand when introducing significant and/or previously unknown information or material at a Board meeting;



- Respect the fact that the CEO is the chief spokesperson for the Corporation and individual Directors are only involved in external communications at the request of, and/or with the approval of, and in coordination with, the Chair and CEO;
- Become generally knowledgeable of the business of the Corporation and the non regulated energy industry;
- Participate in Director orientation and development programs from time to time; and
- Become acquainted with the senior officers of the Corporation.

Qualifications and Experience of Board Members

Prospective Board members are expected to have significant business experience and will possess strong vision, sensibility and strong financial acumen. Board members will need to demonstrate intellectual and emotional independence i.e. fairness, openness and impartiality. The Board is the champion of rational decision making for the business.

HUC is recruiting to identify prospective Board members with the following specific skills, personal qualities, attributes and experiences :

General experience:

- Prior or current Board Member, CEO, CFO, or Executive level experience;
- A strong entrepreneurial background that will relate to the challenges and opportunities facing the CEO of HUC;
- Experience as a the leader of a project development organization focused on energy and infrastructure projects similar to the type of targets that HUC is pursuing (including, but not limited to behind the meter generation, operations and maintenance services, telecommunications, district energy, solar, wind, etc.);
- Operations leadership experience and capital project delivery experience will be viewed positively;
- Well versed in corporate governance and best practices through related experience and on-going professional development;
- A strong educational background; and
- The qualifications, attributes and drive to assume greater Board/Committee leadership activities.

Personal Attributes

- Willing and able to devote the time and energy needed to fully participate on an operational Board;
- Collaborative, with a can-do attitude, and a focus on adding value;



- Strong communication skills with the ability to listen carefully, raise questions constructively and encourage and build upon open discussion of key issues;
- Proven ability to build relationships and develop a strong network of industry contacts;
- Encourages and respects others' perspectives;
- Works effectively, collaboratively and resiliently with orientation towards resolving conflicts and maintaining healthy relationships;
- Innovative and creative towards developing new ways to address business issues;
- Unquestionable integrity, ethics, and standards; and
- **Resident of the City of Hamilton .**

Other considerations in selecting Board members include nature of affiliations/network connections to benefit HUC, interest in the business of HUC, maturity, conflict resolution skills, accountability for actions and level of self-confidence.

Behavioural Competencies of Directors

At a minimum, all Board members are expected to display the following skills, behavioural competencies and traits:

Strategic: Can be expected to understand HUC's strategic direction and priorities and focus on strategic rather than operational issues. Probing, assertive, knowledgeable and purposeful, communicates ideas easily, understands fundamental and strategic needs of business.

Fiduciary: Can be expected to understand HUC's regulatory environment, risk management constructs and the impact of Board decisions on shareholders.

Director's Role: Can be expected to understand the role of directors and governance in general, and will allow management to make their own decisions. Strong interpersonal skills to contribute effectively as a team member of the Board and its committees.

Ethical: Can be expected to demonstrate high ethical standards, understand conflicts of interest and appropriately question data and information presented.

Decision Making: Can be expected to exercise independent judgment, balance risk and innovation, exhibit mature confidence, take accountability for and support decisions once a full discussion has taken place and a decision has been arrived at by the Board.



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Collaboration: Can be expected to operate in a spirit of cooperation and collegiality, encourage other Directors to express opinions and acknowledge and resolve differences of opinion; is respectful of the opinion of others.

Capability: Can be expected to apply own experience to the issues facing HUC, exhibit financial literacy, uphold high performance standards, diligently prepare for meetings, and make valuable contributions to Board discussions.

Independence: Can be expected to prevent own interests from conflicting with or appearing to conflict with the interests of the company.

Confidentiality: Can be expected to maintain confidentiality with respect to all matters relating to the company or Board activities.

Awareness: Can be expected to be aware of the impact of organizational issues, policies and decisions on public interest and concern – sensitive to the needs and agendas of all stakeholders – able to act to convince or influence others in order to have specific impact or effect.

Confidentiality

We respect the privacy and confidentiality of personal information provided by candidates in our search assignments. By providing us with a copy of your resume and any subsequent personal information directly or from third parties on your behalf such as references, you understand that it has been furnished with your knowledge and consent for the purpose of possible disclosure to our client. We will not disclose your personal information to clients without your prior knowledge and consent.

Thank you for considering this important opportunity. This document is intended to provide the reader with information and is not a contractual document. Some of the material therefore may be subject to change. Please feel free to contact us should you have any questions.

Contact

Interested parties are encouraged to forward their resumes electronically to:

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Kilbride Partners
mwcosens@gmail.com

C - 416-560-7341
W- 289-239-9108

We thank all applicants for their interest, however only those candidates selected for interviews will be contacted.



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