



# The Corporation of the Town of Milton

---

Report To: Council

From: Andy Scott, Senior Director, Strategic Initiatives

Date: April 28, 2025

Report No: ES-014-25

Subject: Milton Hydro Shareholder Direction

**Recommendation:** THAT Council endorse the proposed amendments to the existing Shareholder Direction (as numbered 1 through 13 within this document);

THAT staff be directed to amend the current version of the Milton Hydro Shareholder Direction to reflect the Council-endorsed amendments;

THAT the Milton Hydro Board of Directors be notified in writing of these intended changes;

THAT an updated version of the Shareholder Direction be presented to Council at a later date for review and approval.

## EXECUTIVE SUMMARY

- The last update to the Shareholder Direction issued to Milton Hydro Holdings Inc. was in 2014.
- It is necessary to amend the Shareholder Direction to reflect prior Council decisions, modernize language and reflect Ontario Energy Board regulations and best practice.
- Staff have worked with external legal counsel and identified various suggested recommendations for consideration.
- Staff are seeking authorization to amend the Shareholder Direction and present back to Council a final draft for review and approval.
- It is expected that the new Shareholder Direction be fully implemented by the first Milton Hydro AGM after the next municipal elections in October 2026.

## REPORT

### Background

The Town of Milton is the sole shareholder of Milton Hydro Holdings Inc. (Milton Hydro) which is responsible for location hydro distribution across Milton. As the shareholder, the Town provides direction to the Milton Hydro Board of Directions through the issuance of a Shareholder Direction.

The Shareholder Direction covers a variety of topics such as governance, board recruitment, financial management, and organizational objectives.

The current Shareholder Direction was last updated in 2014. But Milton Town Council have passed a series of resolutions via staff reports that have amended the direction given to Milton Hydro.

Staff are seeking authorization to update the current Shareholder Direction document to better reflect legislative changes, best practices and prior Council-approved direction. It is intended that this Shareholder Direction be implemented between now and the next term of Council.

The following recommendations have been developed with the involvement of Milton Hydro leadership.

### Discussion

There are a variety of amendments to the Shareholder Direction recommended by staff. They are summarized in the following table:

| # | Description                                | Current  | Recommendation  |
|---|--|--|---|
| 1 | Board Composition -<br>number of directors | In 2020 Council approved the<br>number of directors sitting on | That the Milton Hydro<br>Board be permitted to<br>operate with a range of |

## Discussion

|   |  |   |  |
|---|--|---|--|
|   |  | the board to increase to a total of 10.   | Directors between 7 and 10.  |
| 2 | Board Composition -<br><br>Mayors' role on the board       | Currently, the shareholder direction is silent to the mayor's role on the board.  | <p>That the Shareholder Direction be amended to directly nominate the position of mayor onto the board as one of the Councillor board representatives.</p> <p>It is recommended that implementation occur at the beginning of the next council term to avoid any disruption to the existing board composition.</p> |
| 3 | Town staff interactions with Board and Milton Hydro staff. | CAO and CFO are identified as to receive information from Milton Hydro but there is no language formally recognizing either role as a representative of the shareholder or their ability to act on behalf of the shareholder. | It is recommended that both the CAO and CFO roles be identified as 'Shareholder Designated Representatives' and given specific powers of representative on behalf of the Shareholder in line with their delegated authority and duties.  |
| 4 | Director Recruitment                                       | Milton Hydro follows the direction issued by Council in 2020 by which Milton Hydro form a recruitment sub-committee, hire an independent recruitment consultant and identifies potential directors for Council                | That the shareholder direction be updated to reflect Council's 2020 direction but that any sub-committee formed should be composed of at least   |

## Discussion

|   |   |  |   |
|---|---|--|---|
|   |   | approval. Recruitment is guided by a skills matrix.  | one Councillor board representative.  |
| 5 | Director Recruitment/Retention - Geographic location of board members | Shareholder language permits a Director to live anywhere in Canada.  | <p>Recommendation that location is built into the recruitment matrix with a preference for local qualified candidates.</p> <p>However, non-residents shall not be excluded from serving as board members.</p> |
| 6 | Election of Board Chair   | The Board Chair is approved by the Board annually, for up to a four-year term  | Recommended that the Board Chair be a four-year term, with the term aligning with the municipal election cycle and the formation of a new municipal council.  |
| 7 | Director Term Limits  | Term limits for independent directors can be extended by the majority of the board   | Recommended that the terms of independent directors can have their term extended beyond the initial 4-year term if approved by the shareholder.   |
| 8 | Dividend Policy   | The shareholder may declare dividends consistent with the financial performance objectives established by the shareholder from time to time. | No change to the current language in the Shareholder Direction, but recognize that changes to the Shareholder Objectives might influence  |

## Discussion

|    |  |  |   |
|----|--|--|---|
|    |  |  | dividends payable to the Shareholder.   |
| 9  | Shareholder Objectives   | The current direction focuses on ensuring Milton Hydro operates on minimal resources while maximizing return on shareholder equity across a three-year planning horizon.   | <p>It is recommended that language be added to establish that the primary objective be regulated service delivery as governed by the OEB. Objectives for the non-regulated activities should also be added/updated.</p> <p>Added language providing direction to both the regulated and non-regulated lines of business encourage economic development and growth activity through long-range planning.</p> |
| 10 | Matters requiring Shareholder approval (capital spending/borrowing limits/disposal of assets/entering into strategic partnerships, etc.) | <p>Inconsistency between current Shareholder Direction and Council approved direction.</p> <p>Language within the Shareholder Direction does not reflect council-approved direction within report CORS-025-2020 (Milton Hydro Borrowing Limits).</p> | <p>It is recommended that the Shareholder Direction be amended to reflect the aforementioned council report, along with other updates in consideration of the other amendments outlined above.</p> <p>In addition, it is recommended that language be added in recognition of the potential for the holding company</p>   |

## Discussion

|    |   |  |  |
|----|---|--|--|
|    |   |  | issuing debt on behalf of the subsidiaries.  |
| 11 | Matters requiring Shareholder approval (Geographic scope of business) | Milton Hydro is permitted to seek out business opportunities and operate anywhere in Ontario   | It is recommended that the permissible geography be expanded to anywhere they are legally permitted to operate, subject to shareholder approval.   |
| 12 | Governance Structure  | <p>In 2020, Council approved a new governance structure which was intended to meet Ontario Energy Board (OEB) Best Practice which was expected to be reissued as a Guideline in the future.</p> <p>As such, the approved governance structure was not fully implemented.</p> | That the shareholder direction be reissued to reflect the OEB Best Practice but retain the Shareholder's ability to have sufficient representation on both non-regulated and regulated boards, as well as retaining final approval of all Directors approved or having their terms extended. |
| 13 | Milton Hydro Reporting Obligations & Frequency                        | <p>There are a range of specific reporting requirements but some of the Town of Milton roles identified within the direction no longer exist.</p> <p>There is no specific language about reporting frequency/obligation to the Shareholder i.e. Council directly.</p>        | <p>Milton Hydro will provide to the shareholder:</p> <ul style="list-style-type: none"> <li>- Annual Business Plan before board approval;</li> <li>- Audited financial statements;</li> </ul>  |

## Discussion

|  |  |  |  |
|--|--|--|--|
|  |  |  | <ul style="list-style-type: none"> <li>- Strategic Plan in draft format before board approval.</li> </ul> <p>If recommendation #3 above is approved, newly identified Shareholder Designated Representatives will also be able to make reasonable requests for information/reports at any time on behalf of the shareholder.</p> <p>Milton Hydro should report any and all matters as requested by the Shareholder directly via Council Resolution or as requested by the Shareholder Approved Representatives, including reporting related to activities by any subsidiary.</p> |
|--|--|--|--|

If Council agree to any/all of the above recommendations, staff will work with external legal counsel and with Milton Hydro leadership to amend the existing shareholder direction into a final draft format for final review and Council approval.



# The Corporation of the Town of Milton

Report #:  
ES-014-25  
Page 8 of 8

## Financial Impact

There are no direct financial impacts anticipated through the approval of this report. Legal costs associated with updating the shareholder direction are being covered by Milton Hydro Holding Inc.

Respectfully submitted,

Andy Scott  
Senior Director, Strategic Initiatives

For questions, please contact: Andy Scott

Phone: Ext. 2103

## Attachments

[Click here to enter text.](#)

Approved by CAO  
Andrew M. Siltala  
Chief Administrative Officer

## Recognition of Traditional Lands

The Town of Milton resides on the Treaty Lands and Territory of the Mississaugas of the Credit First Nation. We also recognize the traditional territory of the Huron-Wendat and Haudenosaunee people. The Town of Milton shares this land and the responsibility for the water, food and resources. We stand as allies with the First Nations as stewards of these lands.