

GENERAL INFORMATION

FOR

BOARD OF DIRECTORS OF NORTHERN ONTARIO WIRES

Introduction

1. Northern Ontario Wires Inc. (NOW Inc.) is a local distribution company servicing Cochrane, Iroquois Falls and part of Kapuskasing.

In 1999, Bill 35 required all Municipal Electrical Utilities to become corporations under the Ontario Business Corporation Act. As a result, the following companies amalgamated to form Northern Ontario Wires Inc.

1. The Cochrane Public Utilities Commission (Electric Department), which served the Town of Cochrane since 1921. The Cochrane PUC also provided telephone, water and sewer services.
2. The Iroquois Falls Hydro Electric Commission, which served the Town of Iroquois Falls since 1986, where it took over hydro distribution from Abitibi Price and Ontario Hydro.
3. The Kapuskasing Public Utilities Commission, which served the Town of Kapuskasing since 1952.

Thus, as a Local Distribution Company (LDC), Northern Ontario Wires Inc. owns and operates the electricity infrastructure, distributing a safe and reliable supply of power to homes and businesses within these three communities. NOW Inc. currently serves over 6000 customers and maintains approximately 27 km of distribution line infrastructure.

The Corporation of the Town of Cochrane is the single Shareholder of the corporation and appoints Board Members, as required.

Number of Directors

2. The Corporation shall be governed by a board of directors which shall consist of a minimum of five (5) and a maximum of nine (9) directors to be appointed by the Shareholder. The Board shall operate with nine (9) directors unless a vacancy(ies) has been created at which time the Board will operate with the balance of members until such time as the Shareholder fills the vacancy(ies). At no time can the Board operate with less than five (5) directors. . The directors shall serve at the pleasure of the shareholder, who may remove or appointment directors at any time, in its sole and unfettered discretion. At the time of the execution of this Declaration, the number of Directors on the Board shall be Nine (9).

Board Composition

3. The board of directors of the Corporation shall be comprised of:
- (i) the Mayor of the Town of Cochrane;
 - (ii) The Chief Administrative Officer of the Corporation of the Town of Cochrane;
 - (iii) The Director of Corporate Services of the Corporation of the Town of Cochrane;
 - (iv) one (1) other member of the council of The Town of Cochrane Council, (the “Councillor”);
 - (v) three (3) independent directors who shall not be members of Council (the “Private Directors”);
 - (vi) Subject to the approval of the Shareholder, which approval will not be unreasonably withheld, the Town of Iroquois Falls is entitled to nominate one (1) director of the Corporation;
 - (vii) Subject to the approval of the Shareholder, which approval will not be unreasonably withheld, the Town of Kapuskasing is entitled to nominate one (1) director of the Corporation;

Other Board Requirements

- 4.1 The Board of the Corporation must at all times be comprised of at least two (2) directors with significant direct business experience and one (1) director with direct knowledge of community issues, as defined and evaluated by the Shareholder.
- 4.2 At least one-third of the board of directors of the Corporation are to be independent directors from any affiliate of the Corporation (currently the Shareholder and NOE). For greater certainty, the directors from Iroquois Falls and Kapuskasing are independent directors.

Qualification of Directors

5. In addition to sound judgment and personal integrity, no director may be an adjudged or discharged or undischarged bankrupt nor be in any conflict of interest with either the corporation or the shareholder at any time.

Residency

6. Other than the appointees of Iroquois Falls and Kapuskasing, all members of the Board of Directors shall be residents of the Town of Cochrane. For purposes of this document, any sitting member of the Council of the Town of Cochrane and/or the Mayor of the Town of Cochrane shall be deemed to be a resident of the Town of Cochrane, regardless of their physical or ordinary residence.

Chair and Vice-Chair Positions

7. The Board Chair shall be appointed by the Shareholder and will serve at the discretion of the Shareholder. The Board Chair shall be a resident of the Town of Cochrane.

The Board may elect its own Vice-Chair who will serve at the discretion of the Board.

Term

8. The term for each member of the Board shall be as follows:
 - (a) The Mayor and Councillor(s) serving as a member of the Board shall serve for a term coincident with his or her term on Council.
 - (b) All directors shall serve at the pleasure of the Shareholder.

The term of no more than two (2) directors will end in any one (1) year on the Board of the Corporation.

If a member of the Board ceases to be a director for any reason, the Shareholder will fill the vacancy created thereby as soon as reasonably possible, subject to, and in compliance with the OEB Affiliate Relationships Code.

Any member of the Board may serve for successive terms as determined by the Shareholder.

Directors' Compensation

9. The compensation of the Board must be approved in advance by the Shareholder. The Chair of the Board shall be compensated in the amount of three thousand dollars (\$3,000) per annum and seventy five (\$75) dollars for each Board and committee meeting attended. The Directors shall be compensated in the amount of two thousand, five hundred dollars (\$2,500) per annum and seventy-five dollars (\$75) for each Board and committee meeting attended. The Mayor and the Councillor shall be compensated in the amount of two thousand, five hundred dollars (\$2,500) per annum and one seventy-five dollars (\$75) for each Board and committee meeting attended. Members of the Board who are also members of the board of directors of NOE shall not receive additional compensation for acting as a director of the Subsidiary. .../4

All board members will receive a per diem of One Hundred and Twenty Five dollars (\$125) per day to ensure board members attend approved education sessions as prescribed by the Board from time to time.

Conflict of Interest Policy

10. The directors and officers of the Corporation will strictly abide by the requirements of the OBCA and the conflict of interest rules set forth in the Bylaws of the Corporation including any requirements in respect of disclosure and abstention from voting.

Confidentiality

11. All members of the Board of Directors of the Corporation, all officers of the Corporation shall, prior to assuming their roles, enter into a Confidentiality Agreement in a form as prepared by the Corporation and approved in advance by the Shareholder. Without limiting the generality of the foregoing, the Confidentiality Agreement shall provide for:
 - (a) disclosure to a Receiving Party's employees or agents is necessary for the performance of any Receiving Party's duties and obligations under this Declaration:
 - (b) disclosure as required in the course of judicial proceedings or pursuant to law; or
 - (c) the confidential information becoming part of the public domain (other than through unauthorized disclosure by the Receiving Party).

Quorum

12. A quorum for meeting of the Board shall be a majority of the members of the Board. A meeting shall be adjourned for lack of a quorum and a notice of the adjourned meeting shall be sent in writing to all directors rescheduling the meeting to a date at least seven (7) days following the adjourned meeting.

Meetings of the Board

13. Meetings of the Board shall be held at least once in every calendar quarter or at the request of the Chair or of a majority of the members of the Board. Meetings of the Board may be held by such telephone or electronic communication devices as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. At least five (5) days advance written notice of the time and place of the meeting and of the business to be transacted at the meeting in sufficient detail to enable each director to assess reasonably the importance of such business to the affairs of the Corporation shall be given to each director. No meeting of the Board of Directors shall be properly convened unless one of the Mayor, or CAO or Corporate Services Manager of the Town of Cochrane is present throughout. .../5

Decisions of the Directors

14. Decisions or resolutions of the Board shall require the approval of the majority of the directors present at each meeting thereof. The Chair shall not have a second or casting vote. A resolution in writing signed by all of the directors entitled to vote on that resolution at a meeting of the Board is as valid as if it had been passed at a meeting of the Board.

Board Duties

15. Subject to those matters requiring Shareholder approval , the Board shall supervise the management of the business and affairs of the Corporation and, without limiting the generality of the foregoing, the Board shall be responsible for overseeing the following specific matters:
- (a) The establishment of appropriate reserves and a dividend policy for the Corporation consistent with sound financial principles, all with the intention of providing the Shareholder with a maximum rate of return while maintaining reasonable rates for customers as set forth in Article 2.2(d) hereof;
 - (b) Declaration of any dividend or distribution of capital in respect of the shares of the Corporation, in the manner as set forth in Article 2.2(d) hereof;