

Committee of the Whole (2) Report

DATE: Tuesday, December 10, 2024

WARD(S): ALL

TITLE: DISSOLUTION OF 1446631 ONTARIO INC.

FROM:

Michael Coroneos, Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer

ACTION: DECISION

Purpose

To provide information to Council regarding the status of 1446631 Ontario Inc. (the “Corporation”) and to seek approval from Council regarding the voluntary dissolution of the Corporation.

Report Highlights

- 1446631 Ontario Inc. was set up by the City in 2000 in anticipation of any activities deemed necessary to transition to the competitive electricity market.
- The Corporation is 100% owned by the City, but has been inactive since it was incorporated.
- Given its inactivity, Staff believe the Corporation should be dissolved.
- A Council Resolution is required to complete the dissolution of the Corporation.

Recommendations

1. That Council approve the Resolutions of the Sole Shareholder of 1446631 Ontario Inc., as included in Attachment 1, and that same be executed by the Mayor and City Clerk in substantially in the same form;
2. That Legal Services be directed to take such further steps as are necessary to voluntarily dissolve 1446631 Ontario Inc;
3. That the City Clerk and/or the Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer, as may be required, be directed to sign all paperwork pertaining to the voluntary dissolution of the Corporation, as deemed necessary by Legal Services; and

4. That the Articles of Dissolution regarding the Corporation be submitted by December 31, 2024, or as soon thereafter as is practicable.

Background

A shell corporation, 1446631 Ontario Inc., was set up by the City in anticipation of activities deemed necessary to transition to the competitive electricity market. The Corporation is 100% owned by the City. Staff are recommending that 1446631 Ontario Inc. be voluntarily dissolved, given that it is inactive and has been since its incorporation.

Council, being the individuals who control the actions of the Corporation's sole shareholder, can resolve to direct staff to take such steps as are necessary to have the Corporation voluntarily dissolved pursuant to s. 237 of the *Business Corporations Act*, R.S.O. 1990, c. C.38.

Previous Reports/Authority

N/A

Analysis and Options

Staff are recommending that the Corporation be voluntarily dissolved as it is inactive and has been since its incorporation, and Staff believe that it is no longer required. Dissolution of the Corporation would avoid further costs incurred to prepare annual financial statements and federal and provincial payment-in-lieu tax returns, payable since its incorporation.

Process for winding up the Corporation under the Business Corporations Act, R.S.O. 1990, c. B.16

Council authorization is required to voluntarily dissolve the Corporation. Staff therefore recommend that Council, as the Corporation's sole shareholder, authorize a resolution requiring the Corporation to be voluntarily dissolved pursuant to s. 237 of the *Business Corporations Act*, R.S.O. 1990, c. B.16.

The following is a summary of the required steps to voluntarily dissolve the Corporation:

1. Convene a meeting of Council, acting on behalf of the City as the sole Shareholder. Council must approve a resolution, which has been included as Attachment 1, authorizing:

- a) the voluntary dissolution of the Corporation pursuant to section 237 of the *Business Corporations Act*, R.S.O. 1990, c. B.16;
 - b) the appointment of Michael Coroneos as sole director of the Corporation for the purpose of facilitating the voluntary dissolution of the Corporation;
 - c) a request for a Consent Letter is sent to Ministry of Finance, Ontario.
2. Once the voluntary dissolution has been approved, the City's accountants can file final tax returns and transfer the Corporation's remaining asset (namely \$1.00) to the City; and the required dissolution documents will be filed. Articles of Dissolution for the Corporation must be signed by the City Clerk and filed with the Ontario Business Registry.

Once the Articles of Dissolution are filed, the Ontario government will issue a Certificate of Articles of Dissolution, which can be used to remove the Corporation from government records on which it is listed.

Financial Impact

Any costs associated with the voluntary dissolution will be covered by the City's approved operating budgets.

Operational Impact

Financial Services has made the request to voluntarily dissolve this inactive corporation to save audit and tax preparation costs. Financial Services has been consulted throughout the process.

Broader Regional Impacts/Considerations

N/A

Conclusion

Staff have deemed the Corporation's purpose as no longer necessary and therefore recommend the Corporation be voluntarily dissolved. The voluntary dissolution of the Corporation requires the authorization by Council.

These recommendations are intended to facilitate good corporate governance, both in relation to the City and the Corporation, eliminate any ongoing staff time and costs to monitor and maintain the corporate filings of the Corporation which would be a continued requirement if the Corporation is not dissolved.

For more information, please contact: Louise Vrebosch, Acting City Solicitor, x. 8969

Attachments

1. Resolution of Sole Shareholder authorizing voluntary dissolution
2. Articles of Dissolution
3. Direction to be sent to the Ministry of Finance

Prepared by

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