

TO:	CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE MEETING ON MAY 5, 2014
FROM:	ART ZUIDEMA CITY MANAGER
SUBJECT:	LONDON & MIDDLESEX HOUSING CORPORATION 2013 ANNUAL MEETING OF THE SHAREHOLDER-ANNUAL RESOLUTIONS AND DECLARATION OF THE SOLE SHAREHOLDER AND ACCOUNTABILITY RULES

RECOMMENDATION

That, on the recommendation of the City Manager, the following actions be taken with respect to the London & Middlesex Housing Corporation:

- a) the attached proposed by-law (Attachment "A") BE INTRODUCED at the Municipal Council Meeting to be held on May 20, 2014 to:
 - i) ratify and confirm the Annual Resolutions of the Shareholder of the London & Middlesex Housing Corporation, attached as Schedule "1" to the by-law; and,
 - ii) authorize the Mayor and the City Clerk to execute the Annual Resolutions of the Shareholder of London & Middlesex Housing Corporation, attached as Schedule "1" to the by-law; and
- b) the following actions be taken with respect to the proposed changes to the "Declaration of the Sole Shareholder" by the City of London to the London & Middlesex Housing Corporation, including Appendix "A" - "Accountability Rules":
 - i) the proposed changes outlined in Attachment "B" BE ENDORSED IN PRINCIPLE; and
 - ii) the Civic Administration BE DIRECTED to bring forward the necessary by-law at the May 20, 2014 meeting of the Municipal Council to implement the changes endorsed in b)i), above.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

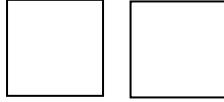
April 16, 2013 – Strategic Priorities and Policy Committee – Agenda Item #6
May 13, 2013 – Strategic Priorities and Policy Committee – Agenda Item #3
June 20, 2011 – City Council

BACKGROUND

At its meeting held April 15, 2014, Municipal Council resolved:

That the following actions be taken with respect to the 2013 Annual General Meeting of the Shareholder for the London & Middlesex Housing Corporation:

- a) the 2013 Annual General Meeting of the Shareholder for the London & Middlesex Housing Corporation BE HELD at a meeting of the Strategic Priorities and Policy Committee on May 5, 2014, for the purpose of receiving the report from the Board of Directors of the London & Middlesex Housing Corporation in accordance with the Shareholder Declaration and the Business Corporations Act, R.S.O. 1990, c. B.16; and



- b) the City Clerk BE DIRECTED to provide notice of the 2013 Annual Meeting to the Board of Directors for the London & Middlesex Housing Corporation and to invite the Chair of the Board and the Executive Director of the London & Middlesex Housing Corporation to attend at the Annual Meeting and present the report of the Board in accordance with Article 7.1 of the Shareholder Declaration;

it being noted that the Strategic Priorities and Policy Committee received a communication dated February 3, 2014, from S. Matthew, Executive Director, London & Middlesex Housing Corporation with respect to this matter.

In addition to the above, the Municipal Council, at its meeting held on February 28, 2013, resolved that "...the Civic Administration BE REQUESTED to work together with the London & Middlesex Housing Corporation on a review of any shared services opportunities and cost centre savings and efficiencies...".

2013 Annual General Meeting

The London & Middlesex Housing Corporation is a corporation with share capital incorporated under the *Business Corporations Act*, R.S.O. 1990 c.B.16. The London & Middlesex Housing Corporation is managed by a Board of Directors appointed by The Corporation of the City of London as the sole shareholder.

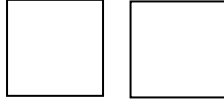
The attached Resolutions of the Shareholder addresses the following matters that are required to be dealt with at an Annual Meeting, as required by the *Business Corporations Act* and By-law No. 1, being the general operating by-law for the London & Middlesex Housing Corporation:

- (a) receipt of the 2013 audited financial statements;
- (b) election of directors; and
- (c) appointment of auditors.

Declaration of the Sole Shareholder and Accountability Rules

The London & Middlesex Housing Corporation (LMHC) works closely with the Civic Administration related to issues and opportunities in social housing management, while fully retaining their independent service mandate. That work has been guided by the organizational review conducted in October 2012, in partnership between LMHC, the City and PriceWaterhouse Coopers (PwC), as well as subsequent services reviews. The recommendations arising from the 2012 organizational review regarding governance, strategic planning, and operational effectiveness have been considered by the LMHC Board and are reflected, where applicable, in the proposed changes to the Declaration of the Sole Shareholder and the Accountability Rules. The proposed changes should improve the effectiveness of the Board and will also serve to update the Declaration and Accountability Rules to reflect current legislative references. It is therefore being recommended that a by-law be brought forward for the May 20, 2014 meeting of the Municipal Council in order to implement the suggested changes for the upcoming term of office.

PREPARED BY:	RECOMMENDED BY:
CATHY SAUNDERS CITY CLERK	ART ZUIDEMA CITY MANAGER



ATTACHMENT “A”

Bill No.
2014

By-law No. A.-

A by-law to ratify and confirm the Annual Resolutions of the Shareholder of London & Middlesex Housing Corporation

WHEREAS London & Middlesex Housing Corporation is incorporated under the *Business Corporations Act* R.S.O. 1990, c.B.16 (the “BCA”);

AND WHEREAS subsection 104(1)(b) of the BCA provides that a resolution in writing dealing with all matters required by the BCA to be dealt with at a meeting of shareholders, and signed by all the shareholders or their attorney authorized in writing entitled to vote at the meeting, satisfies all the requirements of the BCA relating to that meeting of shareholders;

AND WHEREAS The Corporation of the City of London is the sole shareholder of London & Middlesex Housing Corporation;

AND WHEREAS Subsection 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS Subsection 5(3) of the *Municipal Act, 2001* provides that a municipal power shall be exercised by by-law;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Annual Resolutions of the Shareholder of London & Middlesex Housing Corporation for the fiscal year ended December 31, 2013, attached as Schedule “1” are ratified and confirmed.
2. The Mayor and the City Clerk are authorized to execute the Annual Resolutions of the Shareholder ratified and confirmed under section 1 of this by-law.
3. This by-law comes into force and effect on the day it is passed.

PASSED in Open Council on May 20, 2014.

Joe Fontana
Mayor

Catharine Saunders
City Clerk

First reading – May 20, 2014
Second reading – May 20, 2014
Third reading – May 20, 2014



SCHEDULE "1"

LONDON & MIDDLESEX HOUSING CORPORATION
(the "Corporation")

WHEREAS subsection 104(1) (b) of the *Business Corporations Act* (Ontario) (the "Act") provides that a resolution in writing dealing with all matters required by the Act to be dealt with at a meeting of shareholders, and signed by all the shareholders or their attorney authorized in writing entitled to vote at the meeting, satisfies all the requirements of the Act relating to that meeting of shareholders;

The following resolutions, signed by the sole shareholder of the Corporation entitled to vote thereon, are hereby passed pursuant to the provisions of the Act:

FINANCIAL STATEMENTS

RESOLVED THAT:

It is hereby acknowledged that the balance sheet of the Corporation as at December 31, 2013, and the other audited financial statements, together with Auditors' Report, of the Corporation for the financial year ended on such date have been received by the undersigned shareholder of the Corporation.

ELECTION OF DIRECTORS

RESOLVED THAT:

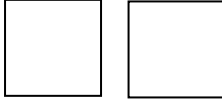
WHEREAS pursuant to an Amended and Restated Shareholder Declaration the board of directors for the Corporation shall consist of seven (7) directors;

AND WHEREAS the terms of directors expire at the annual meeting of shareholders held in 2014 pursuant to paragraph 6.2 of the Amended and Restated Shareholder Declaration;

NOW THEREFORE BE IT RESOLVED THAT:

1. Each of the following persons, being directors pursuant to paragraph 6.2 of the London & Middlesex Housing Corporation's Declaration of the Sole Shareholder, is hereby **confirmed** as a director of the Corporation to hold office for a term with the expiry as set out below, provided that when a successor is not duly elected, such director shall hold office until his or her successor is elected:

<u>Name of Director</u>	<u>Expiry of Term</u>
D. G. Henderson (London City Council)	November 30, 2014
J. Swan (London City Council)	November 30, 2014
Douglas Reycraft (Middlesex County Council)	November 30, 2014
Joan Ball	November 30, 2014
Glenn Hadley	November 30, 2014
Gordon Saylor	November 30, 2014
Robert Sexsmith	November 30, 2014



APPOINTMENT OF AUDITOR

2. KPMG LLP is hereby appointed as auditor of the Corporation to hold office until the close of the next annual meeting of the shareholders or until a successor is appointed at such remuneration as may be fixed by the directors and the directors are hereby authorized to fix such remuneration.

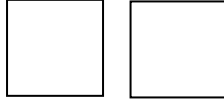
DATED this day of , 2014.

The Corporation of the City of London

By: _____
Joe Fontana
Title: Mayor

The Corporation of the City of London

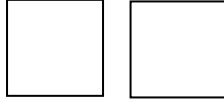
By: _____
Catharine Saunders
Title: City Clerk



ATTACHMENT “B”

Recommended Changes to the Declaration of the Sole Shareholder

LMHC Board Request of Shareholder and PwC Board Related Recommendation	Related Proposed Civic Administration Recommendation and Justification
1. Composition of Board Section 6.2 (c) of Shareholder Declaration	
<p>Board request to increase number of Directors by 4 members from current 7 to 11 Directors, based upon manageable size, quorum size, support of committee work, access to new competencies, and stability of subcommittee structure.</p> <p>Currently the Board has 7 Directors: 2 City Council representatives, 1 County Council representative, and 4 citizens-at-large</p> <p><i>Related PwC Organizational Review Recommendation: Addition of new Board members, to be discussed and determined by the board</i></p>	<p>Recommendation 1: Increase the total Board size by 2 Directors to 9 Directors, noting the following:</p> <ul style="list-style-type: none"> i) one of the two additional members should initially be the Service Manager liaison (Civic Administration). This is based on former Board composition and other municipal boards (e.g. Convention Centre). Further, the Service Manager should not be Chair or Treasurer in order to allow for continued liaison between the Chair and Service Manager. ii) Following the 2014 Municipal Election, the composition of Councillors on the LMHC Board should be 1 City Council representative and 1 County Council-recommended representative, with the latter not necessarily being a County Council member. iii) The position currently held by a second City Council representative would instead be held by a citizen-at-large. <p>The proposed Board composition would be: 1 City Council representative 1 Service Manager representative 1 County Council-recommended representative 6 Citizens-at-large</p> <p>These changes also support the Board’s desire for staggered terms for continuity purposes.</p>
2. Board Terms Sec. 6.2 (f) of Shareholder Declaration	
<p>Board request for staggered terms for Directors to ensure a strong and sustainable Board through staggered terms.</p>	<p>Recommendation 2: Provide for staggered Board terms, which may require a one-time extension of existing terms beyond the current terms and/or an immediate recruitment, with the transition process to be implemented in consultation with the LMHC.</p> <p>Similar to other boards.</p>



3. LMHC Participation in New Board Selection and Competencies Section 6.2 (b) of Shareholder Declaration	
<p>Board request and PwC recommendation to increase LMHC Board's ability to select Board members with consideration for areas of expertise required by the Board</p> <p><i>PwC Organizational Review Recommendation: Addition of new Board members, to be discussed and determined by the Board</i></p>	<p>Recommendation 3: Provide LMHC with the opportunity to advise City Council of the desired competencies when seeking applicants for vacancies and to put forward names of applicants they would like to have considered for those vacancies.</p> <p>Appointment of LMHC Board members resides with the City Council as a sole shareholder responsibility, in accordance with Council Procedure By-law A-15 and share capital business corporations. However, the City Council is able to seek input from the LMHC, if it so chooses.</p>
4. Board Attendance Section 4.5 of Shareholder Declaration	
<p>PwC recommendation to support greater Board meeting stability and quorum through increasing board size and modifying rules related to attendance.</p> <p><i>PwC Recommendation: Amendment of mandate related to meeting attendance (to avoid missing a defined number of meetings).</i></p>	<p>Recommendation 4: Amend Shareholder Declaration related to attendance requirements.</p> <p>Current criteria reflect removal in the event of absence from three (3) consecutive meetings of the Board during any calendar year, without prior written approval of the Board.</p> <p>Proposed criteria to reflect removal in the event of absence from three (3) meetings, consecutive or non-consecutive, in any 12 month period, without prior written approval of the Board.</p>

In addition to the above changes, there are also minor housekeeping changes that should be made to the *Declaration of the Sole Shareholder* and the *Accountability Rules* in order to update legislative references (e.g. Housing Services Act replacing Social Housing Reform Act), to update position and title changes (e.g. CEO to Executive Director), and to better reflect the ongoing work of the Board and the Administration at LMHC. These housekeeping changes would not be substantive and would be vetted by the LMHC, the City Solicitor's Office, and the City Clerk.