

TO:	CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE MEETING ON MAY 11, 2015
FROM:	ART ZUIDEMA CITY MANAGER
SUBJECT:	LONDON & MIDDLESEX HOUSING CORPORATION (LMHC) 2014 ANNUAL MEETING OF THE SHAREHOLDER RESOLUTIONS AND UPDATE

RECOMMENDATION

That, on the recommendation of the City Manager, the attached proposed by-law (Appendix "A") BE INTRODUCED at the Municipal Council Meeting to be held on May 26, 2015, to:

- a) ratify and confirm the Annual Resolutions of the Shareholder of London & Middlesex Housing Corporation, attached as Schedule "1" to the by-law; and,
- b) 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.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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April 13, 2015 – Strategic and Priorities and Policy Committee – Agenda Item #6

BACKGROUND

At its meeting held on April 14, 2015, Municipal Council resolved:

That the following actions be taken with respect to the 2014 Annual General Meeting of the Shareholder for the London & Middlesex Housing Corporation:

- a) the 2014 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 11, 2015, 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 2014 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 March 24, 2015, from S. Matthew, Executive Director, London & Middlesex Housing Corporation with respect to this matter.

LMHCs ownership was transferred from the province to the City within the *Social Housing Reform Act, 2000*. LMHC is a share capital corporation under the *Business Corporations Act, 1990*, and is managed by a Board of Directors appointed by Council as the sole shareholder.

On an annual basis, LMHC provides reports to the shareholder. The annual LMHC meeting of the shareholder is established in accordance with the *Business Corporations Act, 1990*, noting that the City Clerk received a letter from LMHC dated March 24, 2014, requesting a shareholder meeting. LMHC works closely with the City on shared services and business interests, which has included independent service and procurement reviews, and shared support service expertise.

UPDATES:

Declaration of the Sole Shareholder

In 2011, Council approved a *Declaration of the Sole Shareholder*, defining the powers and parameters exercised by LMHC as a business entity solely owned by the City.

The *Declaration of the Sole Shareholder* is currently under review by the City Solicitor's Office and the Housing Division to simplify the language and structure of the document, amend sections that are subject to revised legislation, and ensure the Declaration retains the appropriate content to maximize LMHC business capacity and minimize shareholder liabilities related to LMHC's activities under the *Business Corporations Act, 1990* and the *Housing Services Act, 2011*.

A revised *Declaration of the Sole Shareholder* will be provided to Committee for approval in the coming months.

Staff Naming Conventions

In 2011, LMHC's senior executive position naming conventions were changed from the former "Chief Executive Officer" to "Executive Director". Similarly, other members of the leadership team were retitled as "Directors".

In subsequent discussions with LMHC executive, Board, and in consultation with Legal Services, a review of these naming conventions suggests the use of "directors" for senior officers and staff of LMHC can blur the distinction with elected and appointed directors of the board. It is the general convention of other public housing corporations and of the City's business corporations to distinguish the naming convention between "directors" responsible for matters of board governance, from senior administration, who may hold officer responsibilities within the *Business Corporations Act, 1990*, but who are not defined as Board members within the LMHC Articles of Incorporation or their respective portfolios.

Based on this, the LMHC Board has agreed that the senior administrative officer should revert back to using the title of "Chief Executive Officer". In addition, other key senior positions will cease using the title of director and will be referred to as managers with chief duties relating to finance, asset management, and operations. The term "directors" will be reserved for members of the LMHC Board of Directors.

There are no salary or banding adjustments associated with these changes, noting that there is no remuneration for LMHC Board members.

Terms of Board Members

The *Declaration of the Sole Shareholder* will be further amended to align board terms with annual Shareholder meetings, similar to the process used by London Hydro. Board member terms will reflect the three year maximum duration identified within the *Business Corporations Act, 1990 (BCA)* rather than the current three plus one (3+1) approach used to align the board terms with Council terms, noting that the term of the Municipal Council member will remain aligned with the term of Council.

The revised language will appoint directors for a term not to exceed 3 years, in accordance with the BCA, and a director will be eligible to stand for re-election provided that they not serve as a director for longer than three terms. Directors shall hold their term until their successor is appointed.

These proposed changes are in accordance with the *Council Procedure By-law (A-15, December 1, 2012)*, the *Business Corporations Act, 1990* and the *Housing Services Act, 2011* and will facilitate future board staggering and appointments.

There is no impact on current LMHC board members.

2014 ANNUAL MEETING RESOLUTIONS:

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 Director appointed by The Corporation of the City of London as the sole shareholder.

The attached Resolutions of the Shareholder address matters that are required (within the *Business Corporations Act 1990*) to be dealt with at an Annual Meeting, and LMHC By-law 2, being the general operating by-law for the London & Middlesex Housing Corporation:

- (a) Receipt of the 2014 audited financial statements from KPMG;
- (b) Election of Directors, noting the recommended changes reflected in this report; and
- (c) Appointment of auditors.

Acknowledgments:

This report was prepared with information and assistance of the Board and Administration of LMHC, Housing Division staff, and the support of the City Clerk and Legal Services.

SUBMITTED BY:	RECOMMENDED BY:
CATHY SAUNDERS, CITY CLERK	ART ZUIDEMA CITY MANAGER

- Att. 1. Attachment "A" By-law
- 2. Schedule "1" of By-law

- C. Louise Stevens, Director, Municipal Housing
- Stephen Giustizia, Manager, Housing Services/Shareholder Liaison with LMHC
- Jennifer Smout, City Solicitor
- Steve Matthew, LMHC

APPENDIX "A"

Bill No.

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, 2014, 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

Matt Brown
Mayor

Catharine Saunders
City Clerk

First reading
Second reading
Third reading

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, 2014, 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 the Declaration of the Sole Shareholder the board of directors for the Corporation shall consist of nine (9) Directors;

AND WHEREAS the terms of directors expire at the annual meeting of shareholders held in 2012 pursuant to paragraph 6.2 of the Declaration of the Sole Shareholder;

NOW THEREFORE BE IT RESOLVED THAT:

1. Each of the following persons, being directors of the Corporation, 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>
Gordon Saylor	November 30, 2016
Robert Sexsmith	November 30, 2016
Marci Allen-Easton	November 30, 2017
Michael Buzzelli	November 30, 2017
Roberta Clifford	November 30, 2017
Abe Oudshoorn	November 30, 2017
Sean Quigley	November 30, 2017
Anna Hopkins	November 30, 2017
Vance Blackmore	November 30, 2017

APPOINTMENT OF AUDITORS

2. KPMG LLP are hereby appointed auditors 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 , 2015.

The Corporation of the City of London

By: _____
Matt Brown
Title: Mayor

The Corporation of the City of London

By: _____
Catharine Saunders
Title: City Clerk