

TO:	CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE MEETING ON JULY 25, 2016
FROM:	ART ZUIDEMA CITY MANAGER
SUBJECT:	HOUSING DEVELOPMENT CORPORATION, LONDON 2015 ANNUAL MEETING OF THE SHAREHOLDER ANNUAL RESOLUTIONS

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 July 26, 2016 to:

- a) ratify and confirm the Annual Resolution of the Shareholder of Housing Development Corporation, London attached as Schedule "1" to the by-law; and
- b) authorize the Mayor and the City Clerk to execute the Annual Resolution of the Shareholder of Housing Development Corporation, London attached as Schedule "1" to the by-law.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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June 9, 2016 – Strategic Priorities and Policy Committee – Item #4
 October 26, 2015 – Strategic Priorities and Policy Committee – Item #8
 August 27, 2015 – Strategic Priorities and Policy Committee Item #5

BACKGROUND

At its meeting held June 14, 2016, Municipal Council resolved:

"That the following actions be taken with respect to the 2015 Annual General Meeting of the Shareholder for Housing Development Corporation, London:

- a) the 2015 Annual General Meeting of the Shareholder for Housing Development Corporation, London BE HELD at a meeting of the Strategic Priorities and Policy Committee on July 25, 2016, for the purpose of receiving the report from the Board of Housing Development Corporation, London. 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 2015 Annual Meeting to the Board of Directors for Housing Development Corporation, London, and to invite the representatives of Housing Development Corporation, London to attend at the Annual Meeting and present the report of the Board;

it being noted that the Strategic Priorities and Policy Committee received a communication dated May 24, 2016, from A. Zuidema, Chair, Housing Development Corporation, London Board, with respect to this matter. (4/16/SPPC)".

2015 Annual General Meeting

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

The *Business Corporations Act*, requires two matters to be addressed at the annual meeting. Firstly, the financial statements for the corporation are to be placed before the shareholder. The 2015 Financial Statement for HDC is included as Appendix "B" to this report. The financial statement is comprised primarily of a balance sheet and was not included as part of the City's 2015 Audit as it reflects minimal activity (the issuance of 100 Class A Common Shares to The Corporation of the City of London at \$1.00 each) and did not merit an audit. In 2017, HDC's financial statements will be included in the City's Audit. The Audit related to HDC will include the activities for 2016 year as well as the period from incorporation ending December 31, 2015 and will be placed before the shareholder at the annual meeting in 2017.

Secondly, the *Business Corporations Act* requires that the shareholder appoint an auditor for HDC and where no appointment is made, the auditor in office continues until a successor is appointed. On the initial organization of the HDC, Municipal Council appointed KPMG as auditor for HDC. This was completed by a resolution of the shareholder confirmed by by-law passed by Municipal Council on October 27, 2015.

Currently KPMG LLP is the City's external auditor. Its contract expires on December 31, 2016. The City has issued an RFP for external audit services. Once a contract has been awarded, the appropriate steps will be taken to appoint the new auditor for the HDC. Until then, KPMG LLP continues as the auditor for HDC.

The attached Annual Resolution of the Shareholder of HDC addresses the receipt of the 2015 balance sheet as required by the *Business Corporations Act*.

Appointment of New Directors

The July 25, 2016 report from the City Manager to the Strategic Priorities and Policy Committee entitled "Housing Development Corporation, London Number and Composition of Directors for the Corporation" recommends that the number of directors be increased from three (3) to five (5) and that the terms be staggered to ensure continuity.

Also noted in the report is that a shareholder declaration for HDC is being prepared for the August 29, 2016 meeting of the Strategic Priorities and Policy Committee. The shareholder declaration will outline the powers, duties and limitations for HDC by the City as sole shareholder. The shareholder declaration should be approved by Municipal Council prior to the new directors taking office. On that basis, it is recommended that the appointment of the new directors not come into force and effect until September 30, 2016, should the Municipal Council wish to select the appointees at this time.

In the event Municipal Council wishes to do so at this time, it will need to approve that the draft by-law and shareholder resolution for the appointment of five (5) directors with staggered terms to take effect September 30, 2016, attached as Appendix "C" to this report, BE INTRODUCED at the Municipal Council meeting to be held on July 26, 2016.

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

c. HDC CEO and Board

Appendicies "A": Bylaw Regarding Resolutions;
 "B": HDC 2015 Balance Sheet Statement;
 "C": Draft By-law to Regarding Resolutions Related to Board

APPENDIX "A"

Bill No.
2016

By-law No. A.-

A by-law to ratify and confirm the Annual Resolutions of the Shareholder of Housing Development Corporation, London.

WHEREAS Housing Development Corporation, London is a corporation incorporated under the *Business Corporations Act* R.S.O. 1990, c.B.16;

AND WHEREAS subsection 104(1)(b) of the *Business Corporations Act* provides that a resolution in writing dealing with all matters required by this 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 this Act relating to that meeting of shareholders;

AND WHEREAS The Corporation of the City of London is the sole shareholder of Housing Development Corporation, London;

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

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;

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

1. The Annual Resolutions of the Shareholder of Housing Development Corporation, London for the fiscal year ended December 31, 2015, 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 on the day it is passed.

PASSED in Open Council on the 26th day of July, 2016.

Matt Brown
Mayor

Catharine Saunders
City Clerk

First reading - July 26, 2016
Second reading – July 26, 2016
Third reading - July 26, 2016

SCHEDULE "1"

**HOUSING DEVELOPMENT CORPORATION, LONDON
(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 resolution, signed by the sole shareholder of the Corporation entitled to vote thereon, are hereby passed pursuant to the provisions of the Act:

FINANCIAL STATEMENTS

It is hereby acknowledged that the balance sheet of the Corporation as at December 31, 2015 has been received by the undersigned shareholder of the Corporation.

DATED this _____ day of _____, 2016.

The Corporation of the City of London

By: _____
Name: Matt Brown
Title: Mayor

By: _____
Name: Catharine Saunders
Title: City Clerk

APPENDIX "B"
HOUSING DEVELOPMENT CORPORATION, LONDON
BALANCE SHEET FOR THE PERIOD ENDING DECEMBER 31 2015

Unaudited
Financial Statement of

**HOUSING DEVELOPMENT CORPORATION,
LONDON**

December 31, 2015

HOUSING DEVELOPMENT CORPORATION, LONDON

Statement of Financial Position (Unaudited)

As at December 31, 2015

	December 31, 2015	October 26, 2015
	<i>(unaudited)</i>	<i>(unaudited)</i> (note 3)
Assets		
Current assets		
Due from The Corporation of the City of London (note 2)	\$ 100	\$ 100
Total assets	\$ 100	\$ 100
Liabilities and Shareholder's Equity		
Shareholder's Equity		
Share capital (note 2)	\$ 100	\$ 100
Total shareholder's equity	\$ 100	\$ 100
Total liabilities and shareholder's equity	\$ 100	\$ 100

The accompanying notes are an integral part of this financial statement.

1. Nature of reporting entity

Housing Development Corporation, London (the "Corporation") is a municipal services corporation with share capital incorporated under the *Business Corporations Act*, R.S.O. 1990, c.B.16 on October 26, 2015.

The Corporation is a wholly owned subsidiary company of The Corporation of the City of London (the "City") and is managed by a Board of Directors appointed by the City, as the sole shareholder.

2. Share capital

	December 31, 2015	October 26, 2015
Authorized:		
An unlimited number of Class A common shares		
An unlimited number of Class B common shares		
An unlimited number of Class C common shares		
An unlimited number of non-cumulative, redeemable, voting Class A Special shares		
An unlimited number of non-cumulative, redeemable, voting Class B Special shares		
An unlimited number of non-cumulative, redeemable, voting Class C Special shares		
An unlimited number of non-cumulative, redeemable, voting Class D Special shares		
An unlimited number of non-cumulative, redeemable, voting Class E Special shares		
Issued:		
100 Class A common shares	\$ 100	\$ 100

3. Current and comparative figures

Comparative figures presented in the Statement of Financial Position represent the opening balance sheet of the newly incorporated entity as of the incorporation date of October 26, 2015.

Current figures presented in the Statement of Financial Position represent the closing balances as at December 31, 2015.

There was no activity for the period from October 26, 2015 to December 31, 2015 and as a result, there is no Statement of Operations, Statement of Net Financial Position or Statement of Cash Flows included in this financial statement.

These figures are unaudited and have been prepared for internal reporting purposes.

This statement has been compiled by management, solely for the purpose of the first annual meeting of the shareholder of the Corporation.

APPENDIX "C"

Bill No.
2016

By-law No. A.-

A by-law to ratify and confirm the Resolution of the Shareholder of Housing Development Corporation, London.

WHEREAS Housing Development Corporation, London is a corporation incorporated under the *Business Corporations Act* R.S.O. 1990, c.B.16;

AND WHEREAS subsection 104(1)(b) of the *Business Corporations Act* provides that a resolution in writing dealing with all matters required by this 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 this Act relating to that meeting of shareholders;

AND WHEREAS The Corporation of the City of London is the sole shareholder of Housing Development Corporation, London;

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

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;

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

1. The Resolution of the Shareholder of Housing Development Corporation, London, regarding the election of Directors for the corporation attached as Schedule "1" is ratified and confirmed.
2. The Mayor and the City Clerk are authorized to execute the Resolution of the Shareholder ratified and confirmed under section 1 of this by-law.
3. This by-law comes into force on September 30, 2016.

PASSED in Open Council on the day of , 2016.

Matt Brown
Mayor

Catharine Saunders
City Clerk

First reading -
Second reading -
Third reading -

SCHEDULE "1"

HOUSING DEVELOPMENT CORPORATION, LONDON (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 resolution, signed by the sole shareholder of the Corporation entitled to vote thereon, is hereby passed pursuant to the provisions of the Act:

ELECTION OF DIRECTORS

WHEREAS pursuant to a Special Resolution of the Shareholder dated July 26, 2016 the board of directors of the Corporation shall consist of five (5) citizen-at-large directors, which shall be composed of three (3) classes of directors, consisting of a Class 1 (2 members), Class 2 (2 members) and Class 3 (1 member), rotating in three (3) year renewable terms, to allow for future staggering of board membership and ensure continuity and stability of the governance structure;

NOW THEREFORE BE IT RESOLVED THAT:

1. Effective September 30, 2016, each of the following persons is hereby **elected** 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 at the close of the annual meeting described below, such director shall hold office until his or her successor is elected:

<u>Class</u>	<u>Name of Director</u>	<u>Term</u>
First		the close of the annual meeting of shareholders to be held in 2019 for the financial year ending December 31, 2018
First		the close of the annual meeting of shareholders to be held in 2019 for the financial year ending December 31, 2018
Second		the close of the annual meeting of shareholders to be held in 2018 for the financial year ending December 31, 2017
Second		the close of the annual meeting of shareholders to be held in 2018 for the financial year ending December 31, 2017
Third		the close of the annual meeting of shareholders to be held in 2017 for the financial year ending December 31, 2016

DATED this _____ day of _____, 2016.

The Corporation of the City of London

By: _____
Name: Matt Brown
Title: Mayor

By: _____
Name: Catharine Saunders
Title: City Clerk