

TO:	CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE MEETING ON JUNE 25, 2018
FROM:	MARTIN HAYWARD CITY MANAGER
SUBJECT:	HOUSING DEVELOPMENT CORPORATION, LONDON 2017 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 June 26, 2018 to:

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

PREVIOUS REPORTS PERTINENT TO THIS MATTER
--

June 9, 2016 – Strategic Priorities and Policy Committee – Agenda Item #4
 July 25, 2016 – Strategic Priorities and Policy Committee – Agenda Items #5 and #6
 May 15, 2017 – Strategic Priorities and Policy Committee – Agenda Item #8
 March 26, 2018 – Strategic Priorities and Policy Committee – Agenda Item #4.3

BACKGROUND

At its meeting held March 27, 2018, Municipal Council resolved:

"That the following actions be taken with respect to the 2017 Annual General Meeting of the Shareholder for the Housing Development Corporation, London:

- a) the 2017 Annual General Meeting of the Shareholder for the Housing Development Corporation, London BE HELD at a meeting of the Strategic Priorities and Policy Committee on June 25, 2018, for the purpose of receiving the report from the Board of Directors of the 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 2017 Annual Meeting to the Board of Directors for the Housing Development Corporation, London and to invite the Chair of the Board and the Chief Executive Officer of the Housing Development Corporation, London to attend at the Annual Meeting and present the report of the Board in accordance with the Shareholder Declaration;

it being noted that the Strategic Priorities and Policy Committee received a communication dated January 29, 2018, from D. Brouwer, Chair, Housing Development Corporation, London, with respect to this matter."

2017 Annual General Meeting

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

The attached (Schedule "A") Annual Resolutions of the Shareholder of the Housing Development Corporation, London addresses the following matters that are required to be dealt with at an Annual Meeting as required by the Shareholder's Declaration and the *Business Corporations Act*:

- a) receipt of the 2017 audited financial statements;
- b) appointment of the Auditors; and
- c) election of the directors.

The Board of Directors has requested that Daniel Ross and Larry Hazel be reappointed to a second term as third class of directors. It is also noted that Vivian Lui has changed her last name to Iron. This is reflected in the attached resolution of the shareholder.

PREPARED BY:	RECOMMENDED BY:
CATHY SAUNDERS CITY CLERK	MARTIN HAYWARD CITY MANAGER

APPENDIX "A"

Bill No.
2018

By-law No. A.-

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

WHEREAS the 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 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 Housing Development Corporation, London for the fiscal year ended December 31, 2017, attached as Schedule "A" 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 June, 2018.

Matt Brown
Mayor

Catharine Saunders
City Clerk

First Reading - June 26, 2018
Second Reading – June 26, 2018
Third Reading - June 26, 2018

SCHEDULE "A"

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 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

It is hereby acknowledged that the balance sheet of the Corporation as at December 31, 2017, 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

WHEREAS pursuant to the Shareholder Declaration the board of directors for the Corporation shall consist of five (5) Directors;

AND WHEREAS the terms of the directors that are members of the second class expire at the annual meeting of shareholders held in 2018 pursuant to paragraph 4.4 of the Shareholder Declaration;

NOW THEREFORE BE IT RESOLVED THAT:

1. Each of the following persons, being directors that are members of the second class pursuant to paragraph 4.4 of the Shareholder Declaration, 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>
Second	Daniel Ross	the close of the annual meeting of shareholders to be held in 2021 for the financial year ending December 31, 2020
Second	Larry Hazel	the close of the annual meeting of shareholders to be held in 2021 for the financial year ending December 31, 2020

CONFIRMATION OF CONTINUING TERMS

2. Each of the following persons, being directors that are members of the first, and third class, as provided for below, pursuant to paragraph 4.4 of the Shareholder Declaration is hereby **confirmed** as having a term continuing until 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	Louise Stevens	the close of the annual meeting of shareholders to be held in 2019 for the financial year ending December 31, 2018
First	Dick Brouwer	the close of the annual meeting of shareholders to be held in 2019 for the financial year ending December 31, 2018
Third	Vivian Iron	the close of the annual meeting of shareholders to be held in 2020 for the financial year ending December 31, 2019

APPOINTMENT OF AUDITORS

3. 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 by the shareholder at such remuneration as may be fixed by the directors and the directors are hereby authorized to fix such remuneration.

DATED this _____ day of _____, 2018.

The Corporation of the City of London

By: _____

Name: Matt Brown

Title: Mayor

By: _____

Name: Catharine Saunders

Title: City Clerk

Financial Statements of

**HOUSING DEVELOPMENT CORPORATION,
LONDON**

Year ended December 31, 2017



KPMG LLP
140 Fullarton Street Suite 1400
London ON N6A 5P2
Canada
Tel 519 672-4800
Fax 519 672-5684

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Housing Development Corporation, London

We have audited the accompanying financial statements of Housing Development Corporation, London, which comprise the statement of financial position as at December 31, 2017, the statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Housing Development Corporation, London as at December 31, 2017, and its results of operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that tapers at both ends, serving as a decorative underline.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 19, 2018

HOUSING DEVELOPMENT CORPORATION, LONDON

Statement of Financial Position

As at December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets		
Due from the Corporation of the City of London (note 3)	\$ 5,926,529	\$ 2,306,000
Trade and other receivables	27,895	3,049
Total financial assets	5,954,424	2,309,049
Financial liabilities		
Accounts payable and accrued liabilities	27,739	21,700
Total financial liabilities	27,739	21,700
Net financial assets	5,926,685	2,287,349
Non-financial assets		
Tangible capital assets (note 4)	1,346	1,731
Prepaid expenses	63,975	3,942
Total non-financial assets	65,321	5,673
Accumulated surplus (note 5)	\$ 5,992,006	\$ 2,293,022

The accompanying notes are an integral part of these financial statements.

HOUSING DEVELOPMENT CORPORATION, LONDON

Statement of Operations

For the year ended December 31, 2017, with comparative information for the fifteen-month period ended December 31, 2016

	Budget	2017	2016
Revenues			
Transfer payments			
Municipal - the Corporation of the City of London	\$ 2,767,755	\$ 4,343,164	\$ 2,691,502
Federal	-	3,100	-
Interest income	-	54,933	13,140
Other	-	6,000	-
Total revenues	2,767,755	4,407,197	2,704,642
Expenses			
Salaries, wages and benefits	487,171	427,796	232,363
Materials and supplies	63,940	30,764	11,804
Contracted services	186,644	124,594	167,361
Office rental expense	30,000	24,674	-
External transfers	-	100,000	-
Amortization of tangible capital assets (note 4)	-	385	192
Total expenses	767,755	708,213	411,720
Annual surplus	2,000,000	3,698,984	2,292,922
Accumulated surplus, beginning of year (note 5)	2,293,022	2,293,022	-
Issuance of share capital (note 7)	-	-	100
Accumulated surplus, end of year (note 5)	\$ 4,293,022	\$ 5,992,006	\$ 2,293,022

The accompanying notes are an integral part of these financial statements.

HOUSING DEVELOPMENT CORPORATION, LONDON

Statement of Net Financial Assets

For the year ended December 31, 2017, with comparative information for the fifteen-month period ended December 31, 2016

	Budget	2017	2016
Annual surplus	\$ 2,000,000	\$ 3,698,984	\$ 2,292,922
Acquisition of tangible capital assets	(21,735)	-	(1,923)
Amortization of tangible capital assets	-	385	192
	1,978,265	3,699,369	2,291,191
Change in prepaid expenses	-	(60,033)	(3,942)
Change in net financial assets	1,978,265	3,639,336	2,287,249
Net financial assets, beginning of year	2,287,349	2,287,349	-
Issuance of share capital (note 7)	-	-	100
Net financial assets, end of year	\$ 4,265,614	\$ 5,926,685	\$ 2,287,349

The accompanying notes are an integral part of these financial statements.

HOUSING DEVELOPMENT CORPORATION, LONDON

Statement of Cash Flows

For the year ended December 31, 2017, with comparative information for the fifteen-month period ended December 31, 2016

	2017	2016
Cash provided by:		
Operating activities:		
Annual surplus	\$ 3,698,984	\$ 2,292,922
Items not involving cash:		
Amortization of tangible capital assets	385	192
Change in non-cash assets and liabilities:		
Due from the Corporation of the City of London	(3,620,529)	(2,306,000)
Prepaid expenses	(60,033)	(3,942)
Trade and other receivables	(24,846)	(3,049)
Accounts payable and accrued liabilities	6,039	21,700
Net change in cash from operating activities	-	1,823
Capital activities:		
Purchase of tangible capital assets	-	(1,923)
Cash used in capital activities	-	(1,923)
Financing activities:		
Issuance of share capital	-	100
Cash provided by financing activities	-	100
Net change in cash flows and cash, end of period	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

HOUSING DEVELOPMENT CORPORATION, LONDON

Notes to Financial Statements

Year ended December 31, 2017

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. Significant accounting policies

The financial statements of the Corporation are prepared by management, in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants (CPA) of Canada Public Sector Handbook – Accounting.

Significant accounting policies are as follows.

(a) Basis of accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Office equipment and furniture	5

Annual amortization is charged in the year of acquisition and in the year of disposal using the half year rule. Assets under construction are not amortized until the asset is available for productive use.

(c) Government transfers

Government transfer payments from the City are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

HOUSING DEVELOPMENT CORPORATION, LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2017

2. Significant accounting policies (continued)

(d) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the valuation allowances for receivables and useful lives assigned to tangible capital assets.

Actual results could differ from those estimates.

(e) Budget figures

Budget figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB"), certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

(f) Liability for contaminated sites

Under PS 3260, liability for contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

3. Due from the Corporation of the City of London

In accordance with the City of London Council's direction of September 2, 2014, the Corporation has been extended shared services support from the City. The City's support services include office space, information technology, risk management, facility, finance, payroll, purchasing, legal and other administrative services to ensure operational efficiency. The Corporation incurred a charge of \$25,000 for these services and this expense has been included in the Statement of Operations.

The City maintains a separate general ledger on behalf of the Corporation. All funds are paid and received through the City's bank account and are held for use by the Corporation.

HOUSING DEVELOPMENT CORPORATION, LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2017

4. Tangible capital assets

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Office equipment and furniture	\$ 1,923	\$ -	\$ -	\$ 1,923
Total	\$ 1,923	\$ -	\$ -	\$ 1,923

Accumulated Amortization	Balance at December 31, 2016	Amortization Expense	Disposals	Balance at December 31, 2017
Office equipment and furniture	\$ 192	\$ 385	\$ -	\$ 577
Total	\$ 192	\$ 385	\$ -	\$ 577

	Net book value December 31, 2016	Net book value December 31, 2017
Office equipment and furniture	\$ 1,731	\$ 1,346
Total	\$ 1,731	\$ 1,346

5. Accumulated surplus

Accumulated surplus consists of individual fund surplus, reserve funds and share capital as follows:

	2017	2016
Surplus:		
Invested in tangible capital assets	\$ 1,346	\$ 1,731
Total surplus	1,346	1,731
Reserve funds set aside for specific purpose by the Board:		
Affordable Housing future operations	5,990,560	2,291,191
Total reserve funds (note 6)	5,990,560	2,291,191
Share capital:		
100 Class A common shares (note 7)	100	100
Total share capital	100	100
	\$ 5,992,006	\$ 2,293,022

HOUSING DEVELOPMENT CORPORATION, LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2017

6. Analysis of reserve fund

	2017	2016
Affordable Housing reserve fund:		
Balance, beginning of year	\$ 2,291,191	\$ -
Interest earned	54,933	13,140
Contributions from current operations:		
Annual	2,000,000	2,000,000
Additional one-time from City of London	1,600,000	-
Current year surplus	32,500	278,051
Current year surplus reserved for office leasehold improvements	111,936	-
Transfers to current operations	(100,000)	-
Balance, end of year	\$ 5,990,560	\$ 2,291,191

	2017	2016
Comprised of:		
Contributions from the City of London, stipulated for use in future affordable housing projects	\$ 5,568,073	\$ 2,013,140
Accumulated operating surpluses held for future administration expenses	422,487	278,051
Balance, end of year	\$ 5,990,560	\$ 2,291,191

7. Share capital

	2017	2016
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

HOUSING DEVELOPMENT CORPORATION, LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2017

8. Budget data

Budget data presented in these financial statements are based upon the 2017 operating budget approved by the City and interim Board and then transferred to the Corporation. Adjustments to budgeted values were required to provide comparative budget values based on the full accrual basis of accounting. The chart below reconciles the approved budget with the budget figures as presented in these financial statements.

	Budget
Revenue:	
Municipal revenue – The Corporation of the City of London	\$ 743,792
Total revenue	743,792
Expenses:	
Personnel costs	167,792
Administrative expenses	88,405
Purchased services	482,725
Materials and supplies	2,330
Furniture and equipment	2,540
Total expenses	743,792
Net surplus as per Approved Budget	\$ -
Public Sector Accounting Board (PSAB) Reporting Requirements and Budget adjustments:	
Increase in government grants and subsidies	\$ 26,579
Increase in municipal revenue	1,997,384
Increase in personnel costs and furniture and equipment	(23,963)
Net PSAB Budget Surplus as per Financial Statements	\$ 2,000,000

9. Comparative information

Comparative information presented is for the fifteen-month period from October 26, 2015 to December 31, 2016.

KPMG LLP
1400-140 Fullarton Street
London, ON
N6A 5P2

April 19, 2018

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as “financial statements”) of Housing Development Corporation, London (“the Entity”) as at and for the period ended December 31, 2017.

GENERAL:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

RESPONSIBILITIES:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated September 15, 2016, for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework
 - b) providing you with all relevant information of which we are aware that is relevant to the preparation of the financial statements, such as all financial records and documentation and other matters, including (i) the names of all related parties and information regarding all relationships and transactions with related parties, and (ii) the complete meeting minutes, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements, and access to such relevant information. All significant board and committee actions are included in the summaries.
 - c) providing you with additional information that you may request from us for the purpose of the engagement.
 - d) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
 - e) such internal control as management determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or

error. Management also acknowledges and understands that they we responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.

- f) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- g) providing you with written representations that you are required to obtain under your professional standards and written representations that you determined are necessary.
- h) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that management, and others within the entity, did not intervene in the work the internal auditors performed for you.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which management is aware.

FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud
 - b) all information in relation to fraud or suspected fraud that we are aware of and that affects the financial statements and involves: management, employees who have significant roles in internal control, or others, where the fraud could have a material effect on the financial statements
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements

SUBSEQUENT EVENTS:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

RELATED PARTIES:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

ESTIMATES:

- 8) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

GOING CONCERN:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:

- 11) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002). We also confirm that the financial statements of the Entity will not be included in the consolidated financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.


Yours very truly,



Stephen Giustizia,
Chief Executive Officer,
Housing Development Corporation, London



Sharon Swance, CPA, CGA,
Manager of Accounting,
Finance & Corporate Services,
City of London



Ian Collins, CPA, CMA,
Director, Financial Services,
Finance & Corporate Services,
City of London

I have the recognized authority to take, and assert that I have taken, responsibility for the financial statements