

<b>TO:</b>	<b>CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE MEETING ON MARCH 4, 2019</b>
<b>FROM:</b>	<b>SANDRA DATARS BERE MANAGING DIRECTOR, HOUSING, SOCIAL SERVICES AND DEARNESS HOME</b>
<b>SUBJECT:</b>	<b>RESPONSE TO LONDON MIDDLESEX HOUSING CORPORATION (LMHC) REQUESTED CHANGES TO THE ARTICLES OF INCORPORATION AND PRICEWATERHOUSECOOPERS INTERNAL AUDIT REPORT</b>

**RECOMMENDATION**

That, on the recommendation of the Managing Director, Housing, Social Services and Dearness Home, Civic Administration's Response To London Middlesex Housing Corporation's (LMHC) Requested Changes to their Articles of Incorporation and PricewaterhouseCooper's Internal Audit Report **BE RECEIVED** for information.

**PREVIOUS REPORTS PERTINENT TO THIS MATTER**

- Strategic Priorities and Policy Committee Report, November 27, 2017, 2018 Annual Budget Update – Operating, Capital, Water and Wastewater & Treatment
- Planning and Environment Committee Report, May 14, 2018, Public Participation Planning for Supervised Consumption Facilities and Temporary Overdose Prevention Sites London and Middlesex Corporation
- Audit Committee Report, June 20, 2018, PWC Internal Audit of London & Middlesex Housing Corporation
- Strategic Priorities and Policy Committee Report, June 25, 2018, London & Middlesex Housing Corporation 2017 Annual Meeting of the Shareholder Annual Resolution
- Strategic Priorities and Policy Committee Report, June 25, 2018, London & Middlesex Housing Corporation's Community Housing Revitalization Strategy

**BACKGROUND**

**Link to the City's Strategic Plan**

The services provided by London Middlesex Housing Corporation link to the City's Strategic Plan, specifically in the key area of focus of *Strengthening our Community* and the strategy of providing *Caring and Compassionate Services*.

In 2018, PricewaterhouseCooper (PWC) completed an audit of LMHC's administration operations which included a review of LMHC's funding model, allocation of resources, capital planning, and support costs to support housing stability. At its meeting with the Shareholder (City of London) on June 25, 2018, the London and Middlesex Housing Corporation requested that the Shareholder consider amendments to the LMHC's Articles of Incorporation consistent with the recommendations made by PWC, as well as to support LMHC's board approval of hosting a Safe Consumption Facility in one of its housing communities.

Council's resolution:

1. Civic Administration BE DIRECTED to work with the London & Middlesex Housing Corporation (LMHC) to review and report back on the recommendations contained in the PricewaterhouseCoopers London & Middlesex Housing Corporation Report on Internal Audit Results dated February 15, 2018; and

2. The proposed changes to the LMHC Articles of Incorporation to provide expanded flexibility required to better serve their clients, BE REFERRED to the Civic Administration to work with the LMHC and report back to a future meeting of the Strategic Priorities and Policy Committee (SPPC); it being noted that the following the aforementioned presentation to the SPPC, a special meeting of Shareholder will be scheduled.

Civic Administration coordinated an internal stakeholder group consisting of Finance, Legal, and Housing to consider the proposed changes to the Articles and Incorporation based on LMHC's request and the PWC audit report.

The intent of this report is to:

1. Provide an update to Council of the review from Civic Administration regarding:
  - a. The PWC's Internal Audit Recommendations of LMHC attached as Appendix A;
  - b. The 2 (two) proposed amended versions of LMHC's Articles of Incorporation attached as Appendix B and Appendix C (refer to Schedule A); and
2. To outline recommended next steps.

LMHC has also provided responses to the shareholder in relation to PWC's Internal Audit Recommendations through the Audit Committee Report from June 20, 2018 and the Strategic Priorities and Policy Committee from June 25, 2018 attached as Appendix D. Civic Administration reviewed the responses provided in this report with LMHC to share perspectives and gain additional clarity before submitting this report.

### **Overview of PWC's LMHC Internal Audit Results summarized with the City's response:**

**PWC Observation #1:** Insufficient capital funding for future maintenance.

PWC recommended the need to continue to provide information, education and advocacy to all funding agencies to ensure the awareness of the urgency for funding to maintain quality, safety and satisfaction of LMHC tenants. PWC also suggested that the LMHC asset management strategy to be incorporated into the City of London's Corporate Asset Plan.

### **Civic Administration's Response**

Civic Administration acknowledges the need to maintain quality, safety and tenant satisfaction. Currently, LMHC's annual operating budget is approximately \$10.2M plus an annual capital budget of \$2.2M to support safe and quality housing infrastructure. In addition, Council supported an additional \$1M (\$500,000 for 2018 and \$500,000 for 2019) for security improvements for all LMHC housing facilities through the 2018 Budget Update process. In addition, in 2017 and 2018 LMHC received Social Housing Improvement Program and Social Housing Apartment Retrofit capital funding provided through the Ministry of Municipal Affairs and Housing. It is expected that these capital projects will be completed in the spring of 2019. Also in 2019, LMHC will receive additional Social Housing Apartment Improvement capital funding provided through the Ministry of Municipal Affairs and Housing. In addition the City has requested assistance from both the provincial and federal governments.

Civic Administration supports incorporating LMHC's asset management strategy into the corporate City's Asset Management Strategy. LMHC has started the development of its Asset Management Strategy and is working towards developing a detailed Implementation Plan to identify the necessary financial plan required to implement its asset management strategy. Civic Administration recommends that LMHC's Asset Management Strategy and Implementation Plan be finalized in order to inform a potential funding request through the City's 2020 – 2023 Multi Year Budget process. To support this process, Civic Administration is currently coordinating with LMHC to formalize the work plan to incorporate LMHC's Asset

Management Strategy into the City's Asset Management Plan once finalized. This coordination is aligned with the City's obligation to have a corporate asset management strategy for all City assets including those managed directly through Boards and Commissions.

LMHC's Asset Management & Implementation Strategy will also support LMHC's Regeneration Strategy by identifying current and future operating, capital and social opportunities for each of its buildings.

**PWC Observation #2:** Impact of tenant intake process and priority list on operating costs.

PWC's action plan suggested that the Housing Access Centre (a service delivered by the city) identify support services needs of tenants; and that it anticipate growth pressures on support services and determine operating budget requirements.

PWC also suggested that LMHC continue to collaborate with its partners to identify proactive measures to support tenants.

### **Civic Administration's Response**

Civic Administration acknowledges PWC's recommendation to both improve the way that the needs of housing applications who apply to the Housing Access Centre for housing are identified and then when housed by LMHC and how LMHC can develop and implement supports to assist tenants.

Housing Division is currently completing a review of its Homeless Prevention and Housing Plan for 2019. The review will incorporate public consultation of stakeholders with a focus of how the Housing Access Centre can improve support to applicants.

Civic Administration supports opportunities to support tenants and recommends that LMHC provide a business case for how LMHC proposes to provide tenant support along with associated budget impacts. The business case should highlight partnerships opportunities and innovative approaches. The business case would assist Civic Administration is reviewing support opportunities that already exist within the community.

**PWC Observation #3:** Tenant Priority List is not aligned with the City of London's Housing Support Strategy

PWC's action plan suggested LMHC work with the City of London to implement a pilot program as a demonstration project for a Housing First approach. An assessment of the housing access systems is required to make sure the proper level of supports and resources are in place before the pilot program tenants are housed by LMHC.

### **Civic Administration's Response**

Civic Administration supports considering a Demonstration Pilot Project business case that is based on best practice, establishes evaluation measures, identified outcomes, establishes necessary tenant supports, aligned with LMHC's current Strategic Plan and is supported with an implementation plan to ensure objectives can be achieved.

**PWC Observation #4:** Flexibility within the Shareholder Agreement

PWC's action plan suggests amending the Shareholder Agreement to allow for some greater discretion of flexibility in the target number of units, whether non-rent geared to income units can be offered, and the ability for LMHC to engage in other forms of revenue generating activities.

## **Civic Administration's Response**

Civic Administration acknowledges that LMHC is governed by the *Housing Services Act, 2011* in which the Act and associated Regulations identify the minimum number of rent geared to income (RGI) units LMHC is required to maintain. Recent legislative changes now allow Local Housing Corporations (such as LMHC) to offer market units while maintaining the minimum legislative required RGI units.

Civic Administration supports LMHC exploring all potential alternative sources of revenue generation, it being noted that alternate service delivery models which are intended to generate alternative sources of revenue but which deviate substantially from LMHC's mandate as outlined in the Shareholder Agreement, will require formal Shareholder approval.

### **PWC Observation #5: Zero Based Budget for New Strategic Plan Implementation**

PWC's action plan recommends LMHC develop a zero based budget to support the implementation of LMHC's new Strategic Plan.

PWC also recommends that LMHC develop a comprehensive financial plan for both operating and capital to submit through the 2020 – 2023 Multi-Year Budget cycle.

## **Civic Administration's Response**

Civic Administration supports the use of zero-based budgeting techniques in the development of LMHC's budget. The City of London has had considerable success utilizing zero-based budgeting techniques as a component of the City's comprehensive service program utilized to address the \$4 million service review target included in the 2016-2019 Multi Year Budget. Zero-based budgeting also provides the opportunity to identify capacity within a budget which can be reallocated to address other budget pressures. Zero-based techniques are scalable and can be performed on individual expenditure lines, full departments or programs, or an organization's budget as a whole.

### **PWC Observation #6: Operating Expenses by Function**

PWC action plan recommends providing a financial report that aligns operating expenditures with LMHC's strategic goals.

## **Civic Administration's Response**

Civic Administration is supportive of efforts that result in greater alignment of strategic goals/objectives to the funding that supports the achievement of those goals. One of the strengths of the City's 2016-2019 Multi Year Budget process is that it provided greater alignment of the Council's 2015-2019 Strategic Plan with the funding to support those strategic objectives. Civic Administration would encourage LMHC, through the development of their comprehensive financial plan, to consider all potential opportunities to closely align their strategic objectives with the funding required to implement those objectives.

### **LMHC's Articles of Incorporation Proposed Amendment Submissions:**

As part of LMHC's Annual Shareholder meeting on June 25, 2018, LMHC presented two versions of proposed amendments to LMHC's current Articles of Incorporation including both a "Passive" & a "Restrictive" version attached as Appendix B and Appendix C (refer to Schedule A). LMHC's current Articles of Incorporation are included as attached in Appendix E (LMHC's current business restrictions are noted on page 3 of Appendix E).

Civic Administration also acknowledges the requirement to work with LMHC on approved changes to the Articles of Incorporation that require amendments to the existing



Shareholders Agreement attached as Appendix F.

### **Proposed LMHC Articles of Incorporation - Passive Version**

The Passive Version of the proposed amendments to LMHC's Articles of Incorporation removes all restrictions for the business operation of LMHC.

### **Civic Administration's Response**

Civic Administration is concerned that removing all business operation restrictions would increase the shareholder's risk from a legal, financial and community impact perspective associated with LMHC's operations. Based on the additional risk that the Passive approach could create for the shareholder, it is Civic Administration's recommendation to propose amendments to the Articles of Incorporation adopted from the Restrictive version.

### **Restrictive Version**

LMHC's proposed amendments in the proposed Restrictive version attached as Appendix C (refer to Schedule A) include:

1. Providing LMHC the ability to develop, operate and maintain housing facilities that may be included within public or community space, recreational facilities, commercial space or other buildings deemed appropriate;
2. Providing LMHC the ability to obtain outside sources of financing and revenue to support providing additional housing units; and
3. Providing LMHC to ability to provide programs and supportive housing to tenants and the community.

### **Amendment #1:**

The business of the corporation shall be restricted to the development, provision, operation and maintenance of housing accommodation with or without any public/community space, recreational facilities, commercial space, or buildings appropriate thereto, whether or not in partnership with for profit, not for profit, or governmental entities, in accordance with the Act.

### **Civic Administration's Response**

Civic Administration is concerned that the term 'development' in this amendment could be interpreted to allow LMHC to act as a developer for new / regenerated housing accommodation. Through the establishment of the Housing Development Corporation, London (HDC), City Council identified HDC as the primary mechanism to support housing development and to work with LMHC and the City to implement a Regeneration of Public Housing Strategy, Council has demonstrated its intention that HDC be the mechanism for advancing affordable housing development.

Civic Administration's will continue to work jointly with LMHC on the recommendation outlined in the 'Conclusion' section of this report.

### **Amendment #2:**

Obtaining outside sources of financing and revenue to further the provision of housing accommodation, as permitted by the Act.

### **Civic Administration's Response**

Civic Administration is concerned that this amendment includes the provision to obtain outside sources of financing that places the shareholder at financial risk with the potential

of future debt servicing costs or other future financial costs which would have a negative impact on future budgets.

Civic Administration is also concerned that this amendment includes the provision for LMHC to develop, establish and / or obtain new outside sources of revenue, without corresponding consideration of possible additional expenditures to earn that revenue. Civic Administration is concerned about the additional risk to LMHC's net budget as LMHC has not indicated which future business ventures it is interested in, or provided a business case with full return on investment analysis for future business ventures demonstrating that additional revenues from future business ventures will offset additional expenditures.

Civic Administration's will continue to work jointly with LMHC on the recommendation outlined in the 'Conclusion' section of this report.

**Amendment #3:**

The provision of programs and supportive housing to tenants and the community in accordance with the Act, including but not limited to providing rent geared to income assistance to households of low to moderate income and facilities which assist with vulnerable populations.

**Civic Administration's Response**

Civic Administration is concerned that this amendment allows LMHC the provision to enter into new community services operations which places the shareholder at risk for additional operational costs. Civic Administration also recommends that this provision should be aligned as to not duplicate existing community services already provided by community support agencies. Lastly, Civic Administration recommends that LMHC's business service operations should be focused on their tenant base.

Civic Administration's will continue to work jointly with LMHC on the recommendation outlined in the 'Conclusion' section of this report.

**Amendment #4:**

Any other matter that is delegated to the corporation by the service manager in accordance with the Act.

**Civic Administration's Response**

Civic Administration notes that this amendment is very similar to the existing Articles of Incorporation version and therefore have no concerns.

**Amendment #5:**

Any other matter that is prescribed under the Act.

**Civic Administration's Response**

Civic Administration notes that this amendment is very similar to the existing Articles of Incorporation version and therefore have no concerns.

**Other Changes from LMHC's Existing Articles of Incorporation**

Civic Administration notes that the provision of accommodation for person having special needs has been removed however Civic Administration has no concerns and has determined that this population is incorporated within **Amendment #3** mentioned above.

**CONCLUSION**

Civic Administration recommends continuing to work with LMHC and to bring forward at a future meeting a revised Articles of Incorporation endorsed by both the Civic Administration and LMHC for Council's approval. The revised version will focus on developing specific language that would support the implementation of LMHC's Strategic Plan to develop its operating activities, ability to build new affordable housing accommodations, establishing a framework for engaging the Shareholder for both new business activities and when acquiring other sources of financing, and to enable LMHC to expand its support to their communities.

**FINANCIAL IMPACT**

There is no direct financial impact associated with this report. As noted in this report, the development of LMHC's Asset Management Strategy and associated Implementation Plan may generate the requirement for additional financial resources which may be considered, alongside other funding requests, through the 2020-2023 Multi Year Budget process.

<b>SUBMITTED BY:</b>	<b>RECOMMENDED BY:</b>
<b>DAVE PURDY MANAGER, HOUSING SERVICES HOUSING, SOCIAL SERVICES AND DEARNESS HOME</b>	<b>SANDRA DATARS BERE MANAGING DIRECTOR HOUSING, SOCIAL SERVICES AND DEARNESS HOME</b>

- C: Anna Lisa Barbon, Managing Director, Corporate Services and City Treasurer, Chief Financial Officer
- David Mounteer, Solicitor II
- Kyle Murray, Director, Financial Planning & Business Support

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# *London & Middlesex Housing Corporation*

## Report on Internal Audit Results

*Review of operational alignment of funding  
model and strategic plan*

February 15, 2018

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# *Agenda*

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## ***Rating Scale – Opportunities for Improvement***

- **Satisfactory**

Controls are present to mitigate process/business risk, however an opportunity exists for improvement.

Satisfactory



- **Needs Improvement**

Existing controls may not mitigate process/business risk and management should consider implementing a stronger control structure.

Needs  
Improvement



- **Unsatisfactory**

Control weaknesses are significant and the overall exposure to risk is unacceptable. Immediate attention and oversight from management is required.

Unsatisfactory



# **Summary of Risks & Scope**

## ***London & Middlesex Housing Corporation: Review of operational alignment of funding model and strategic plan***

### **Scope**

- Review of funding model compared to (1) operational strategy; (2) cost of delivery and provision of services; (3) capital costs; (4) other municipalities/ non-profit and low income/ subsidized housing providers
- Review of resource allocation to operational activities, including growing tenant needs for social support and community development
- Review of capital asset planning, budgeting and funding
- Review of required support costs (vs. actual costs) to support “housing first” and “housing stability” objectives and their alignment with the City of London’s strategic objectives around poverty reduction and homeless

### **Potential Risks**

- Funding model does not properly reflect the gradual changes to the core services offered by LMHC, specifically for the provision of social services and other support needs.
- Level of funding for the LMHC may not be consistent with other municipalities/ non-profit and low income/ subsidized housing providers
- Capital asset planning, budgeting and funding may not allow for appropriate levels of investment in and maintenance of capital assets
- LMHC may incur increased operational and capital costs due to changing demographic of tenants.
- The LMHC objectives may not be aligned with the City of London
- Current operating budget may not allow for appropriate levels of funding to achieve “housing first” and “housing stability” objectives

### **Controls Operating Effectively**

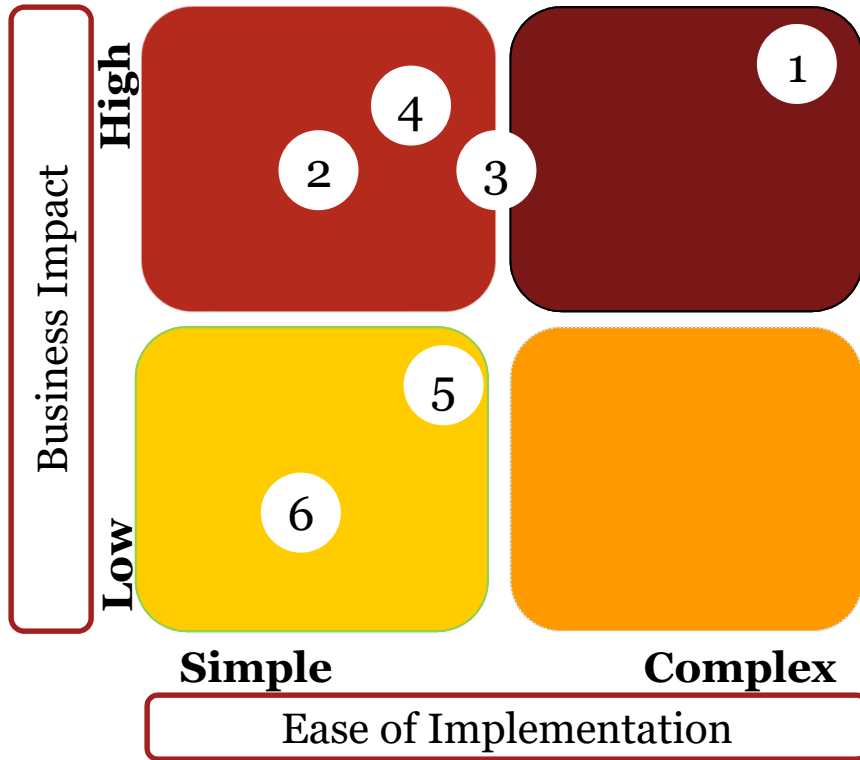
- Prioritization of critical projects for capital and operating spending given the limited resources available
- Limited social service and community outreach resources are effectively deployed by LMHC
- The strategic plan has been designed to align itself with the City of London to address tenant needs

### **Value-for-Money Considerations**

- No value-for-money considerations were identified as part of this review

# Action Plan Summary

## London & Middlesex Housing Corporation: Review of operational alignment of funding model and strategic plan



Observations	Timing	Rating
#1: Insufficient capital funding for deferred maintenance	September 2019	Needs improvement
#2: Impact of tenant intake process and priority list	December 2019	Needs improvement
#3: Tenant priority list is not aligned with the City of London's housing support strategy	December 2018	Needs improvement
#4: Flexibility within shareholder agreement	December 2018	Satisfactory
#5: Zero based budget for new strategic plan implementation	2019 budget cycle	Satisfactory
#6: Operating expenses by function	January 2019	Satisfactory

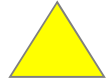
- High Business Impact, Easy to Implement
- High Business Impact, Difficult to Implement
- Low Business Impact, Easy to Implement
- Low Business Impact, Difficult to Implement



# Observations & Action Plans #1

## London & Middlesex Housing Corporation: Review of operational alignment of funding model and strategic plan

Needs  
Improvement



### Observation

#### #1 - *Insufficient capital funding for future maintenance*

- The capital funding per unit LMHC receives is low relative to benchmark municipal housing providers. The average capital funding per unit (of \$583) is far below the average of Kingston, Hamilton and Windsor (average of \$995 in 2015 and 2016). This has resulted in a substantive decline in the conditions of the housing units.

### Business Impact

- LMHC does not have the appropriate level of resources to maintain their properties. As a result, the overall condition of their housing units is at great risk and the capital requirement to bring the units back to a satisfactory level become greater each year. The overall condition of the assets can create a reputational risk for both LMHC and their sole shareholder, the City of London and a safety risk for the tenants and employees of LMHC.

### Action Plan

- LMHC needs to continue to provide information, education, and advocacy to funding agencies, including the Province of Ontario and the City of London to ensure there is full transparency about the urgent and immediate need for capital funding to improve the maintainable quality, safety and satisfaction of tenants. A corporate asset management strategy should be incorporated into the City of London's Corporate Asset strategy. We understand a regeneration plan is also being developed in collaboration with the Housing Development Corporation.

### Action Plan Lead

CEO & Director, Assets and Property Services

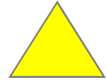
### Timing

September 2019

# Observations & Action Plans #2

## London & Middlesex Housing Corporation: Review of operational alignment of funding model and strategic plan

Needs  
Improvement



### Observation

#### #2 – Impact of tenant intake process and priority list on operating costs

- Control over the tenant priority list has moved to the City of London, granting tenant priority to those with highest needs first. Growth in the number of high-needs tenants LMHC now houses is becoming increasingly costly, and the intake of these individuals has not been matched with the appropriate increase in operating funding to allow LMHC to provide effective services and supports to these tenants.

### Business Impact

- There has been a growing need for additional costs to cover social supports, community development, intervention, security, etc. that has arisen primarily as a result of the changing demographic of tenants. This has placed an increased burden on LMHC from the perspective of limited resources as there has not been a corresponding change to the operating subsidies provided by the City. As a result, LMHC does not have the capacity to proactively deal with some of these growing issues.

### Action Plan

During tenant intake assessment, a two-step approach should be used to (1) identify support service needs of the tenant (a Housing Access Centre responsibility); and (2) use the identification of support service requirements to anticipate growth pressures on support services, mobilize the appropriate response and delivery of support services, determine operating budget requirements and other resources supporting the provision of support services for tenants (an LMHC responsibility).

Concurrently, LMHC should continue to think of new ways to collaborate with its partners such as scheduled site visits by other stakeholders including policy services, medical professionals and mental health professionals to try and be as proactive as possible to serve the growing needs of tenants. As assessment of all potential social and affordable housing clients at the Housing Access Centre to determine necessary supports on an individual basis would be extremely valuable in determining the optimal approach in terms of providing those services.

### Action Plan Lead

Director, Tenant Administration & Director, Corporate Services

### Timing

December 2019

# Observations & Action Plans #3

## London & Middlesex Housing Corporation: Review of operational alignment of funding model and strategic plan

Needs  
Improvement



### Observation

#### **#3 – Tenant priority list is not aligned with the City of London’s housing support strategy**

The tenant priority list, which favours an intake of tenants with complex and high needs, is based on a 2005 local housing rule (referred to the “9 of 10” rule). The City of London’s “Housing First” strategy is to “...move individuals and families [experiences homelessness] quickly into housing...with the right level of support”. In absence of the appropriate levels of support for these new tenants, the current intake process cannot be aligned with the Housing First strategy.

### Business Impact

By providing housing without the right level of support for tenants with multiple complex needs prioritized through the “9 of 10” rule, the strategy cannot be fully implemented. Available social support programs offered within the region (including the City of London services along with various other agencies) are fragmented, and a higher level of focus and attention directed on the high needs tenants would yield better results for the Housing First strategy. This would also improve the health, safety and wellbeing of both tenants and LMHC staff.

### Action Plan

LMHC needs to work with its sole shareholder, the City of London, to seek a phased approach which could start with a pilot program to provide proof of concept. The City and LMHC should review housing access systems and make sure the proper level of supports (and resources for those supports) are in place before these complex and high need tenants are housed by LMHC.

### Action Plan Lead

CEO (LMHC) and City of London

### Timing

December 2018

# Observations & Action Plans #4

Satisfactory 

## London & Middlesex Housing Corporation: Review of operational alignment of funding model and strategic plan

### Observation

#### #4 – Flexibility within shareholder agreement

- Within the shareholder agreement with the City of London, LMHC does not have any flexibility with respect to strategic and operational decisions; this includes strategic portfolio/ asset management review, the number of units it offers under RGI programs, and the creation of operational reserves. This lack of flexibility restricts LMHC’s ability to respond to growing needs, capital deficiencies, changing demographics, etc.

### Business Impact

- Some flexibility within the shareholder agreement with the City of London could help relieve some of the current challenges facing LMHC which include growing operating costs, a significant capital deficiency in capital improvements, the need for improved safety and security, and housing support programs for complex high need tenants. Areas for additional flexibility could include, but are not limited to: the ability to make use of an operational reserve, ability to offer non-RGI units and the number of overall units mandated within the agreement.
- Additionally, this could allow LMHC to look into various other revenue generating activities to help offset some of their operating and capital deficiencies.

### Action Plan

- LMHC should discuss with the City of London the feasibility of amending the shareholder agreement to allow for some greater discretion or flexibility in the target number of units, whether non-RGI units can be offered, and the ability for LMHC to launch other forms of revenue generating activities.

### Action Plan Lead

CEO and Chair of the Board of Directors

### Timing

December 2018

# Observations & Action Plans #5

Satisfactory 

## London & Middlesex Housing Corporation: Review of operational alignment of funding model and strategic plan

### Observation

#### #5 – Zero based budget for new strategic plan implementation

- LMHC has put together a transformative strategic plan for 2017 to 2020 which, on implementation, will require significant changes to the operating and capital budget. The current budgeting process, which is primarily determined based on a percentage year over year change, will not give LMHC sufficient information for funding needs required to implement the plan.

### Business Impact

- The strategic plan represents the high level vision and direction for LMHC, but without the appropriate level of detailed budgeting and consideration of a realignment of activities and cost structure there is uncertainty over the implementation and execution plan. This could impact LMHC's chances of achieving the stated goals & objectives. A detailed budget and execution plan will also help LMHC allocate scarce resources to the critical areas within the strategic plan.

### Action Plan

- LMHC should consider a zero based budget/ forecast process, along with a realignment of resources, to evaluate the specific feasibility of strategic goals and objectives. This could be developed separately from the City of London budget process and would give insight into the specific costs of full implementation of the strategic plan. LMHC should also develop a comprehensive financial plan with consideration of both operating and capital to be provided to the City of London as part of next multi year budget cycle.

### Action Plan Lead

CEO and Director, Corporate Services

### Timing

2019 budget cycle

# Observations & Action Plans #6

Satisfactory 

## London & Middlesex Housing Corporation: Review of operational alignment of funding model and strategic plan

### Observation

#### #6– Operating expenses by function

- The current method of reporting includes a presentation of the operating expenses of LMHC by “nature” (i.e. salaries/ wages, maintenance, administration). Under this format, it is difficult to compare how the resources of LMHC are being deployed to the various strategic goals. A supplementary operating statement showing expenses by “nature” (i.e. people investment, asset improvement, IT enhancements, tenant engagement) may be able to illustrate this better.

### Business Impact

- Readers of the Board reporting package may not be able to effectively analyze the operating results relative to the function of the expenses being incurred. For example, there may be \$150k in administration costs incurred during a month, but it is difficult to consider whether this relates to processing of tenant rent, time spent on IT enhancements, etc.

### Action Plan

- LMHC should consider whether it would be feasible to report, on a supplementary basis, how the operating expenditures line up against the strategic goals. A high cost in certain function, without improvements in the area, could be an indicator of a focus area for management to consider.

### Action Plan Lead

Director, Corporate Services

### Timing

January 2019

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This report was prepared by PricewaterhouseCoopers at the request of the London & Middlesex Housing Corporation and the City of London and is intended solely for the information of the London & Middlesex Housing Corporation and the City of London. The material in it reflects PricewaterhouseCoopers best judgement in light of the information available at the time of preparation. The work performed in preparing this report, and the report itself is governed by and in accordance with the terms and conditions of the internal audit services engagement letter between PricewaterhouseCoopers and the City of London. The existence of this report may not be disclosed nor its contents published in any way without PricewaterhouseCoopers written approval in each specific instance. PricewaterhouseCoopers written approval in each specific instance. PricewaterhouseCoopers does not accept any responsibility to any other party to whom it may be shown or into whose hands it may come.

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## Appendix B

### LONDON & MIDDLESEX HOUSING CORPORATION

Special Resolution of the Sole Shareholder

*Recitals:*

- A. The Corporation was incorporated by a certificate of incorporation dated December 14, 2000, with the name London & Middlesex Housing Corporation.
- B. It is considered necessary and expedient in the interests of the Corporation to amend the articles of the Corporation to change the name of the Corporation and to better align the articles of the Corporation with the priorities identified in the Corporation's latest strategic plan.

**NOW THEREFORE BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. The articles of the Corporation be amended to:
- (a) change the name of the Corporation to:
- LONDON & MIDDLESEX COMMUNITY HOUSING INC.**
- (b) provide that the business and powers of the Corporation shall be as set out in Schedule "A" attached hereto.
2. Any directors or officers of the Corporation be and are hereby authorized and directed to sign all documents and do all things necessary or desirable to effect such amendment including the delivery of articles of amendment in prescribed form to the Director under the *Business Corporations Act* (Ontario).

\*\*\*\*\*

The foregoing special resolution is hereby passed by the sole shareholder of the Corporation pursuant to the provisions of the *Business Corporations Act* (Ontario).

DATED as of the \_\_\_ day of June, 2018.

**THE CORPORATION OF THE CITY OF  
LONDON**

By: \_\_\_\_\_  
Name: Matt Brown  
Title: Mayor

By: \_\_\_\_\_  
Name:  
Title: City Clerk



## **SCHEDULE A**

There are no such restrictions on the business the corporation may carry on or on the powers the corporation may exercise, except as provided for in the Act.

**LONDON & MIDDLESEX HOUSING CORPORATION**

Special Resolution of the Sole Shareholder

*Recitals:*

- A. The Corporation was incorporated by a certificate of incorporation dated December 14, 2000, with the name London & Middlesex Housing Corporation.
- B. It is considered necessary and expedient in the interests of the Corporation to amend the articles of the Corporation to change the name of the Corporation and to better align the articles of the Corporation with the priorities identified in the Corporation’s latest strategic plan.

**NOW THEREFORE BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

- 1. The articles of the Corporation be amended to:
  - (a) change the name of the Corporation to:

**LONDON & MIDDLESEX COMMUNITY HOUSING INC.**
  - (b) to provide that the business of the Corporation shall be as set out in Schedule “A” attached hereto.
- 2. Any directors or officers of the Corporation be and are hereby authorized and directed to sign all documents and do all things necessary or desirable to effect such amendment including the delivery of articles of amendment in prescribed form to the Director under the *Business Corporations Act* (Ontario).

\*\*\*\*\*

The foregoing special resolution is hereby passed by the sole shareholder of the Corporation pursuant to the provisions of the *Business Corporations Act* (Ontario).

DATED as of the \_\_\_ day of June, 2018.

**THE CORPORATION OF THE CITY OF LONDON**

By: \_\_\_\_\_  
Name: Matt Brown  
Title: Mayor

By: \_\_\_\_\_  
Name:  
Title: City Clerk

## **SCHEDULE A**

The business of the corporation shall be restricted to:

- i. the development, provision, operation and maintenance of housing accommodation, with or without any public/community space, recreational facilities, commercial space, or buildings appropriate thereto, whether or not in partnership with for profit, not for profit, or governmental entities, in accordance with the Act;
- ii. obtaining outside sources of financing and revenue to further the provision of housing accommodation, as permitted by the Act;
- iii. the provision of programs and supportive housing to tenants and the community in accordance with the Act, including but not limited to, providing rent-geared-to-income assistance to households of low to moderate income and facilities which assist with vulnerable populations;
- iv. any other matter that is delegated to the corporation by the service manager in accordance with the Act; and
- v. any other matter that is prescribed under the Act,

and the corporation shall exercise no powers other than those required in carrying on of such business and actions reasonably incidental thereto.



June 7, 2018

Chair and Members  
City of London Audit Committee  
300 Dufferin Avenue  
City of London

**RE: PWC INTERNAL AUDIT OF LONDON & MIDDLESEX HOUSING CORPORATION**

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On February 28, 2013, as part of the 2013 Municipal Budget Approval process, Council requested Civic Administration to *“work together with LMHC on a review of any shared services opportunities and cost centre savings and efficiencies; it being noted that the Municipal Council has made available the services of PricewaterhouseCoopers LLP (PwC) to assist in this regard”* and *“report back with respect to the potential establishment of a reserve fund for LMHC.”*

PwC completed Phase 1 of this review in 2013, which included the review and alignment of LMHC purchasing policies with the City’s Procurement of Goods and Services Policy for purchased materials and services.

At the request of LMHC, the City of London Audit Committee, at its meeting of December 7, 2016, approved PwC complete the second phase of the shared services review. At that time, it was expected that Phase 2 would focus on areas where LMHC may be directly delivering or purchasing services and supports that the City directly provides, including but not limited to, technology services and purchased professional/administrative services.

Given PwC’s understanding of LMHC’s operations, the lack thereof of any value-for-money considerations and new strategic direction of LMHC, the scope of the internal review was revised to focus on the operational alignment of LMHC’s funding model and strategic plan.

The evaluation of key controls/processes was predicated on an assessment of risk exposure, that is, the nature and extent of potential for loss/risk.

PwC completed the review in the fall 2017 and presented their findings (Attached as **Appendix 1**) at the January 25, 2018 meeting of the LMHC Board. PwC advised of the following review findings:

- i. that LMHC does not have the appropriate level of resources to maintain our properties;
- ii. there has been a growing need for additional costs to cover social supports, community development, intervention, security, etc. that has arisen primarily as a result of the changing demographic of tenants due to Provincial and local priority rules;
- iii. the tenant priority list is not aligned with the City of London’s housing support strategy;
- iv. that LMHC does not have any flexibility with respect to strategic and operational decisions within the shareholder agreement with the City of London;

- v. that the current budgeting process, which is primarily determined based on a percentage year over year change, will not give LMHC sufficient information for funding needs required to implement our new strategic plan; and
- vi. reporting operating expenses on a supplementary basis by “nature” may help illustrate better how resources are being deploy to the various strategic goals.

Notwithstanding the review findings, PwC provided a summary observation of areas for potential further analysis and areas for consideration that PwC would expect LMHC to address. The following table summarizes the six (6) observations:

#	Observation	Rating	Business Impact
1	Insufficient capital funding for deferred maintenance	Needs Improvement	High Business Impact, Difficult to Implement
2	Impact of tenant intake process and priority list	Needs Improvement	High Business Impact, Easy to Implement
3	Tenant priority list is not aligned with the City of London’s housing support strategy	Needs Improvement	High Business Impact, Difficult to Implement
4	Flexibility within shareholder agreement	Satisfactory	High Business Impact, Easy to Implement
5	Zero based budget for new strategic plan implementation	Satisfactory	Low Business Impact, Easy to Implement
6	Operating expenses by function	Satisfactory	Low Business Impact, Easy to Implement

The Board of LMHC, in response to the submitted observations, adopted the following resolutions:

With respect to the recommendations regarding PwC Internal Audit Report:

1. Administration **BE DIRECTED** to prepare an implementation plan respecting the action plans for consideration and approval by the Board at a future meeting of the Board of Directors.
2. Administration **BE DIRECTED** to arrange for the presentation of the Internal Audit Results Report to the City of London’s Audit Committee, including preparing the appropriate covering letter accompanying the Report and for the Report to be made by the Board Chair and Chief Executive Officer.

The remaining part of this letter forms the basis of an implementation plan and presentation to the City of London’s Audit Committee, scheduled for June 20, 2018.

### **Observation #1 – Insufficient capital funding for future maintenance**

#### **Recommended Action Plan:**

LMHC needs to continue to provide information, education, and advocacy to funding agencies, including the Province of Ontario and the City of London to ensure there is full transparency about the urgent and immediate need for capital funding to improve the maintainable quality, safety and satisfaction of tenants. A corporate asset management strategy should be incorporated into the City of London’s Corporate Asset strategy. We (PwC) understand a regeneration plan is also being developed in collaboration with the Housing Development Corporation.

### **LMHC Response:**

LMHC will continue to provide information, education, and advocacy to funding agencies, including the Province of Ontario and the City of London to ensure there is full transparency about the urgent and immediate need for capital funding to improve the maintainable quality, safety and satisfaction of tenants.

As an important first step, LMHC provided an update to SPPC in May 2017 on the state of public housing assets to understand and begin addressing, in a collaborative way, the funding gap between future capital needs and available funding resources. The Facility Condition Assessment (FCA) completed by VFA Inc. concluded that in order to maintain the current Facility Condition Index (FCI) of 9% (good condition) over next twenty (20) years, LMHC will require an annual increase in capital funding of \$21.2 million above the existing budget allocation of \$2.2 million. Over the same period, adding \$11.3 million to the current annual funding would result in an ending FCI of 40% (fair condition). Maintaining the current level of funding would result in an ending FCI of 75% (deficient condition).

More recently, LMHC in partnership with Ontario's Independent Local Housing Corporations (LHC) Forum submitted a response to Ministry of Housing on the modernization of social housing. The submission, entitled "*Increasing Ontario's Independent LHCs Capacity to Deliver Housing within a Social Housing Modernization Framework*" (attached as **Appendix 2**), responded to pre-determined discussion questions. The submission also highlighted a number of current issues and recommendations related to capital repairs, investment/reserves, funding asset management and planning. As a complementary document, the LHC Forum also produced an information sheet (attached as **Appendix 3**) highlighting a number of facts and the value proposition of Independent LHCs in that they are uniquely positioned to help communities across Ontario meet local housing needs through entrepreneurialism and business innovation.

Moving forward, LMHC must now consider the most efficient and effective strategy for the management and sustainability of one of the City's most important assets – Public Housing. This includes the development of a detailed asset management strategy and implementation plan in order to understand and address the identified funding gap between anticipated future lifecycle renewal needs and available funding resources. LMHC is working with Civic Administration to ensure that the asset management strategy can be incorporated into the City of London's Corporate Asset Management Plan as required under Bill 6, *Infrastructure for Jobs and Prosperity Act, 2015* by January 1, 2021.

LMHC is committed to looking for innovative ways to generate alternative sources of revenue and working with Civic Administration to reduce the capital-funding gap identified by the VFA Report over the long term. The appropriate capital funding level for the next multiyear budget cycle will be reviewed upon the completion of a comprehensive asset management strategy and implementation plans. Any adjustments to funding levels will be the subject of multiyear budget requirements, including but not limited to the submission of a business case.

### Regeneration of Public Housing

In addition, the City of London, as articulated in the London Plan, has begun a process to build a strategy and supports to undertake the regeneration of Public Housing sites within its service area, as well as to expand affordable housing options across the community. The City has established a Housing Development Corporation (HDC) to provide leadership, expertise and focus to this work, providing support across the non-profit and the private housing sectors, as well as to LMHC. A key consideration for the City in establishing the HDC was the need to both bring resources to and create a focus on the need for the regeneration of public housing.

LMHC is committed to working closely with the City of London in its role as Service Manager and the HDC to identify financial tools and best practices to support regeneration. Support from the City of London in its capacity of Shareholder for LMHC will be critical to support a framework to enable the changes required to implement the plan.

LMHC has been working with the HDC and Housing Services to articulate guiding principles and develop a plan to support LMHC to begin the process of regenerating public housing communities in our portfolio. This includes leveraging the capacity and contributions of our partners, the City of London and HDC. Planning for regeneration must support LMHC's Strategic Plan and commitment to create a foundation for a culture of change in our organization and the communities we serve.

Over the past year LMHC, HDC and Service Manager Staff have established an informal process to begin to move forward on a plan for Regeneration. Meeting together regularly, a process is underway to prepare the organizations for the work that lies ahead, and to begin to evaluate each of the public housing sites to support a well-considered and prioritized plan for regeneration and renewal over a period of years. It is the shared goal of this team to present an initial plan for regeneration of public housing sites to the LMHC Board by the end of 2018. It is acknowledged that any plan will be a living document that will need to come back to decision makers at regular intervals, as the team responds to new opportunities, potential partnerships and community needs over time.

## **Observation #2 – Impact of tenant intake process and priority list on operating costs**

### **Recommended Action Plan:**

During tenant intake assessment, a two-step approach should be used to (1) identify support service needs of the tenant (a Housing Access Centre responsibility); and (2) use the identification of support service requirements to anticipate growth pressures on support services, mobilize the appropriate response and delivery of support services, determine operating budget requirements and other resources supporting the provision of support services for tenants (an LMHC responsibility).

Concurrently, LMHC should continue to think of new ways to collaborate with its partners such as scheduled site visits by other stakeholders including police services, medical professionals and mental health professionals to try and be as proactive as possible to serve the growing needs of tenants. An assessment of all potential social and affordable housing clients at the Housing Access Centre to determine necessary supports on an individual basis would be extremely valuable in determining the optimal approach in terms of providing those services.

### **LMHC Response:**

A stronger, more responsive social housing system is one in which collaboration and relationship building and partnership development is fundamental. LMHC, other housing providers and service managers are often facing similar challenges and working independently to solve them.

LMHC has attempted (although not in a strategic and/or focused effort) to build partnerships and coordinate with other agencies to offer the required services to support those with complex barriers to housing, yet our staff continue to report that many community partners struggle to support our tenants. Anecdotally staff have contributed this to either fear of safety, or a lack of resources. With the number of agencies providing similar services within our community, many

must compete for funding and resources, rather than collaborating and coordinate the housing and homelessness support network needed.

LMHCs has become the de facto provider of supports and is doing so without the required resources based on our previous mandate and funding by the City to act as a landlord. These pressures have been layered upon an already aging infrastructure and shareholder agreement that typically does not provide the flexibility to generate or retain additional resources to invest in future initiatives or sustainability. The unintended consequences of well-meaning initiatives has exacerbated and contributed to the further deterioration of LMHC properties, creating a negative impact on the health, safety and wellbeing of our tenants and staff.

Despite these challenges, LMHC is committed to working with Civic Administration to review and revise the intake process for housing. The vision would be to have an access system that assesses individual needs and choice and then matches applicants with appropriate housing and the required level of support/assistance to maintain housing stability over the long term within a priority system that aligns with City's housing and homelessness goals and objectives.

LMHC has also taken a significant step forward in looking at a new way to provide supports to both our tenants and community in partnering with the Middlesex London Health Unit (MLHU) and Regional HIV/AIDs Connection (RHAC) to establish a Supervised Consumption Facility (SCF) at 241 Simcoe Street. The collaboration with the MLHU and RHAC will allow us to leverage and share a community asset for the benefit of the whole community while improving tenant safety and increasing support services in social housing.

Based on the idea that upfront housing education and support will lead to tenancies that are more successful and increased housing stability, one of LMHC strategic action plan was to develop a tenant education/onboarding program. This idea has been supported by the Housing Division who is introducing a program called "RentSmart" that provides education and support to tenants, housing providers and community educators with one goal: Successful Tenancies.

### **Observation #3 – Tenant priority list is not aligned with the City of London's housing support strategy**

#### **Recommended Action Plan:**

LMHC needs to work with its sole shareholder, the City of London, to seek a phased approach, which could start with a pilot program to provide proof of concept. The City and LMHC should review housing access systems and make sure the proper level of supports (and resources for those supports) are in place before these complex and high need tenants are housed by LMHC.

#### **LMHC Response:**

LMHC as the largest provider of Rent-Geared to Income Housing in London and Middlesex County has never been fully equipped to operate within these models. Both Provincial and Local Access rules require a high percentage of new tenancies be offered to individuals from the 'Special Priority' or 'Urgent' status list. This means that a significant number of new tenants have experienced chronic or episodic homelessness, violence, addiction and mental health issues. Multiple research studies have shown that those experiencing chronic or repeated episodic homelessness often are coping with multiple complex barriers to housing stability including mental health, substance abuse, unemployment and relationship challenges.



In responding to this issue, LMHC as drafted a proof of concept pilot project (attached as **Appendix 4**) to support housing stability within social housing programs for the City of London's consideration.

#### **Observation #4 – Flexibility within shareholder agreement**

##### **Recommended Action Plan:**

LMHC should discuss with the City of London the feasibility of amending the shareholder agreement to allow for some greater discretion or flexibility in the target number of units, whether non-RGI units can be offered, and the ability for LMHC to launch other forms of revenue generating activities.

##### **LMHC Response:**

LMHC does not have any flexibility with respect to strategic and operational decisions under the terms of a Shareholder Declaration approved by the City of London on June 20, 2011. Since that time, the City has evolved its delivery of social and affordable housing as is true across the Ontario social housing sector. This lack of flexibility restricts LMHC's ability to respond to growing and changing needs such as new and unique capital deficiencies and changing tenant demographics.

In order to enable our strategic plan, LMHC is requesting that the City consider amending the Shareholder Declaration to support our new objectives and acknowledge the following:

- LMHC's role in providing a broader range of housing forms to achieve mixed-income profiles and stronger communities;
- Flexibility to build improved revenue streams and a stronger balance sheet;
- New financial tools/greater financial flexibility in our relationship with funders;
- Performance monitoring based on outcomes confirming the Board's responsibility to lead; and
- Support for our role in advocating for our tenants, taking a leadership role in the sector and supporting broader partnership development.

A discussion paper (attached as **Appendix 5**) has been provided that highlights areas for the City of London's consideration and review for a future shareholder direction.

#### **Observation #5 – Zero based budget for new strategic plan implementation**

##### **Action Plan:**

LMHC should consider a zero based budget/ forecast process, along with a realignment of resources, to evaluate the specific feasibility of strategic goals and objectives. This could be developed separately from the City of London budget process and would give insight into the specific costs of full implementation of the strategic plan. LMHC should also develop a comprehensive financial plan with consideration of both operating and capital to be provided to the City of London as part of next multiyear budget cycle.

##### **LMHC Response:**

LMHC is currently working on achieving the strategic objectives outlined in our 2017-2019 strategic plan. One such objective is the development of a comprehensive financial plan. LMHC's finance department is currently developing a financial planning process that is both long-range and integrated with our strategic plan and annual work plans that will serve as the base for a comprehensive financial plan. Although this is a new approach for LMHC, we

understand that a well thought-out financial plan is a critical document that will serve as a guideline for future financial performance and provide the information needed to make informed strategic and operational decisions.

The aim is to match LMHC's financial resources with the goals and objectives outlined in our strategic plan using a structured analytical approach, thus ensuring the financial plan will serve as the blue print to define our fiscal accountability structure. Such structure will be based on prudent fiscal and operational management that supports accountability, sustainability, competitive positioning, affordability and a valued return on investment based on social, economic and environmental returns to the community.

Along with the effective and efficient management of expenditures, the financial plan will also endeavour to foster a culture of continuous improvement, and a focus on developing supportive and predictable sources of investment. A zero based budget/forecast approach aligns well with our intended accountability structure. As such, LMHC will consider a zero based budgeting along with a realignment of resources while completing this project.

### **Observation #6 – Operating expenses by function**

#### **Recommended Action Plan:**

LMHC should consider whether it would be feasible to report, on a supplementary basis, how the operating expenditures line up against the strategic goals. A high cost in certain function, without improvements in the area, could be an indicator of a focus area for management to consider.

#### **LMHC Response:**

LMHC implemented the first phase of a new ERP system in 2017, in order to better collect data and measure impact. This project was a significant undertaking for our staff group as we shifted from a 15-year-old server based system to a more modern cloud based solution. While this technology promises to bring greater efficiencies, particularly with the roll out of the second phase two, it would not currently support this recommendation. Although LMCH sees value in this recommended action, it would create both administrative and resource pressures which could not be absorbed within our current staffing levels.

### **Conclusion**

LMHC is undertaking business transformation and modernizing our practices to improve how we deliver social housing for residents in our community. LMHC is no longer just a landlord and we want our community to know that we CARE and are taking action. LMHC has used the acronym, CARE, as our slogan for impact and to provide a mnemonic for all stakeholders. For us, CARE means being **C**ollaborative and **C**ommitted; **A**ccountable and **A**ccessible; **R**espectful and **R**esponsive; **E**quity and **E**xcellence.

At LMHC, our new vision centers on healthy homes and communities in London and Middlesex using housing as the foundation to make a difference and positively impact lives. LMHC wants to be part of the solution to social issues in our community by showing that we CARE and by taking action.

With a new strategic direction, we believe that as an independent LHC, LMHC is uniquely positioned to help London meet its local social and affordable housing goals through entrepreneurialism and business innovation. With the support of the City of London and collaboration with our community partners, we can begin to address the observations identified by PwC in their internal audit. More importantly, LMHC can help the City in achieving its goal of strengthening our community and building a diverse and caring community that supports every person and that welcomes and engages us in vibrant, safe and healthy neighborhoods.

Regards,

Josh Browne  
Chief Executive Officer, LMHC

Cc: Michael Buzzelli, Chair, LMHC Board of Directors  
Sandra Datars Bere, Managing Director Housing, Social Services and Dearness Home  
City of London  
Stephen Giustizia, CEO, HDC

**Appendix 1:** PwC Report on Internal Audit Result of LMHC: Review of operational alignment of funding model and strategic plan

**Appendix 2:** Increasing Ontario's Independent LHCs Capacity to Deliver Housing within a Social Housing Modernization Framework

**Appendix 3:** Ontario's Independent Local Housing Corporations Information Sheet

**Appendix 4:** LMHC Social Housing with Supports: A Proof of Concept, Pilot Project to Support Housing Stability within Social Housing Programs

**Appendix 5:** LMHC Discussion Document: Shareholder Declaration for the Future

## Appendix E

Request ID: 003244667  
Demande n°:  
Transaction ID: 015116230  
Transaction n°:  
Category ID: CT  
Catégorie:

Province of Ontario  
Province de l'Ontario  
Ministry of Consumer and Commercial Relations  
Ministère de la Consommation et du Commerce  
Companies Branch  
Direction des compagnies

Date Report Produced: 2000/12/14  
Document produit le:  
Time Report Produced: 16:05:45  
Imprimé à:

# Certificate of Incorporation Certificat de constitution

This is to certify that

Ceci certifie que

**LONDON & MIDDLESEX HOUSING CORPORATION**

Ontario Corporation No.

Numéro matricule de la personne morale en  
Ontario

**002000509**

is a corporation incorporated,  
under the laws of the Province of Ontario.

est une société constituée aux termes  
des lois de la province de l'Ontario.

These articles of incorporation  
are effective on

Les présents statuts constitutifs  
entrent en vigueur le

**DECEMBER 14 DECEMBRE, 2000**



Director/Directrice  
Business Corporations Act/Loi sur les sociétés par actions

Request ID / Demande n°

Ontario Corporation Number  
Numéro de la compagnie en Ontario

3244667

2000509

FORM 1

FORMULE NUMÉRO 1

BUSINESS CORPORATIONS ACT

LOI SUR LES COMPAGNIES

ARTICLES OF INCORPORATION  
STATUTS CONSTITUTIFS

1. The name of the corporation is: *Dénomination sociale de la compagnie:*  
LONDON & MIDDLESEX HOUSING CORPORATION .

2. The address of the registered office is: *Adresse du siège social:*

171 QUEENS AVE

(Street & Number, or R.R. Number & if Multi-Office Building give Room No.)  
(Rue et numéro, ou numéro de la R.R. et, s'il s'agit édifice à bureau, numéro du bureau)

LONDON  
CANADA

ONTARIO  
N6A 5J7

(Name of Municipality or Post Office)  
(Nom de la municipalité ou du bureau de poste)

(Postal Code/Code postal)

3. Number (or minimum and maximum number) of directors is:

*Nombre (ou nombres minimal et maximal) d'administrateurs:*

2

13

4. The first director(s) is/are:

*Premier(s) administrateur(s):*

First name, initials and surname  
*Prénom, initiales et nom de famille*

Resident Canadian State Yes or No  
*Résident Canadien Oui/Non*

Address for service, giving Street & No. or R.R. No., Municipality and Postal Code

*Domicile élu, y compris la rue et le numéro, le numéro de la R.R., ou le nom de la municipalité et le code postal*

\* TOM  
ALBRECHT

YES

560 WELLINGTON ST 300

LONDON ONTARIO  
CANADA N6A 3R4

Request ID / Demande n°

Ontario Corporation Number  
Numéro de la compagnie en Ontario

3244667

2000509

4. The first director(s) is/are:	<i>Premier(s) administrateur(s):</i>
First name, initials and surname <i>Prénom, initiales et nom de famille</i>	Resident Canadian    State Yes or No <i>Résident Canadien    Oui/Non</i>
Address for service, giving Street & No. or R.R. No., Municipality and Postal Code	<i>Domicile élu, y compris la rue et le numéro, le numéro de la R.R., ou le nom de la municipalité et le code postal</i>
* ROGER CARANCI	YES
101 GOLDWICK CRESCENT	
LONDON ONTARIO CANADA N5V 2K9	
* GARY WILLIAMS	YES
9 MENDIP CRESCENT	
LONDON ONTARIO CANADA N6E 1H2	
* KIM WALKER	YES
434 THIRD ST	
LONDON ONTARIO CANADA N5W 4W6	
* BETTY ANN MCKINNON	YES
24394 DUNDONALD RD	
GLENCOE ONTARIO CANADA N0L 1M0	

Request ID / Demande n°

Ontario Corporation Number  
Numéro de la compagnie en Ontario

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5. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.  
*Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la compagnie.*

The business of the corporation shall be restricted to:

- i. the provision and operation and maintenance of housing accommodation, with or without any public space, recreational facilities, commercial space or buildings appropriate thereto, in accordance with the Act,
- ii. the administration of programs providing rent-geared-to-income assistance to households of low to moderate income in accordance with the Act,
- iii. the provision of accommodation for persons having special needs,
- iv. any matter with respect to which the corporation and the Minister, the service manager or any other person may enter into an agreement under the Act,
- v. any other matter that is prescribed under the Act,

and the corporation shall exercise no powers other than those required in the carrying on of such business and actions reasonably incidental thereto.

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6. The classes and any maximum number of shares that the corporation is authorized to issue:  
*Catégories et nombre maximal, s'il y a lieu, d'actions que la compagnie est autorisée à émettre:*

The corporation may issue common shares only. Subject to item 8, there are no limits on the number of common shares that may be issued.



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7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:*

(a) The directors of the corporation shall not declare, and the corporation shall not pay, any dividend on any issued share of the corporation.

(b) No part of the income of the corporation shall be payable to or otherwise available for the personal benefit of any shareholder of the corporation.

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8. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:

*L'émission, le transfert ou la propriété d'actions est/n'est pas restreinte. Les restrictions, s'il y a lieu, sont les suivantes:*

(a) Subject to clause (b), without the prior written consent of the Minister, no share or beneficial interest therein shall be allotted, issued or transferred to, or owned by, any person other than the service manager.

(b) Despite clause (a) and subject to clause (c), the corporation may issue shares to, or the service manager may transfer shares or beneficial interest in shares to,

i. a related municipality;

ii. a corporation, the objects of which include the provision of housing, which is prohibited by its instrument of incorporation, legislation, or both, from carrying on business for profit and which is controlled by the service manager or a related municipality; or

iii. a non-profit housing corporation incorporated under section 13 of the Housing Development Act which is controlled by the service manager or a related municipality,

which may own such shares or a beneficial interest therein.

(c) Shares may not be issued or transferred in a manner that would result in the service manager owning less than a majority of the issued and outstanding shares in the capital of the corporation.

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9. Other provisions, (if any, are):  
*Autres dispositions, s'il y a lieu:*

(a) The corporation shall not issue any invitation to the public to subscribe for the securities of the corporation.

(b) The corporation shall not, without the prior written consent of the Minister, amalgamate with a corporation other than,

i. a corporation, the objects of which include the provision of housing, which is prohibited by its instrument of incorporation, legislation, or both, from carrying on business for profit and which is controlled by the service manager or a related municipality; or

ii. a non-profit housing corporation incorporated under section 13 of the Housing Development Act which is controlled by the service manager or a related municipality.

(c) The corporation shall not, without the prior written consent of the Minister, transfer or mortgage or otherwise encumber any real property transferred to it under the Act or grant or dispose of any interest in such real property except to,

i. a related municipality;

ii. a corporation, the objects of which include the provision of housing, which is prohibited by its instrument of incorporation, legislation, or both, from carrying on business for profit and which is controlled by the service manager or a related municipality; or

iii. a non-profit housing corporation incorporated under section 13 of the Housing Development Act which is controlled by the service manager or a related municipality.

(d) The corporation shall not, without the prior written consent of the Minister, transfer or mortgage or otherwise encumber any real property transferred to it under the Act, or develop or redevelop such real property or grant or dispose of any interest in such real property unless,

i. the transfer of such real property by a transfer order made under the Act has been registered as required by section 42 of the Act; and

ii. the transaction complies with any criteria for such a transaction as may be prescribed by regulation made under the Act.

(e) Despite clauses (c) and (d), the corporation may without the consent

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9. Other provisions, (if any, are):  
*Autres dispositions, s'il y a lieu:*

of the Minister,

i. lease an individual residential unit in a housing project located on real property transferred to the corporation under the Act for a term not exceeding one year;

ii. lease to any person any part of the property transferred to the corporation under the Act that is not an individual residential unit if the transfer order made under the Act with respect to that property has been registered as required by section 42 of the Act.

(f) Except for,

i. remuneration from the service manager;

ii. remuneration from another municipality paid pursuant to section 244 of the Municipal Act as amended from time to time, including any successor legislation; and

iii. reimbursement for reasonable expenses incurred in performance of duties as directors of the corporation,

the directors of the corporation shall serve without remuneration in their capacity as directors, as officers if applicable, or in any other capacity and no director shall directly or indirectly receive any profit or payment of any nature from the corporation on any basis.

(g) In addition to its other powers under the Business Corporations Act, the board of directors of the corporation may from time to time take any steps required for the rezoning of any real property owned by the corporation in order to facilitate or enable the development thereof.

(h) On dissolution or winding up of the corporation, any assets remaining after satisfaction of and lawful provision for all debts, obligations and liabilities of the corporation shall be distributed solely to the service manager.

(i) Despite clause (h) if any shares of the corporation upon the date of its dissolution or winding up are owned by,

i. a related municipality;

ii. a corporation, the objects of which include the provision of housing, which is prohibited by its instrument of incorporation,

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Numéro de la compagnie en Ontario

3244667

2000509

9. Other provisions, (if any, are):  
*Autres dispositions, s'il y a lieu:*

legislation, or both, from carrying on business for profit and which is controlled by the service manager or a related municipality; or

iii. a non-profit housing corporation incorporated under section 13 of the Housing Development Act which is controlled by the service manager or a related municipality,

any assets remaining after satisfaction of and lawful provision for all debts, obligations and liabilities of the corporation shall be distributed in proportion to the number of shares owned by the service manager and by each of the municipalities or corporations referred to in clauses i to iii.

(j) In these articles,

"Act" means the Social Housing Reform Act, 2000, as amended from time to time, and includes any successor legislation;

"corporation" means the corporation named in item 1;

"Minister" means the Minister of Municipal Affairs and Housing, or such other member of the Executive Council as may be assigned the administration of the Act under the Executive council Act;

"related municipality" means a municipality within the service area of the service manager as designated in a regulation under Part II of the Act that does not form part of the municipality of the service manager for municipal purposes;

"service manager" means the City of London.

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10. The names and addresses of the incorporators are  
*Nom et adresse des fondateurs*

First name, initials and last name  
or corporate name

*Prénom, initiale et nom de  
famille ou dénomination sociale*

Full address for service or address of registered office or of principal place of business  
giving street & No. or R.R. No., municipality and postal code  
*Domicile élu, adresse du siège social au adresse de l'établissement principal, y compris  
la rue et le numéro, le numéro de la R.R., le nom de la municipalité et le code postal*

\* MEREDITH BERESFORD

777 BAY ST 2ND FLOOR

TORONTO ONTARIO  
CANADA M5G 2E5

MINISTRY OF MUNICIPAL AFFAIRS & HOUSING

**LONDON AND MIDDLESEX  
HOUSING CORPORATION**

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**DECLARATION OF THE SOLE SHAREHOLDER  
BY THE CORPORATION OF THE CITY OF LONDON**

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**APPENDICES**

**APPENDIX A – Accountability Rules**

# DECLARATION OF THE SOLE SHAREHOLDER

## THIS DECLARATION OF THE SOLE SHAREHOLDER

Dated: June 20, 2011

**FROM:** THE CORPORATION OF THE CITY OF LONDON ("the City")

**TO:** LONDON AND MIDDLESEX HOUSING CORPORATION ("LMHC")

### WHEREAS:

- A. LMHC is a social housing provider in the London/ Middlesex area, owning and operating approximately 3,282 social housing units contained within 42 properties.
- B. The City has a dual role in connection with LMHC:
  - (i) **Sole Shareholder.** The City is the sole legal and beneficial shareholder of LMHC, owning 100 common shares in the capital stock of LMHC.
  - (ii) **Service Manager.** The City is the designated service manager under the SHRA for the geographic area in which LMHC's Housing Portfolio is situate.
- C. Where a person is the sole beneficial shareholder of a corporation, the *Business Corporation Act R.S.O. 1990 c.B.16* ("OBCA") section 108 permits the shareholder to make a written declaration that restricts in whole or in part the powers of the directors to manage or supervise the management of the business and affairs of the corporation.
- D. The City in its capacity as the sole legal and beneficial shareholder of LMHC wishes to restrict the powers of the Directors to manage or supervise the management of the business and affairs of LMHC as provided in this Declaration.

### IT IS HEREBY DECLARED THAT:

#### 1.0 INTERPRETATION

- 1.1 **Meaning of Words.** Whenever used in this Declaration, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the following meanings:
  - (a) **"Accountability Rules"** mean the Accountability Rules issued by the Service

Manager dated June 20, 2011 and attached as Appendix A, as amended from time to time.

- (b) **“Annual Information Return”** means the Ministry of Government Services, Ministry of Finance, Corporations Tax Branch Form 1 – Ontario Corporation, Annual Return form required to be filed under the Ontario *Corporations Information Act*.
- (c) **“Annual Report”** has the meaning given in section 5.1.
- (d) **“Auditor”** has the meaning given in section 6.3.
- (e) **“Board”** means the board of directors of LMHC.
- (f) **“Chair”** means the chair of LMHC.
- (g) **“LMHC”** means London and Middlesex Housing Corporation, a corporation under the jurisdiction of the OBCA, having corporation number 2000509.
- (h) **“Chief Executive Officer” (“CEO”)** means the General Manager and Chief Executive Officer of LMHC or the person holding an equivalent office.
- (i) **“Citizen”** means, with respect to a member of the Board or a candidate for such membership, an individual who is not a member of Council.
- (j) **“City”** means The Corporation of the City of London.
- (k) **“Confidential Information”** shall have the same meaning as is used in MFIPPA.
- (l) **“Council”** means the council of the City.
- (m) **“County Council”** means the council of the County of Middlesex.
- (n) **“County of Middlesex”** means the Corporation of the County of Middlesex.
- (o) **“Declaration”** means this shareholder’s declaration as amended from time to time.
- (p) **“Director”** means a director of LMHC.
- (q) **“External Auditor’s Findings Report”** means communication of matters identified by the Auditor during the financial statements audit which matters include misstatements, other than trivial errors, fraud, misstatements that might cause future financial statements to be materially misstated, illegal or possibly illegal acts or significant weaknesses in internal control.
- (r) **“Financial Statements”** means, for any particular period, audited or unaudited (as stipulated in the Declaration), consolidated or unconsolidated (as stipulated in the Declaration), comparative financial statements of LMHC consisting of not less

than a balance sheet, a statement of income and retained earnings, a statement of changes in financial position, a report or opinion of the Auditor (in the case of audited financial statements) and such other statements, reports, notes and information prepared in accordance with generally accepted accounting principles (consistently applied) and as are required in accordance with any applicable law.

- (s) **“Housing Portfolio”** means all housing projects operated by LMHC.
- (t) **“Housing Project”** means all or part of the residential accommodation located in one or more buildings used in whole or in part for residential accommodation, including vacant land, if any, owned by LMHC.
- (u) **“MFIPPA”** means the Ontario *Municipal Freedom of Information and Protection of Privacy Act*, and regulations thereunder and any successor legislation thereto.
- (v) **“OBCA”** means the Ontario *Business Corporations Act* and regulations thereunder and any successor legislation thereto.
- (w) **“Officer”** means an officer of LMHC.
- (x) **“Person”** means an individual, sole proprietorship, partnership, unincorporated association, unincorporated organization, trust body corporate and a natural person in her or his capacity as trustee, executor, administrator or other legal representative.
- (y) **“PIPEDA”** means the federal *Personal Information Protection and Electronic Documents Act*
- (z) **“Resident Canadian”** means an individual, who is,
  - (i) a Canadian citizen ordinarily resident in Canada; or
  - (ii) a permanent resident within the meaning of the *Immigration Act (Canada)* and ordinarily resident in Canada.
- (aa) **“Service Agreement”** means the Service Agreement between LMHC and the City dated August 1, 2002, as amended from time to time.
- (aa) **“Service Manager”** means the City (in its capacity as service manager) as defined in the SHRA.
- (ab) **“Shareholder”** means the City (in its capacity as the sole legal and beneficial shareholder of LMHC).
- (ac) **“SHRA”** means the Ontario *Social Housing Reform Act, 2000* and regulations thereunder and any successor legislation thereto.
- (ad) **“Tenants”** means the tenants of LMHC (as that expression is defined in the Ontario *Residential Tenancies Act, 2006* and regulations thereunder and any successor legislation thereto).

- 1.2 **Extended Meanings.** All words importing the singular number include the plural and vice-versa and words importing gender include all genders.
- 1.3 **Conflict between Service Agreement and Declaration.** In the event of a conflict between the provisions contained in the Service Agreement and the provisions contained in this Declaration, the provisions in the Service Agreement shall prevail.
- 1.4 **Conflict between By-Laws and Declaration.** In the event of a conflict between the provisions contained in the By-Laws and the provisions contained in this Declaration, the provisions in this Declaration shall prevail.
- 1.5 **Severability.** In the event that any provision of this Declaration shall be invalid, illegal or unenforceable, it shall not affect the validity, legality or enforceability of any other provision of this Declaration.
- 1.6 **Proper Law.** This Declaration shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

## 2.0 APPENDIX

- 2.1 **Appendix A.** The Accountability Rules attached as Appendix A shall be incorporated into and form part of this Declaration.

## 3.0 PURPOSES, OBJECTIVES AND PRINCIPLES

- 3.1 **Purposes.** This Declaration is made for the following purposes:
- (a) **Recognize Board Authority.** Recognize the Board's authority to manage or supervise the management of the business and affairs of LMHC in accordance with this Declaration.
  - (b) **Communicate Shareholder's Requirements.** Provide the Board with the Shareholder's requirements regarding LMHC.
  - (c) **Accountability Framework.** Provide for a framework of accountability and responsibility between LMHC and the Shareholder.
  - (d) **Public Information.** Inform the public of the Shareholder's requirements regarding LMHC.
- 3.2 **Principles.** The principles upon which this Declaration are based are as follows:
- (a) **Community Importance.** LMHC is integral to the infrastructure and overall well being of the community.
  - (b) **Responsibility and Prudence.** The business of LMHC should be carried on in a

prudent and responsible manner and as part of that:

- (i) **Fulfill Housing Needs.** LMHC should provide quality, affordable housing accessible to those in need who are eligible for social housing.
- (ii) **Legal Compliance.** LMHC should conduct its affairs in accordance with the law, including without limitation the SHRA.
- (iii) **Contractual Compliance.** LMHC should conduct its affairs in accordance with its contractual obligations, including without limitation any applicable operating agreements.
- (iv) **Sustainable.** LMHC's programs and services should be delivered on a sustainable basis, using the most appropriate methods and structures for doing so.
- (v) **Sensitive.** LMHC should be sensitive to the fact that social housing primarily serves Tenants of low and moderate incomes.
- (vi) **Consistent.** LMHC should ensure that its policies and programs are consistent with the principles set out in this Declaration.
- (vii) **Accountable.** LMHC should be accountable for its delivery of social housing services and programs in accordance with the principles and objectives outlined in this Declaration.

**3.3 Objectives.** The objectives sought to be achieved by the Shareholder with this Declaration are as follows:

- (a) LMHC will utilize its assets for the purposes of providing social housing.
- (b) The assets of LMHC will be maintained in good repair and the usefulness of the assets will be maintained in order to provide quality affordable social housing.
- (c) LMHC will meet the financial performance standards from time to time set by the Shareholder and the Board.
- (d) LMHC will support and promote efforts aimed at providing Tenants with healthy, safe and sustainable communities.
- (e) LMHC will ensure that Tenants will be protected from harassment, in an environment where human rights are upheld.
- (f) Subject to the terms of this Declaration, LMHC will employ its own staff and LMHC will be responsible for the management of its Housing Portfolio, for making policy and operational decisions and for being accountable for such policy and operational decisions.
- (g) LMHC will act to mitigate financial risks to the Shareholder, while service standards and levels are maintained or enhanced.

**3.4 Activities.** Subject to LMHC's financial resources and consistent with the overall principles and objectives outlined in this Declaration, LMHC may engage in any of the following business activities:

- (a) Own, operate or have an ownership interest in rental housing and affordable-ownership housing and provide related services.
- (b) Develop new affordable housing (subject to prior approval of the Shareholder and the Service Manager).
- (c) Redevelop existing Housing Projects (subject to prior approval of the Shareholder and the Service Manager).
- (d) Deliver program-related services on behalf of the Service Manager including but not restricted to rent supplement programs, the completion of applicant/tenant income testing functions and a housing registry or wait list.

#### **4.0 BOARD MATTERS**

**4.1 Board Responsibilities.** Subject to any matters requiring approval of the Shareholder pursuant to this Declaration, the Board shall manage or supervise the management of the business and affairs of LMHC in a manner consistent with the principles, objectives and other provisions outlined in this Declaration and the Accountability Rules. More specifically this shall include without limitation the following:

- (a) Establishing the values, mission and vision for LMHC and preparing strategic plans.
- (b) Establishing policies to guide the operations of LMHC.
- (c) Approving an annual operating plan for LMHC.
- (d) Approving an annual capital plan for LMHC.
- (e) Managing and directing all labour and employee-relations matters.
- (f) Monitoring the performance of LMHC in terms of its finances, costs, quality of Tenant services, building condition and community building.
- (g) Recruiting, supervising and evaluating the CEO including setting employment terms and conditions.
- (h) Communicating regularly to its key stakeholders on the performance and plans of LMHC.

**4.2 Officers.** The Board shall elect a Chair and other key Officers including the Treasurer from among its members, provided that the Secretary need not be a Director. In the event the Chair resigns or otherwise vacates the position of Chair prior to the end of her or his term, the Board shall elect a Chair from among its remaining Directors.



**4.3 Conflict of Interest.**

(a) **Board Compliance.** The Directors and Officers shall comply with all applicable conflict of interest law including without limitation:

- (i) *Municipal Conflict of Interest Act.*
- (ii) OBCA (section 132).
- (iii) SHRA Regulation 339/01 (sections 4 and 5).

(b) **Employee Compliance.** The Directors and Officers of LMHC shall ensure that LMHC employees comply with all applicable conflict of interest law and any related LMHC policy in respect of conflicts of interest.

**4.4 Remuneration.** Except for remuneration from the City as approved by Council from time to time, the Directors shall serve as such without remuneration and no Director shall directly or indirectly receive any profit or payment of any nature from LMHC on any basis including without limitation in the capacity of Officer. The foregoing is provided that Directors may be reimbursed for reasonable expenses incurred by them in the performance of their duties as Directors.

**4.5 Removal of Directors.** A Director may be removed from the Board by resolution of the Board for such reasons including, but not restricted to:

- (a) Breach of the Director's obligations under the OBCA.
- (b) Conflict of interest that cannot be resolved in any other manner satisfactory to the Board and the Shareholder.
- (c) Engagement in activities that are deemed by the Board and/or Council to be inconsistent with the principles, objectives and other provisions of this Declaration.
- (d) Inability to meet the eligibility criteria of a Board member as described in subsection 6.2(a) of this Declaration.
- (e) Absence from three (3) consecutive meetings of the Board during any calendar year without prior written approval of the Board.

**4.6 Staffing.** The Board shall hire a Chief Executive Officer and define policies under which the Chief Executive Officer will employ staff.

**4.7 Regulatory Matters.**

(a) ***Municipal Freedom of Information and Protection of Privacy Act and the Personal Information Protection and Electronic Documents Act.*** LMHC is subject to MFIPPA and PIPEDA, which requires the Board to appoint a "head" for the purposes of disclosing or refusing to disclose "records" or "confidential information", as those expressions are defined in the MFIPPA and PIPEDA.

LMHC shall appoint the Chief Executive Officer as the head of LMHC for the purposes of the MFIPPA.

- (b) **Other Legislation.** LMHC is subject to a variety of legislation that governs its operations and which establishes responsibilities of the Board including without limitation the Ontario *Residential Tenancies Act*, the Ontario *Human Rights Code* and municipal property standards by-laws. In all such cases such legislation shall prevail over this Declaration where there is a conflict between this Declaration and such legislation. Should such a conflict occur, LMHC shall contact the Service Manager to discuss the manner in which the interests of the Shareholder may best be protected.

4.8 **Annual General Meeting.** The Directors of LMHC shall call an annual general meeting of LMHC not later than six (6) months after the end of LMHC's fiscal year.

4.9 **Payment of Auditor.** LMHC shall satisfy payment of the remuneration of the Auditor.

## 5.0 BOARD ACCOUNTABILITY

5.1 **Annual Report.** Within one hundred and fifty (150) days after the end of LMHC's fiscal year, the Board shall prepare and approve an "Annual Report" and submit the report to the Shareholder. The Annual Report shall include:

- (a) Such explanations, notes and information as are required to account for any variances between the actual results from operations and the budgeted amounts set forth in the approved budget, and any material variances in the projected ability of any business activity to meet or continue to meet the financial objectives of the Shareholder.
- (b) Information that is likely to materially affect the Shareholder's objectives.
- (c) Information regarding any matter, occurrence or other event which is a material breach or violation of any law, including major findings of internal and other audits.
- (d) Information on progress and accomplishments relative to the strategic business plan in place.
- (e) Information regarding the performance of LMHC such that the Shareholder can determine that the strategic business plan has been respected.
- (f) Information regarding the performance of LMHC such that the Shareholder can determine that this Declaration has been respected.
- (g) Such additional information as the Shareholder may specify from time to time.

5.2 **Consistency with Other Reports.** LMHC's Annual Report shall be consistent with, but not in lieu of, other reporting that the Service Manager may require.

- 5.3 **Strategic Business Plan.** Every three (3) years the Board shall provide the Shareholder, with a strategic business plan for LMHC outlining goals, strategies and new directions for the following three (3) years.
- 5.4 **Financial Statements.** The Board shall deliver to the Shareholder, as soon as practicable and in any event within one hundred and fifty (150) days after the end of each fiscal year, the LMHC audited annual Financial Statements signed on behalf of the Board by two (2) members of the Board along with a copy of the Auditor's Report and the External Auditor's Findings Report and the management letter for consideration by the Shareholder. Further quarterly financial statements shall be delivered by the Board to the Shareholder not later than the second (2<sup>nd</sup>) month following the end of the quarter.
- 5.5 **Annual Information Return.** The Annual Information Return shall be submitted by the Board to the Shareholder within one hundred and fifty (150) days of LMHC's fiscal year end.
- 5.6 **Accounting.** LMHC shall adopt and use the accounting policies and procedures that may be approved by the Board from time to time and all such policies and procedures shall be consistent with Service Manager requirements and in accordance with generally accepted accounting principles and applicable regulatory requirements.
- 5.7 **Access to Records.** The Shareholder shall have unrestricted access to the books and records of LMHC during normal business hours. The Shareholder shall treat all information of LMHC with the same level of care and confidentiality as any Confidential Information of the Shareholder.

## 6.0 SHAREHOLDER MATTERS

- 6.1 **Matters Requiring Shareholder Approval under the OBCA.** LMHC shall not, without prior written approval of the Shareholder enter into any transaction or take any action that requires shareholder approval pursuant to the OBCA.
- 6.2 **Shareholder to Appoint Directors.** The Shareholder shall appoint the Board in accordance with the following:
- (a) **Eligibility for Board Membership.** To be eligible as a Director, an individual must not be statutorily disqualified from being a director under the OBCA or otherwise, and shall be a Resident Canadian, residing in or paying property taxes to the City or the County of Middlesex . In addition, members of Council and County Council who act as Directors:
- (i) Shall have been elected to such office by qualified electors pursuant to the provisions of the *Municipal Elections Act, 1996*, as amended or shall have been appointed as a member of Council pursuant to section 263 (Filling Vacancies) of the *Municipal Act, 2001*, as amended.
- (ii) Shall be approved as candidates for the Board by resolution of Council or County Council, as applicable.

- (b) **Qualifications of Directors.** In appointing Directors to the Board, the Shareholder shall give due regard to the qualifications of Citizens with the aim of ensuring that the Board collectively represents a range of relevant expertise including with respect to:
- (i) Social housing.
  - (ii) Community development.
  - (iii) Business and financial management.
  - (iv) Corporate governance responsibilities.
  - (v) Organizational development.
  - (vi) Labour relations.
  - (vii) Legal and/or legal aid experience.
  - (viii) Landlord and tenant and social services matters.
- (c) **Composition of the Board.** The Board shall be composed of seven (7) Directors appointed by the Shareholder in accordance with the following:
- 1. Two (2) shall be members of London City Council.
  - 2. One (1) shall be a member of Middlesex County Council.
  - 3. Four (4) shall be citizens-at-large.
- (d) **Appointment Process.**
- (i) **Council Member Appointments.** Council members shall be appointed to the Board through a process approved from time to time by Council for such appointments.
  - (ii) **Other Appointments.** Other members of the Board who are not appointed to the Board through the appointment processes outlined in paragraph 6.2(d)(i) shall be appointed to the Board through a process approved by Council from time to time.
- (e) **Vacancies.** Subject to section 124 of the OBCA (Directors and Officers: Vacancies), if a member of the Board ceases to be a Director for any reason, the Shareholder shall fill the vacancy created thereby as soon as reasonably possible from persons eligible for appointment as a Director pursuant to subsection 6.2(a).
- (f) **Term.** The term of appointment for all Board members shall be for a term of three (3) years provided that Directors may be appointed for an additional one (1)

year term in order that their tenure on the Board shall be concurrent with the term of Council. Directors, if qualified may be re-appointed to the Board.

6.3 **Auditor.** The Shareholder shall appoint an auditor (the "Auditor") which auditor shall be licensed under the *Public Accountancy Act* and who shall be engaged to prepare and provide the Auditor's Report, the External Auditor's Findings Report and the Annual Information Return. The Auditor shall also be engaged to prepare a management letter for the purpose of indicating to LMHC specific ways to improve reporting and financial operations to help foster efficient management of LMHC resources. The management letter will also describe whether or not LMHC has corrected any identified deficiencies in legislative compliance and in internal controls.

6.4 **Other Matters Requiring Shareholder Approval.**

- (a) **Corporate Issues.** Without the prior approval of the Shareholder, LMHC shall not:
- (i) Create any debt.
  - (ii) Purchase or sell real property.
  - (iii) Proceed with redevelopment projects, or material changes in the number or distribution of rent-geared-to-income units, including changes to targeting plans.
  - (iv) Pass or amend any by-laws:
    - 1. With respect to the composition or number of Directors or the term of Directors.
    - 2. That are inconsistent with this Declaration.
  - (v) Take or institute proceedings for any legal reorganization of LMHC (OBCA section 186).

**7.0 CONFIDENTIALITY**

7.1 **Confidentiality.**

- (a) **Confidentiality Exceptions.** The Directors, Officers and the Shareholder shall ensure that Confidential Information of LMHC is not disclosed or otherwise made available to any Person, except to the extent that:
- (i) disclosure to the Shareholder's or LMHC's employees or agents is necessary for the performance of any of their duties and obligations under this Declaration; and

- (ii) disclosure is required in the course of judicial proceedings or pursuant to law.
- (b) **Requests to Disclose.** In the event any of the Directors, Officers and/or the Shareholder receives a request to disclose any Confidential Information pursuant to legal process of any kind, such Director, Officer and/or Shareholder shall notify LMHC promptly so that LMHC may seek a protective order or other appropriate remedy. In the event no such protective order or other remedy is obtained, any of the Directors, Officers and/or Shareholder shall furnish only that portion of the Confidential Information which any of the Directors, Officers and or Shareholder is/are advised by legal counsel is legally required and will exercise all reasonable efforts to obtain reliable assurance that confidential treatment will be afforded to the Confidential Information.

## **8.0 EXCHANGE OF INFORMATION**

- 8.1 **Notice by LMHC.** Where Shareholder approval is required, LMHC shall deliver reasonable advance notice in writing of the need for such approval and shall provide such information as is reasonably necessary for the Shareholder to make an informed decision regarding the subject matter requiring approval.
- 8.2 **Governance.** All communication with respect to general governance matters between LMHC and the Shareholder shall be exchanged between the Chair and the Service Manager or their duly appointed designates.
- 8.3 **Operations.** All communication with respect to operational matters between LMHC and the Shareholder shall be exchanged between the Chief Executive Officer and the Service Manager or their duly appointed designates.
- 8.4 **General.** Any demand, notice or communication to be given under this Declaration and not otherwise addressed in this Declaration shall be in writing and signed by an authorized signatory and shall be personally delivered, mailed by prepaid mail, sent by facsimile or email as follows:

**To: The Corporation of the City of London**  
300 Dufferin Avenue  
P.O. Box 5035  
London ON, N6A 4L9

Facsimile: (519) 661-5804

Attention: Director of Municipal Housing

**To: London and Middlesex Housing Corporation**  
379 Dundas Street, Suite 207  
London ON N6B 1V5

Facsimile: (519) 434-2765

Attention: General Manager & CEO

All demands, notices and communications shall:

- (a) if delivered personally, be deemed to have been received upon receipt;
- (b) if transmitted by facsimile or email, be deemed to have been given on the second (2<sup>nd</sup>) business day following the day they were sent; and
- (c) if mailed, be deemed to have been given on the third (3<sup>rd</sup>) business day following the date they were mailed.

In the event of disruption of normal postal service, notice may be made by personal delivery, facsimile or email only.



**9.0 ENFORCEMENT**

- 9.1 **Voting Power.** The Board and Shareholder shall at all times use their voting powers (whether expressed by way of vote or written consent) in accordance with the provisions of this Declaration and for the purposes of effectuating the same.
- 9.2 **Further Assurances.** LMHC shall, upon the reasonable request of the Shareholder do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts and assurances as may be required for the better carrying out and performance of all the terms of this Declaration.

**10.0 REPEAL AND TERM**

- 10.1 **Commencement.** This Declaration shall come into effect as of June 20, 2011 and continue in effect until terminated by the Shareholder.
- 10.2 **Amendment.** This Declaration may be amended solely at the discretion of the Shareholder. The Shareholder shall provide prior written notice to the Board of any such proposed amendments.

SIGNED by the sole legal and beneficial shareholder on the date first noted above.

**The Corporation of the City of London**

Per:   
\_\_\_\_\_  
**Joe Fontana**  
**Mayor**


Per:   
\_\_\_\_\_  
**Catharine Saunders**  
**City Clerk**

ACKNOWLEDGED by:

**The London and Middlesex  
Housing Corporation**

Per:   
\_\_\_\_\_  
**Gordon Saylor**  
**Chair**

Per:   
\_\_\_\_\_  
**Secretary**

CITY SOLICITOR'S OFFICE CITY OF LONDON	
DATE: <u>July 21, 2011</u>	
APPROVED AS TO FORM ONLY	



**APPENDIX A**

**LONDON AND MIDDLESEX  
HOUSING CORPORATION**

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**ACCOUNTABILITY RULES**

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## **ACCOUNTABILITY RULES**

### **THESE ACCOUNTABILITY RULES ISSUED BY THE SERVICE MANAGER**

Dated: June 20, 2011

**FROM:** THE CORPORATION OF THE CITY OF LONDON (“the City”)

**TO:** LONDON AND MIDDLESEX HOUSING CORPORATION (“LMHC”)

#### **WHEREAS:**

- A. LMHC is a social housing provider in the London / Middlesex area, owning and operating approximately 3,282 social housing units contained within 42 properties.
- B. The City has a dual role in connection with LMHC:
  - (a) **Sole Shareholder.** The City is the sole legal and beneficial shareholder of LMHC, owning 100 common shares in the capital stock of LMHC.
  - (b) **Service Manager.** The City is the designated service manager under the SHRA for the geographic area in which LMHC’s Housing Portfolio is situate.
- C. Section 32 of the SHRA provides that the Service Manager shall establish accountability rules addressing the operation and activities of LMHC, including such matters as reporting requirements, budgeting and funding, the maintenance of housing projects, audits and investigations, the exchange of information and such other matters as the Service Manager considers appropriate to ensure the performance of LMHC’s duties under the SHRA.
- D. The City in its capacity as Service Manager wishes to effect compliance with section 32 of the SHRA through these Accountability Rules.

#### **THE SERVICE MANAGER HEREBY ISSUES THE FOLLOWING ACCOUNTABILITY RULES:**

##### **1.0 INTERPRETATION**

- 1.1 **Meaning of Words.** Whenever used in these Accountability Rules, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the following meanings:
  - (a) **“Accountability Rules”** means these accountability rules.

- (b) **“Auditor”** means the auditor of LMHC.
- (c) **“Board”** means the board of directors of LMHC.
- (d) **“LMHC”** means London and Middlesex Housing Corporation a corporation under the jurisdiction of the OBCA, having corporation number 1718200.
- (e) **“City”** means The Corporation of the City of London.
- (f) **“Council”** means the council of the City.
- (g) **“Declaration”** means the Declaration of the City as the sole legal and beneficial shareholder of LMHC dated June 20, 2011 as amended from time to time.
- (h) **“Financial Statements”** means, for any particular period, audited or unaudited consolidated or unconsolidated, comparative financial statements of LMHC consisting of not less than a balance sheet, a statement of income and retained earnings, a statement of changes in financial position, a report or opinion of the Auditor (in the case of audited financial statements) and such other statements, reports, notes and information prepared in accordance with generally accepted accounting principles (consistently applied) and as are required in accordance with any applicable law.
- (i) **“Housing Portfolio”** means all housing projects operated by LMHC.
- (j) **“Housing Project”** means all or part of the residential accommodation located in one or more buildings used in whole or in part for residential accommodation and includes vacant land, if any owned by LMHC.
- (k) **“Maintenance of Housing Projects”** means the management and maintenance of the Housing Portfolio, including all Housing Projects operated by LMHC.
- (l) **“MFIPPA”** means the Ontario *Municipal Freedom of Information and Protection of Privacy Act*, and regulations thereunder, as such statute may be amended or re-enacted from time to time.
- (m) **“OBCA”** means the Ontario *Business Corporations Act*, and regulations thereunder and any successor legislation thereto.
- (n) **“Other Programs”** means housing programs as identified by the Service Manager which are managed and/or administered by LMHC at the Service Manager’s request.
- (o) **“Person”** means an individual, sole proprietorship, partnership, unincorporated association, unincorporated organization, trust body corporate and a natural person in her or his capacity as trustee, executor, administrator or other legal representative.
- (p) **“PIPEDA”** means the federal *Personal Information Protection and Electronic Documents Act*.

- (q) **“Service Manager”** means the City (in its capacity as service manager) as defined in the SHRA.
  - (r) **“Shareholder”** means the City (in its capacity as sole legal and beneficial shareholder of LMHC).
  - (s) **“SHRA”** means the Ontario *Social Housing Reform Act, 2000* and any regulations thereunder, and any successor legislation thereto.
  - (t) **“Tenants”** means the tenants (as defined in the Ontario *Residential Tenancies Act* and regulations thereunder and any successor legislation thereto), of LMHC.
- 1.2 **Extended Meanings.** All words importing the singular number include the plural and vice-versa and words importing gender include all genders.
- 1.3 **Severability.** In the event that any rule or part thereof or any provision of these Accountability Rules shall be invalid, illegal or unenforceable, it shall not affect the validity, legality or enforceability of any other accountability rule or provision.
- 1.4 **Proper Law.** These Accountability Rules shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

## 2.0 PRINCIPLES

- 2.1 **Principles.** These Accountability Rules are based on the following principles:
- (a) Ensuring stable and predictable funding for LMHC to mitigate any impacts on Tenants from program funding decisions.
  - (b) Acknowledging that the Service Manager will require timely information required to prepare budgets and fulfill its reporting obligations to the Province of Ontario and other agencies.

## 3.0 MANDATE

- 3.1 **LMHC Mandate.** LMHC’s mandate shall be to house households with dependents (family), senior households and households without dependents (singles & childless couples) who are in need of rent-gear-to-income housing. LMHC shall not deviate from this mandate without the prior written consent of the Service Manager which consent will not be unreasonably withheld.
- 3.2 **Maintenance of Housing Projects.** LMHC shall be responsible for the maintenance of Housing Projects and shall ensure that its Housing Projects are well managed, are maintained in a satisfactory state of repair and are fit for occupancy.

#### 4.0 SERVICE LEVEL TARGETS

- 4.1 **Service Level Targets.** LMHC shall comply with service level targets which are from time to time established by statute and/or the Service Manager.
- 4.2 **Units Excluded.** For greater clarity, service level targets established by the Service Manager shall not apply to units managed by LMHC under the provincial Rent Supplement Homelessness Program or the Canada Ontario Affordable Housing Program.
- 4.3 **Alteration of Service Level Targets.** Subsequent to consultation with LMHC, the Service Manager may from time to time alter service level targets to effect compliance with SHRA requirements. In such event, the Service Manager shall deliver notice in writing to LMHC of any service level target changes and shall provide sufficient detail to enable LMHC to adjust its budget and related matters accordingly.
- 4.4 **Report on Service Level Targets.** LMHC shall monitor its service level targets monthly and report as requested by the Service Manager in a format acceptable to the Service Manager on LMHC's performance with respect to its service level targets.
- 4.5 **Deviation Prohibited.** LMHC shall not deviate from established service level targets without prior written consent of the Service Manager.

#### 5.0 ADDITIONAL RESPONSIBILITIES

- 5.1 **Additional Responsibilities.**
- (a) **Additional Programs.** The Service Manager may, from time to time, request that LMHC perform certain functions and assume certain responsibilities, which may include without limitation:
- (i) The operation of a waiting list system for applicants to social housing.
  - (ii) The operation of rent supplement programs.
  - (iii) The management of non-profit provider portfolios.
- (b) **Additional Functions.** In these and all other areas in which the Service Manager requests that LMHC perform functions that are not mandated functions of a non-profit provider under the SHRA, the Service Manager and LMHC shall enter into agreements that include:
- (i) The level of funding to be provided for performance of additional functions.
  - (ii) The conditions and performance expectations of the Service Manager.
  - (iii) The accountability requirements of LMHC in undertaking such additional functions.



- (c) **Consultation.** The Service Manager shall not impose on LMHC functions and obligations that are not identified in the SHRA and applicable operating agreements, or that are not outlined in these Accountability Rules without having consulted with and identified the administrative, operational and costs impacts on LMHC.

## 6.0 COMPLIANCE WITH LAW

- 6.1 **Compliance with Law.** LMHC shall ensure that all Articles, by-laws, resolutions, agreements and documents filed, made, confirmed, amended, entered into or signed by it do not contravene or conflict with any law including without limitation the SHRA.

## 7.0 PERSONNEL

- 7.1 **Employment and Related Matters.** LMHC shall abide by all relevant employment and occupational health and safety legislation in the conduct of its operations, and shall develop appropriate policies in areas recognizing its responsibilities as a public sector employer.

## 8.0 PROCUREMENT

- 8.1 **Tendering and Purchasing Matters.** LMHC shall establish tendering and purchasing practices that ensure that LMHC will manage all financial transactions in a transparent and open manner.

## 9.0 INSURANCE

- 9.1 **Risk Management Provision of Insurance Coverage.** LMHC shall maintain insurance including liability and such other coverages as may from time to time be mandated by statute and/or prescribed by the Service Manager.
- 9.2 **Provision of Insurance Coverage.** LMHC shall name the Service Manager as an insured under its comprehensive insurance policies.

## 10.0 BUDGETING AND FUNDING

- 10.1 **Annual Budget and Related Subsidy Request.** On or before the date(s) specified by the Service Manager, LMHC shall submit to the Service Manager in a format acceptable to the Service Manager:
- (a) **Budget.** A proposed budget in respect of the following calendar year.
  - (b) **Subsidy Request.** A subsidy request supported by the proposed budget which subsidy request shall include the following:

- (i) Any proposed changes in staff complement, reclassifications, and merit salary increases.
- (ii) An estimate of expenditures to be incurred by LMHC in respect of the operation of the Housing Portfolio including a breakdown of such expenditures for each Housing Project, including the estimated cost of repairs, maintenance, improvements, utilities, insurance, administration and taxes.
- (iii) An estimate of the gross revenue to be derived from the Housing Portfolio including a breakdown for each Housing Project, from rentals and all other sources of revenue.
- (iv) An estimate of expenditures to be incurred by LMHC in respect to capital expenditures for each Housing Project.
- (v) Supporting reports to the capital budget setting forth by project the nature and type of capital expenditures proposed to be made in the following fiscal year.
- (vi) A five (5) year capital expenditure projection identifying the major expenditures by project, type and anticipated cost in each of the fiscal years.

**10.2 Subsidy Approval.** Upon review of any proposed budget and related subsidy request submitted by LMHC, the Service Manager may further develop the same and/or make recommendations with respect thereto, in which event LMHC shall cooperate to adjust the proposed budget and subsidy request accordingly. Thereafter the Service Manager may present the budget and related subsidy request to Council for approval at which time Council may approve the subsidy request or modify the subsidy request and approve such modified subsidy request.

**10.3 Finalized Budget.** Based upon the finalized subsidy request approved by Council, the Board shall approve a consistent finalized budget.

**10.4 Subsidy Payments.** The Service Manager shall deliver to LMHC the finalized approved subsidy on a monthly basis. In order to ensure that the flow of subsidy payments is consistent with budgetary requirements, LMHC is encouraged to provide the Service Manager with a statement of estimated monthly subsidy requirements. The Service Manager, in its sole discretion, may deliver to LMHC the monthly subsidy based upon such statement.

**10.5 Adherence to Finalized Budget.** The finalized budget shall govern LMHC's management of operations during the fiscal year for which the budget was prepared and approved and LMHC shall adhere to the finalized budget. Without limiting the generality of the foregoing LMHC shall:

- (a) **Not Exceed Budget.** In any fiscal year, LMHC shall not operate in a deficit and shall not incur, enter upon, contract, or become liable for expenditures beyond or

in excess of the net estimated revenues and expenditures set out in the finalized budget without the prior written consent of the Service Manager which consent will not be unreasonably withheld. More specifically but without limiting the generality of the foregoing LMHC shall not:

- (i) **Capital Subsidy.** Make capital expenditures in excess of the capital subsidy approved for the year, or such interim approvals as the Service Manager may determine.
  - (ii) **Operating Subsidy.** Make operating expenditures in excess of the operating subsidy approved by the Service Manager for the year, or such interim approvals as the Service Manager may determine.
  - (iii) **Other Subsidies.** Make other program expenditures in excess of the other program subsidies approved by the Service Manager for the year, or such interim approvals as the Service Manager may determine.
- (b) **LMHC Not to Under Spend.** LMHC shall in any year not spend any operating, capital or other program surplus subsidies as identified in the approved LMHC audited Financial Statements.
- (c) **LMHC Not to Re-Allocate.** LMHC shall not without the prior written consent of the Service Manager which consent will not be unreasonably withheld:
- (i) Utilize subsidies approved for operating expenditures on capital expenditures or Other Program expenditures.
  - (ii) Utilize subsidies approved for capital expenditures on operating expenditures or Other Program expenditures.
  - (iii) Utilize Other Program subsidies designated by the Service Manager as type-specific program funding for purposes other than those identified by the Service Manager.

10.6 **Budget Updates.** LMHC shall submit to the Service Manager budget updates in a format and frequency acceptable to the Service Manager.

10.7 **Audit.** The LMHC shall ensure that its Financial Statements are audited on an annual basis.

## 11.0 PRIVACY

11.1 **Regulations and Service Manager Policies.** Except for the provisions of the Declaration relating to *MFIPPA* and *PIPEDA*, LMHC shall, with respect to privacy, be regulated by the regulations passed pursuant to the SHRA, and such additional policies prescribed by the Service Manager from time to time and LMHC shall take all necessary steps to adopt as its own, the additional policies prescribed by the Service Manager.

## 12.0 RECORD KEEPING

- 12.1 **Accounting and Reporting.** LMHC shall keep accurate records and accounts of all its transactions in accordance with instructions from time to time received by the Service Manager.
- 12.2 **Agenda and Minutes.** LMHC shall prepare an agenda for and maintain minutes of each meeting of the Board and shall deliver on a monthly basis a copy of each to the Service Manager.

## 13.0 REPORTING REQUIREMENTS

- 13.1 **Compliance with Service Manager Instructions.** LMHC shall submit all statements and reports required hereunder pursuant to instructions received from the Service Manager on the forms prescribed and on the dates set by the Service Manager along with such other reports as Service Manager from time to time deems appropriate within the time frames prescribed by the Service Manager.
- 13.2 **Annual Report.** Within one hundred and fifty (150) days after the end of LMHC fiscal year, the Board shall prepare and approve an Annual Report and submit the report to the Service Manager. The Annual Report shall include:
- (a) Such explanations, notes and information as are required to account for any variances between the actual results from operations and the budgeted amounts set forth in the approved budget, and any material variances in the projected ability of any business activity to meet or continue to meet the financial objectives of the Shareholder.
  - (b) Information that is likely to materially affect the Shareholder's objectives.
  - (c) Information regarding any matter, occurrence or other event which is a material breach or violation of any law, including major findings of internal and other audits.
  - (d) Information on progress and accomplishments relative to the strategic business plan in place.
  - (e) Information regarding the performance of LMHC such that the Service Manager can determine that the business plan has been respected.
  - (f) Information regarding the performance of LMHC such that the Service Manager can determine that these Accountability Rules have been respected.
  - (g) Information regarding the number of evictions each year, the rationale and the cost of such evictions.
  - (h) Such additional information as the Service Manager may specify from time to time.

- 13.2 **Consistency with Other Reports.** LMHC's Annual Report shall be consistent with, but not in lieu of, other reporting that the Service Manager may require.

#### 14.0 EXCHANGE OF INFORMATION

- 14.1 **Notice by LMHC.** Where Service Manager approval is required, LMHC shall deliver reasonable advance notice in writing of the need for such approval and shall provide such information as is reasonably necessary of the Shareholder to make an informed decision regarding the subject matter requiring approval.
- 14.2 **Governance.** All communication with respect to general governance and policy matters between LMHC and the Shareholder shall be exchanged between LMHC Chair and the Service Manager or their duly appointed designate.
- 14.3 **Operations.** All communication with respect to operational matters between LMHC and the Shareholder shall be exchanged between LMHC Chief Executive Officer and the Service Manager or their duly appointed designate.
- 14.4 **General.** Any demand, notice or communication to be given under these Accountability Rules and not otherwise addressed by these Accountability Rules shall be in writing and signed by an authorized signatory and shall be personally delivered, mailed by prepaid mail, sent by facsimile or email as follows:

**To: The Corporation of the City of London**  
300 Dufferin Avenue  
P.O. Box 5035  
London, ON N6A 4L9

Facsimile: 519-661-5804

Attention: Director of Municipal Housing

**To: London and Middlesex Housing Corporation**  
379 Dundas Street, Suite 207  
London ON N6B 1V5

Facsimile: (519) 679-7000

Attention: General Manager & CEO

All demands, notices and communications shall:

- (a) if delivered personally, be deemed to have been received upon receipt;
- (b) if transmitted by facsimile or email, be deemed to have been given on the second (2<sup>nd</sup>) business day following the day they were sent; and
- (c) if mailed, be deemed to have been given on the third (3<sup>rd</sup>) business day following

the date they were mailed.

In the event of disruption of normal postal service, notice may be made by personal delivery, facsimile or email only.

They shall be communicated in writing signed by an authorized signatory of the Service Manager; and

## **15.0 ACCESS TO PREMISES AND AUDIT REVIEWS**

**15.1 Access to Premises and Audit Reviews.** Upon notification to LMHC, the Service Manager shall have full and free access at all times to LMHC Housing Portfolio and to the records, accounts, minutes of meetings, documents and files of LMHC for maintenance, audit review, operation enquiries or for any purpose, and make excerpts and transcripts of same.

## **16.0 BREACH**

**16.1 Breach.** In the event of any material breach of these Accountability Rules or of Service Manager instructions thereunder by LMHC, the Service Manager shall immediately and formally communicate with the Board and request compliance. Should the Board decline or fail to comply, the Service Manager may do one or more of the following:

- (a) Suspend or restrict the internal signing authorities of LMHC.
- (b) Impose a Service Manager administrator on LMHC.
- (c) Notify the Shareholder and seek direction from the Shareholder.
- (d) Suspend all or some of the City subsidies.
- (e) Impose any such remedy as the Service Manager deems necessary in order to return LMHC to full program and/or legislative compliance.

## **17.0 AMENDMENTS**

- 17.1 **Amendments.** These Accountability Rules may be amended solely in the discretion of the Service Manager and LMHC shall comply with such amendments on the date such amendments are declared by Council and/or the Service Manager to be in force. The Service Manager shall provide prior written notice to the Board of any such proposed amendments.