THE CORPORATION OF THE CITY OF PETERBOROUGH

BY-LAW NUMBER 11-148

BEING A BY-LAW TO APPROVE THE DIRECTION OF THE SOLE SHAREHOLDER BY THE CORPORATION OF THE CITY OF PETERBOROUGH (the CITY) TO THE PETERBOROUGH HOUSING CORPORATION (PHC) FOR THE PURPOSE OF RESTRICTING THE POWERS OF THE DIRECTORS TO MANAGE OR SUPERVISE THE MANAGEMENT OF THE BUSINESS AND AFFAIRS OF THE PHC AND TO AUTHORIZE THE MAYOR AND CITY CLERK TO EXECUTE THE DIRECTION

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

AND WHEREAS section 8 of the Municipal Act, 2001 provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS Part IV of the Housing Services Act, 2011 provides that The Corporation of the City of Peterborough has a dual role in connection with the PHC:

(i) SOLE SHAREHOLDER. The City is the sole legal and beneficial shareholder of the PHC, owning 100 common shares in the capital stock of the PHC.

(ii) SERVICE MANAGER. The City is the designated service manager under the Housing Services Act for the geographic area in which the PHC’s Housing Portfolio is situate.

AND WHEREAS where a person is the sole beneficial shareholder of a corporation, the Business Corporations Act R.S.O. 1990 c.B.16 (“OBCA”) section 108 permits the Shareholder to make a written direction 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.

AND WHEREAS the City in its capacity as the sole legal and beneficial shareholder of the PHC wishes to restrict the powers of the Directors to manage or supervise the management of the business and affairs of the PHC as provided in this Direction.

THE CORPORATION OF THE CITY OF PETERBOROUGH BY THE COUNCIL THEREOF HEREBY ENACTS AS FOLLOWS:

1. A Direction between the City and the PHC for the purpose of restricting the powers of the Directors to manage or supervise the management of the business and affairs of the PHC be hereby approved.

2. That the Mayor and Clerk be hereby authorized to execute the Direction approved in section 1, above, substantially in the form attached to this by-law and to the satisfaction of the City Solicitor and to affix the Seal of the Corporation thereto.
3. This by-law shall come into force and effect on the 1st day of January 2012.

By-law read a first, second and third time this 12th day of December, 2011.

(Sgd.) Daryl Bennett, Mayor

(Sgd.) Natalie Garnett, Deputy Clerk
PETERBOROUGH HOUSING CORPORATION
SHAREHOLDER DIRECTION AND DECLARATION

January 1, 2012

FROM: THE CORPORATION OF THE CITY OF PETERBOROUGH

TO: PETERBOROUGH HOUSING CORPORATION

WHEREAS the Peterborough Housing Corporation (the “Corporation”) is a corporation existing under the Business Corporations Act (Ontario) (the “OBCA”);

AND WHEREAS the Corporation of the City of Peterborough (the “Shareholder”) is the sole shareholder and beneficial owner of all issued shares of the Corporation;

AND WHEREAS the Corporation agrees to be bound by the terms and conditions of this agreement, which is intended by the Shareholder to be a Shareholder Direction and Declaration (the “Direction”) pursuant to the OBCA;

AND WHEREAS a portion of the Corporation’s Housing Portfolio is subject to the provisions of the Housing Services Act, 2000 (the “HSA”) and its Regulations as they may be amended or re-enacted from time-to-time;

AND WHEREAS the Shareholder and the Corporation wish to establish certain principles of governance relating to the Corporation;

AND WHEREAS the Shareholder and the Corporation wish to enter into this Direction in order to set forth those matters which may be undertaken by the Corporation only with the approval of the Shareholder;

NOW THEREFORE THIS DIRECTION AND DECLARATION WITNESSES:
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Article 1. Definitions</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Definitions</td>
<td>4</td>
</tr>
<tr>
<td>1.2 Calculation of time</td>
<td></td>
</tr>
<tr>
<td>1.3 Paramountcy and Interpretation</td>
<td></td>
</tr>
<tr>
<td>1.4 Severability</td>
<td></td>
</tr>
<tr>
<td>1.5 Proper Law</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 2. Objectives and Principles</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Purposes</td>
<td>6</td>
</tr>
<tr>
<td>2.2 Shareholder Objectives</td>
<td></td>
</tr>
<tr>
<td>2.3 Principles</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 3. Business of the Corporation</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Business of the Corporation</td>
<td>9</td>
</tr>
<tr>
<td>3.2 Creation of Subsidiary</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Articles 4. Operation and Control</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 The Board of Directors and Responsibilities</td>
<td>10</td>
</tr>
<tr>
<td>4.2 Board of Directors</td>
<td></td>
</tr>
<tr>
<td>4.3 Qualifications and Appointment of Directors</td>
<td></td>
</tr>
<tr>
<td>4.4 Vacancies</td>
<td></td>
</tr>
<tr>
<td>4.5 Term</td>
<td></td>
</tr>
<tr>
<td>4.6 Annual General Meeting</td>
<td></td>
</tr>
<tr>
<td>4.7 Committees</td>
<td></td>
</tr>
<tr>
<td>4.8 Conflict of Interest Policy and Fiduciary Responsibilities</td>
<td></td>
</tr>
<tr>
<td>4.9 Confidentiality</td>
<td></td>
</tr>
<tr>
<td>4.10 Board of Directors – Subsidiary Corporation</td>
<td></td>
</tr>
<tr>
<td>4.11 Remuneration</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 5. Shareholder Matters</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Approvals Sought by Corporation</td>
<td>13</td>
</tr>
<tr>
<td>5.2 Matters Requiring Shareholder Approval Under the OBCA</td>
<td></td>
</tr>
<tr>
<td>5.3 Other Matters Requiring Shareholder Approval</td>
<td></td>
</tr>
<tr>
<td>5.4 Approval of the Shareholder</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 6. Reporting</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1 Business Plan</td>
<td>14</td>
</tr>
<tr>
<td>6.2 Quarterly Reports</td>
<td></td>
</tr>
<tr>
<td>6.3 Annual Report</td>
<td></td>
</tr>
<tr>
<td>6.4 Access to Records</td>
<td></td>
</tr>
<tr>
<td>6.5 Audit and Accounting</td>
<td></td>
</tr>
<tr>
<td>6.6 Auditors</td>
<td></td>
</tr>
<tr>
<td>6.7 Accounting Principles</td>
<td></td>
</tr>
<tr>
<td>6.8 Annual Financial Statements</td>
<td></td>
</tr>
<tr>
<td>6.9 Reporting on Major Developments and Extraordinary Events</td>
<td></td>
</tr>
<tr>
<td>Article 7.</td>
<td>Financial Performance</td>
</tr>
<tr>
<td>-----------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>7.1</td>
<td>Financial Performance</td>
</tr>
<tr>
<td>7.2</td>
<td>Recorded Excess Revenue (Surplus) Policy</td>
</tr>
<tr>
<td>7.3</td>
<td>Operation Policy</td>
</tr>
<tr>
<td>7.4</td>
<td>Amount of Annual Subsidy</td>
</tr>
</tbody>
</table>

| Article 8. | Group Insurance of Housing Projects | 18 |
| Article 9. | Legislative Compliance Requirement | 18 |
| Articles 10. | Amendments to the Direction | 18 |
| Addendum #1. | City Council Resolution | 19 |
ARTICLE 1 – DEFINITIONS

1.1 Definitions:

In this Shareholder Direction, in addition to any terms defined in the recitals, the following terms shall have the meanings as set out below:

Affordable Housing and Affordable-ownership Housing – means housing acquired and built, in accordance with federal, provincial and/or municipal programs, or with the Corporation’s own resources, which is not housing governed by the HSA;

Annual Information Return – means a summary of the Corporation’s financial, operating and statistical information for the fiscal year;

Arm’s Length – shall have the same meaning as defined in Article 251(1) of the Income Tax Act (Canada);

Articles – means the Articles of Incorporation dated December 14, 2000, as amended from time to time

Auditor – means a person appointed by the Shareholder in compliance with the OBCA;

Board – means the Board of Directors of the Corporation;

City Council – means the duly elected Council of the Corporation of the City of Peterborough;

Corporation – means the Peterborough Housing Corporation, or any Subsidiary or successor corporation thereto;

Direction – means this Shareholder Direction;

Directive – means an approval or decision of the Shareholder required under this Direction or the OBCA and presented to the Board in the form of a duly passed resolution or By-law of City Council and shall be given in writing signed by the Shareholder Representative;

Extraordinary Event – shall include, but not be limited to, any legal settlement, minutes of settlement arrived at through mediation, arbitration, negotiation, or litigation and also any floods, fires or lawsuits;

Financial Assistance – means assistance by loan, guarantee or otherwise

Financial Statements – means, for any particular period, audited or un-audited (as stipulated in the Direction), consolidated or unconsolidated (as stipulated in the Direction), comparative financial statements of the Corporation consisting of not less than a statement of financial position, statement of revenue and expenses, statement of change in net debt, statement of change 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 required in accordance with the HSA applicable Regulations and the Public Sector Accounting Board Standards.

**Fiscal Year** – means the calendar year

**Housing Division** – means the Housing Division of the Planning and Development Services Department, of the Corporation of the City of Peterborough;

**Housing Portfolio** – means all housing projects managed or land owned by the Corporation;

**Housing Portfolio Asset** – means any housing project owned, in whole or in part, by the Corporation;

**HSA** – means the *Housing Services Act, 2011* and its Regulations, or any amendments or successor legislation;

**Lien** – means any mortgage, assignment, encumbrance, lien or security interest, regardless of form, that secures the payment of any indebtedness or liability or the observance or performance of any obligation;

**Monthly Financial Report** – means a summary of the financial and analytical performance of the Housing Portfolio for the period of one month;

**OBCA** – means the *Business Corporations Act (Ontario)*, as amended;

**Operational Review** – means a review undertaken by the Service Manager to confirm compliance by the Corporation with housing legislation and local directives, funding agreements and provide a detailed analysis of the management, finances and general operation of the Corporation that the Service Manager subsidizes.

**Other Activities** - means all activities of the Corporation that are not social housing activities as set out in HSA;

**Recorded Excess Revenue** – means any revenues that exceed the Corporation’s expenses for a fiscal year;

**Regulations** – means Ontario Regulations made under the HSA and other Regulations that may be proclaimed from time to time;

**Service Area** – means the area within the geographic boundaries of the City of Peterborough and the County of Peterborough;

**Shareholder** – means the Corporation of the City of Peterborough in its capacity as the sole legal and beneficial shareholder of Peterborough Housing Corporation;

**Service Manager** – means the Corporation of the City of Peterborough, in its capacity as service manager as defined in the SRHA;

**Social Housing** – means housing governed by the HSA;
Subsidiary – means any body corporate of which more than 50% of the outstanding securities of any class carrying exercisable voting rights are beneficially owned, directly or indirectly, by the Corporation and includes any body corporate in like relation to a Subsidiary;

Tenant – means a current tenant of the Corporation and shall have the same meaning as defined in the Residential Tenancies Act, 2006 or any successor legislation;

Third Party – means a person who deals at Arm's Length with the Corporation.

1.2 Calculation of Time

In this Direction, a period of days will be deemed to begin on the first day after the event which began the period and to end at 5:00 PM (Eastern Standard Time) on the last day of the period. If, however, the last day of the period does not fall on a business day, the period will terminate at 5:00 PM (Peterborough time) on the next business day.

1.3 Paramountcy and Interpretation

In the event of any inconsistency between the terms of this Direction and the terms of the Articles of the Corporation, the terms of the Articles shall prevail to the extent of the conflict.

The defined terms “Affordable Housing”, “Affordable-ownership Housing”, “Social Housing” and the undefined term “housing” are to be given a generous and broad interpretation and read in such a way that the Corporation may manage and administer its Housing Portfolio in accordance with Article 2 below.

1.4 Severability

In the event that any provision of this Direction shall be invalid, illegal or unenforceable, it shall not affect the validity, legality or enforceability of any other provision of this Direction.

1.5 Proper Law

This Direction shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

ARTICLE 2 – OBJECTIVES AND PRINCIPLES

2.1 Purposes

The purposes of this Direction are:

a. To recognize the Board’s authority to manage, or supervise the management of, the business and affairs of the Corporation in accordance with this Direction;

b. To provide the Board with the Shareholder’s fundamental principles concerning the Corporation;
c. To establish certain principles of governance for the Corporation and any Subsidiaries;

d. To inform the residents of the Service Area, including Tenants of the Corporation, about the Shareholder’s fundamental principles regarding the operation of the Corporation; and

e. To set out the accountability, responsibility and relationship between the Board and the Shareholder.

2.2 Shareholder Objectives

The Shareholder’s objectives for the Corporation are:

a. That the Corporation is subject to the terms of the Direction and shall be responsible for the management of its Housing Portfolio;

b. That the Corporation will meet the financial performance standards from time to time set by the Shareholder and the Board.

c. That the Corporation seeks to maximize its assets to provide Affordable Housing for the residents of the Service Area;

d. That the Corporation develops a long-range strategic plan which is consistent with its mission statement, respects the input of the Tenants, and preserves the value of the assets of the Corporation;

e. That the Corporation ensures that the assets of the Corporation will be maintained in good repair and, where reasonably possible, the value of the assets will be maintained and/or increased;

f. That the Corporation strives to maintain and improve the current standards and levels of its operations and services at the lowest possible financial cost and risk to the Shareholder; and

g. That the Corporation strives to provide a safe, healthy and sustainable community for Tenants;

2.3 Principles

The following principles shall govern the operation of the Corporation:

a. The business of the Corporation is integral to the well being of the residents of the Service Area. The Corporation recognizes that it is in the best interests of the Corporation, Tenants, and the community of stakeholders whom the business of the Corporation affects that the Corporation conduct its affairs in a manner consistent with the following principles:

i. Provide accountable quality service at an affordable cost, on a sustainable basis, while acting in accordance with its status as a provider of affordable and/or non-profit housing;
ii. Operate in a manner consistent with the Shareholder’s policies, concerning homelessness and Affordable Housing, that may be established or amended from time to time;

iii. Operate in a manner that provides equitable access to housing;

iv. Operate in a manner that preserves housing for Tenants, and, where appropriate to the greatest degree possible, allows Tenants to live independently in a barrier-free environment;

v. Operate in accordance with HSA and any Regulations enacted thereunder;

vi. Operate in accordance with the provisions of applicable legislation concerning human rights, freedom from harassment and discrimination;

b. The Corporation shall operate in a safe and environmentally responsible manner;

c. The Corporation shall within one hundred and eighty (180) days of receiving the Shareholder Direction, satisfy the Corporation that it has developed purchasing policies consistent with the following purposes, goals and objectives:

i. Ensure openness, accountability and transparency while protecting the financial best interests of the Corporation;

ii. Minimize expenses;

iii. Ensure service and product delivery, quality, efficiency and effectiveness;

iv. Encourage competitive bidding for the acquisition and disposal of goods and services where practicable;

v. Ensure fairness among bidders;

vi. Encourage the procurement of goods and services with due regard to the preservation of the natural environment; and

vii. Provide Corporation staff having purchasing responsibilities, clear direction on policy to be followed.

d. The Board is responsible for determining and implementing the appropriate balance among the foregoing principles and for causing the Corporation to conduct its affairs in accordance with the purposes, objectives and principles as set out in Article 2.
ARTICLE 3 – BUSINESS OF THE CORPORATION

3.1 Business of the Corporation

Subject to the ongoing ability of the Corporation to meet the financial objectives of the Shareholder as set out in this Direction, subject to Article 5.3 and subject to the ability of the Board to demonstrate the same, the Shareholder agrees that the Corporation or its Subsidiaries may be engaged in any of the following business activities:

a. Owning, operating or having an ownership interest in rental housing including Social Housing, Affordable Housing and Affordable-ownership Housing and providing related services to the residents of the Service Area;

b. The provision of additional services to their Tenants, including but not limited to laundry facilities, parking etc.;

c. Entering into commercial leases with commercial tenants and/or entering a commercial lease as a tenant;

d. Entering into partnership agreements or other agreements that promote or increase the availability of Affordable Housing in the Service Area;

e. Purchasing and/or developing land or re-developing existing buildings in order to provide Affordable Housing to the residents of the Service Area;

f. The provision of housing-related services to third parties;

g. Delivery of program-related services on behalf of the Service Manager, including but not limited to, management of waiting lists and rent supplement program; and

h. Such further and Other Activities undertaken with the approval of the Board and which promote the purposes, objectives, principles and/or goals of the Corporation.

3.2 Creation of a Subsidiary

3.2.1 The Corporation may, from time to time, create one or more Subsidiary to assist the Corporation in meeting its goals. Subsidiaries may be wholly owned, or may be corporations in which the Corporation has a majority interest.

3.2.2 Where Subsidiaries are created, the Corporation shall notify the Shareholder at the earliest possible opportunity, with such notice including information relating to the purpose and governance of the Subsidiary and other such information as the Shareholder may require.

3.2.3 Where Subsidiaries are created, the business and affairs of the Subsidiaries will be managed or supervised by their respective boards of directors. The Corporation will establish Shareholder Directions for Subsidiaries that are consistent with this Direction and ensure accountability to the Corporation.
ARTICLE 4 – OPERATION AND CONTROL

4.1 The Board of Directors and Responsibilities

4.1.1 The Board shall supervise the management of the business and affairs of the Corporation and shall ensure that, in fulfilling its responsibilities that the Corporation acts in accordance with applicable legislation, including the HSA, related Regulations and any Directives issued by either the Shareholder or the Province of Ontario from time to time.

4.1.2 With respect to operational matters, the Board shall use its reasonable efforts to:

a. Ensure that the Corporation meets the financial performance standards set out in Article 7;

b. Ensure that the Auditor delivers the audited Financial Statements of the Corporation for acceptance by the Shareholder within one hundred and twenty (120) days after the end of each fiscal year;

c. Ensure that the Shareholder receives reports on any internal control or operational deficiencies reported by the Corporation’s Auditors or as may otherwise come to the Board’s attention;

d. Ensure that the Shareholder receives such further and other financial information as reasonably required by the Shareholder, which may include, but is not limited to a Annual Information Return;

e. Ensure that Officers of the Corporation are appointed;

f. Manage and direct the Corporation’s labour and employment matters; and

g. Ensure the Corporation participates in any Service Manager Operational Review and ensure the Corporation responds to any operational deficiencies identified in the operational review.

4.2 Board of Directors

4.2.1 The Board shall include one elected representative of the Shareholder.

4.2.2 The Board shall also include one elected representative from the County of Peterborough.

4.2.3 The Shareholder shall also designate the Director of Planning and Development as an Official Advisor to the Board, with non-voting rights.

4.2.4 For all candidates, save and except the aforementioned representatives set out in Articles 4.2.1, 4.2.2 and 4.2.3, the Board’s Nominating Committee shall develop a process to identify, evaluate and recommend potential candidates for the Board in a manner consistent with the Corporation’s by-laws and thereafter such nominees shall be appointed to the Board in accordance with Article 4.3.2
4.3 **Qualifications and Appointment of Directors**

4.3.1 A majority of the Board shall be citizens of Canada and reside within the Service Area. When recommending directors to the Board, the Nominating Committee shall give due regard to the qualifications of each candidate, including experience or knowledge concerning:

- a. Affordable Housing legislation, and related social policies and issues;
- b. Corporate finance and financial services;
- c. Corporate governance; and
- d. Organizational development.

4.3.2 Prior to the end of each fiscal year, the Nominating Committee of the Board shall propose a list of nominees for endorsement by the Board for terms in accordance with the Corporation's by-laws. Following the Board’s endorsement of its nominees, the Shareholder shall give due consideration to approving the Board’s nominees.

4.3.3 The Shareholder’s approval of the Board’s nominees, and its appointment of the representative referred to in Article 4.2.1, shall be made by a resolution of City Council and shall thereafter be communicated to the Board as a Directive.

4.4 **Vacancies**

In the event that the Board has one or more mid-term vacancies for any reason, the Shareholder will fill the vacancy in accordance with Article 4.3.2. as soon as reasonably possible.

4.5 **Term**

The term of office for a director will generally be three years. Notwithstanding the general provision, the Shareholder may appoint any director for a period of less than three years.

4.6 **Annual General Meeting**

The Directors of the Corporation shall call an annual general meeting of the Corporation not later than four (4) months after the end of PHC’s fiscal year. The Shareholder, sitting as City Council, will receive an annual report as set out in Article 6.3, accept and approve the audited financial statements of PHC and its subsidiary corporations, appoint the auditor and approve the slate of Directors.

4.7 **Committees**

The Board may establish committees of the Board at the discretion of the Board.
4.8 Conflict of Interest Policy and Fiduciary Responsibilities

The directors and officers of the Board of the Corporation shall strictly abide by the requirements of the Ontario Business Corporations Act concerning the avoidance of conflicts of interest, including any requirements concerning disclosure and abstaining from voting. The Corporation shall establish a detailed conflict of interest policy consistent with the practices of corporate governance within twelve (12) months of the date of this Direction and that policy shall form part of the By-laws of the Corporation.

Every director, officer and employee of the Corporation has a fiduciary duty to the Corporation.

4.9 Confidentiality

4.9.1 The Shareholder and the directors and officers of the Corporation shall ensure that no confidential information of the Shareholder or Corporation is disclosed or otherwise made available to any person, except to the extent that:

a. Disclosure is required in the course of a judicial proceeding or pursuant to law;

b. Disclosure to an agent or employee of the Shareholder or the Corporation is necessary for the performance of such a person’s duties or obligations under this Direction; or

c. The confidential information has become part of the public domain (other than through the unauthorized disclosure of the Shareholder or the Corporation).

4.9.2 The Corporation shall establish a detailed confidentiality policy consistent with the practices of corporate governance within twelve (12) months of the date of this Direction and that policy shall form part of the By-laws of the Corporation.

4.10 Board of Directors – Subsidiary Corporation

4.10.1 Subject to any matters requiring the approval of the Shareholder pursuant to this Direction, the business and affairs of any Subsidiary shall be managed and supervised by its Board. The Corporation will appoint the directors of the Subsidiaries from among the directors of the Corporation or establish a process for the nomination and appointment of the directors.

4.10.2 Notwithstanding 4.10.1, the Corporation shall request the Shareholder’s permission to have a majority of the Subsidiary’s Board of Directors not be members of the Corporation’s Board.

4.11 Remuneration

No Board Member shall receive remuneration from the Corporation for their respective services as directors save and except for reimbursement of out of pocket expenses as approved the Corporation’s General Manager.
ARTICLE 5 – SHAREHOLDER MATTERS

5.1 Approvals Sought by Corporation

Where approvals are required, the Corporation shall give reasonable advance notice in writing to the Shareholder of the need for the approval and provide such information as is reasonably necessary for the Shareholder to make an informed decision regarding the subject matter of the approval.

5.2 Matters Requiring Shareholder Approval under the OBCA

In accordance with the provisions of the OBCA, the Corporation or any Subsidiary shall not, without the prior approval of the Shareholder:

a. Amend its Articles or make, amend or repeal any by-law;

b. Amalgamate, apply to continue as a body corporate under the laws of another jurisdiction, merge, consolidate or re-organize or approve or effect any plan of arrangement, in each case whether statutory or otherwise;

c. Take or institute proceedings for any winding up, arrangement reorganization or dissolution;

d. Create new classes of shares or reorganize, consolidate, subdivide or otherwise change its outstanding securities;

e. Sell, or otherwise dispose of, all or substantially all of its assets or undertakings;

f. Change the Auditor who shall be licenced under the Public Accountancy Act;

gh. Make any change to the number of directors comprising the Board; and

h. Enter into any other transaction or take any other action that requires Shareholder approval pursuant to the OBCA.

5.3 Other Matters Requiring Shareholder Approval

The Corporation or any Subsidiary shall not, without the prior approval of the Shareholder:

a. Dispose of or acquire any Housing Portfolio Asset of the Corporation, including any acquisition or disposition of lands;

b. Issue, or enter into any agreement to issue, any shares of any class, or any securities convertible into any shares of any class, of the Corporation;

c. Establish any requirement for additional capital contributions to the Corporation by the Shareholder;

d. Take on or assume any financial obligation secured against any Housing Portfolio Asset of the Corporation, including the issuance of debt;
e. Make any decision that would materially or adversely affect the tax or regulatory status of the Corporation;

f. Enter into a venture, joint venture, partnership or strategic alliance, including a venture in respect of the creation or purchase of Affordable Housing units, which would require a capital investment equal to or greater than $100,000.00 (One Hundred Thousand Dollars), except as already authorized by the Corporation’s approved annual budget or any further allocation of funds provided by the Shareholder;

g. Enter into any business activity not permitted under Article 3.1;

h. Provide any Financial Assistance, whether by loan, guarantee or otherwise, to any director, or officer of the Corporation, save and except for any computer purchase assistance plan which are or may be generally available to all employees. For the purpose of this sub-section, the term “Financial Assistance” does not include remuneration paid in the normal course of business to employees, including honoraria, wages, salaries and bonuses, or any reimbursement for expenses arising from such person’s duties; and

i. Invest funds in publicly traded securities, unless permitted to do so by the HSA.

5.4 Approval of the Shareholder

Any approvals of the Shareholder required under this Direction or the OBCA shall require a resolution or By-law of the Shareholder passed at a meeting of City Council.

ARTICLE 6 – REPORTING

6.1 Business Plan

6.1.1 Commencing not later than one hundred and eighty days (180) after the end of each fiscal year, the Board shall approve and submit to the Housing Division of the Shareholder an updated Business Plan for the Corporation for the next five (5) fiscal years (the “Business Plan”).

6.1.2 The Corporation shall carry on its business and operations in accordance with the Business Plan, in a format developed by the Shareholder, which shall include, in respect of the period covered by such plan:

   a. The strategic direction and any new business initiatives which the Corporation will undertake;

   b. Annual operating and capital expenditure and revenue forecasts for the period covered by the Business Plan;

   c. The capital expenditure forecast containing explanations of the nature and type of anticipated major capital expenditures;
d. Any Material Variances in the projected ability of the Corporation to meet or continue to meet the financial objectives of the Shareholder; and

e. Any Material Variances from the previous Business Plan.

6.2 Quarterly Reports

Within 45 days after the end of each fiscal quarter, except the last quarter of the fiscal year, the Board shall prepare a quarterly report (on a consistent basis with the previous fiscal quarter), and submit it to the Housing Division. The quarterly report shall include, in respect of the immediate preceding fiscal quarter:

a. Quarterly un-audited consolidated and unconsolidated Financial Statements;

b. such explanations, notes and information as is required to explain and account for any variances between the actual results from operations and the budgeted amounts set forth in the current Business Plan, including any Material Variances in the projected ability of the Corporation to meet or continue to meet the financial objectives of the Shareholder;

c. information that is likely to materially affect the Shareholder’s financial objectives or ability to fulfill its Affordable Housing policies, including, but not limited to, forecasted deficits;

d. Information that is likely to materially affect the Tenants’ perceptions or opinions concerning the Corporation;

e. Information concerning any matter, occurrence or other event that is a material breach or violation of any law; and

f. Any such additional information as the Shareholder may specify from time to time.

6.3 Annual Report

Within 120 days after the end of the fourth fiscal quarter, the Corporation will prepare an annual report and submit this report to the Shareholder, at a regular meeting of City Council. This report will include:

a. a summary of information contained within the quarterly reports;

b. information on progress and accomplishments relative to the strategic business plan in place and information regarding the performance of the Corporation such that the Shareholder can determine that the strategic business plan has been respected, and

  information regarding the performance of the Corporation such that the Shareholder can determine that this Direction has been respected.
6.4 **Access to Records**

The Director of Corporate Services or his/her designate, shall have unrestricted access to the accounting records, excluding individual Tenant files and human resources files, of the Corporation during normal business hours. Such representative(s) shall treat all information of the Corporation with the same level of care and confidentiality as any confidential information of the Shareholder.

6.5 **Audit and Accounting**

The Corporation shall prepare an audited consolidated Financial Statement which shall include segmented disclosure that is in a format that is acceptable to the Shareholder.

6.6 **Auditors**

The Corporation shall utilize the same Auditor as that of the Shareholder, commencing with the 2012 fiscal year.

6.7 **Accounting Principles**

The Corporation shall, in consultation with the Auditor, adopt and use accounting policies, practices and procedures which may be approved by the Board from time to time and all such policies, practices and procedures shall be in accordance with applicable law and regulatory requirements as amended from time-to-time, including the HSA.. The standards shall be those established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

6.8 **Annual Financial Statements**

The Board shall cause the Auditor to deliver, as soon as practicable and in any event within 120 days after the end of each fiscal year, the audited consolidated Financial Statements for the Corporation for consideration by the Shareholder and the unaudited and unconsolidated Financial Statements and Statements of Revenues and Expenditures for Affordable Housing Projects, Affordable Ownership Projects, rental projects and any Subsidiary for consideration by the Shareholder.

6.9 **Reporting on Major Developments and Extraordinary Events**

In addition to holding an annual meeting, the Board shall report to the Shareholder on any major business developments, material adverse results, or Extraordinary Events, as the Board, in its discretion, considers appropriate, and such reports may be considered by the Shareholder at a meeting of Council.
ARTICLE 7 – FINANCIAL PERFORMANCE

7.1 Financial Performance

The Board shall use reasonable efforts to ensure that the Corporation meets the financial performance standards set out in Article 7 and prepares the Financial Statements referred to in Articles 6.2 and 6.5 which shall include an Annual Information Return as currently prescribed by the HSA, any amendments and any applicable Regulations thereto.

7.2 Recorded Excess Revenue (Surplus) Policy

a. Regarding Social Housing:
   In the event the Corporation, or any Subsidiary of the Corporation, or any portion of the Corporation’s business, records revenues from its Social Housing activities that exceed its expenses for a fiscal year (“Recorded Excess Revenue”), such excess revenue shall remain within the Corporation. The Shareholder shall then be entitled to adjust its subsidy to the Corporation, for the following fiscal year, by an amount that shall not exceed the portion of the prior year’s Recorded Excess Revenue derived from the Social Housing activities of the Corporation.

   Notwithstanding any other portion of Articles 7.2 and 7.4, the Shareholder retains the sole discretion to adjust its subsidy to the Corporation for any fiscal year.

b. Regarding Other Activities:
   In the event the Corporation, or any Subsidiary of the Corporation, or any portion of the Corporation’s business, records revenues from activities other than its social housing activities (“Other Activities”) that exceed its expenses derived from Other Activities for a fiscal year (“Recorded Excess Revenue”), such excess revenue shall remain within the Corporation and shall be used to achieve the objectives and purposes of the Corporation. In the event that expenses exceed revenues the Corporation or any Subsidiary shall be solely responsible for the default.

7.3 Operation Policy

The Corporation shall ensure that policies are in place to:

a. Implement the most efficient cost structure available for like businesses;

b. Mandate the creation and implementation of the cost reduction programs to ensure that costs are minimized;

c. Protect the Shareholder’s equity; and

d. Protect and enhance the value of the Corporation’s stock of Affordable and Social Housing and other capital assets.

7.4 Amount of Annual Subsidy

7.4.1 The amount of annual subsidy shall be established annually, during the Corporation’s budget approval process, by the Shareholder and shall be transferred to the Corporation monthly.
7.4.2 The Corporation shall provide the City’s Manager of the Housing Division, with its budget proposal for the following fiscal year and an acquisition budget setting forth the nature and type of capital expenditures proposed to be made in the following fiscal year, supported by explanations, notes and information upon which the budget was based, in a timely manner which accords with the Shareholder’s own budget timetable and in any event the City needs estimates for its own budget cycle.

ARTICLE 8 – GROUP INSURANCE OF HOUSING PROJECTS

In accordance with the Social Housing Reform Act, 2000, the Corporation shall purchase comprehensive group insurance for the Corporation which shall include, but not be limited to, property insurance, public liability insurance, Board Member liability and boiler insurance. The Corporation shall notify the Shareholder when such insurance is in place and shall provide a copy of its insurance certificate(s) annually.

ARTICLE 9 – LEGISLATIVE COMPLIANCE REQUIREMENT

The Corporation shall ensure that it is in compliance with other related legislation and regulations which pertain to the normal day to day business operation of the Corporation, such as, but not limited to: the Business Corporations Act (Ontario), the Employment Standards Act, the Human Rights Code, Labour Relations Act, the Occupational Health and Safety Act, the Ontario Building Code, the Ontario Fire Code, the Residential Tenancies Act, 2006, Accessibility for Ontarians with Disabilities Act, 2005 and the Social Housing Reform Act, 2000 and successor legislation to the aforementioned Acts.

ARTICLE 10 – AMENDMENTS TO THE DIRECTION

The Corporation acknowledges that this Direction may be amended from time to time, as circumstances may require, at the sole discretion of the Shareholder and that the Shareholder shall promptly provide the Board with copies of such amendments.

DATED at Peterborough this 1st day of January, 2011.

SIGNED, SEALED AND DELIVERED in the presence of:

THE CORPORATION OF THE
CITY OF PETERBOROUGH

______________________
Daryl Bennett, Mayor

______________________
Nancy Wright-Laking, City Clerk
City Council Resolution

Addendum # 1