

SHAREHOLDER DIRECTION

CITY OF TORONTO

TO

TORONTO COMMUNITY HOUSING CORPORATION

June 2021

TABLE OF CONTENTS

1.	INTERPRETATION.....	1
1.1	DEFINITIONS	1
2.	INTRODUCTION.....	3
2.1	<i>CITY AS TCH SHAREHOLDER.....</i>	<i>3</i>
2.2	PURPOSES OF THIS <i>SHAREHOLDER DIRECTION.....</i>	<i>3</i>
3.	SHAREHOLDER PRINCIPLES.....	3
3.1	OPERATING PRINCIPLES	3
4.	MANDATE OF TORONTO COMMUNITY HOUSING	5
4.1	MANDATE OF TCH	5
4.2	SUBSIDIARIES	5
4.3	JOINT VENTURES	7
5.	BOARD OF DIRECTORS	7
5.1	BOARD RESPONSIBILITIES	7
5.2	MEETINGS	8
5.3	CONFLICT OF INTEREST POLICY	8
5.4	CONFIDENTIALITY.....	8
5.5	REMUNERATION	9
5.6	REMOVAL OF DIRECTORS	9
6.	BOARD STRUCTURE.....	9
6.1	COMPOSITION OF THE BOARD.....	9
6.2	ELIGIBILITY AND QUALIFICATIONS OF DIRECTORS.....	9
6.3	COUNCIL MEMBER APPOINTMENT PROCESS.....	10
6.4	PUBLIC MEMBER APPOINTMENT PROCESS	10
6.5	CHAIR AND VICE-CHAIR.....	10
6.6	VACANCIES.....	11
6.7	TERM	11
6.8	COMMITTEES OF THE BOARD	11
7.	SHAREHOLDER MATTERS	11
7.1	DECISIONS OF THE SHAREHOLDER.....	11
7.2	LIAISON	12
7.3	MATTERS REQUIRING SHAREHOLDER APPROVAL UNDER THE OBCA.....	12
7.4	OTHER MATTERS REQUIRING SHAREHOLDER APPROVAL	13
7.5	REGULATORY MATTERS	13
8.	FUNDING RELATIONSHIP WITH CITY AND OPERATING AGREEMENT.....	14
8.1	GENERAL.....	14
8.2	SCOPE OF OPERATING AGREEMENT.....	14
8.3	OPERATING AGREEMENT PRINCIPLES	14
8.4	OPERATING AGREEMENT CONTENTS.....	14
8.5	OTHER CITY PROGRAM FUNDING.....	15
9.	TENANT MATTERS.....	15
9.1	TENANT-CENTERED OPERATIONS	15
10.	ACCOUNTABILITY	16
10.1	STRATEGIC PLAN	16
10.2	CITY BUDGET PROCESS	17
10.3	ANNUAL REPORTING	17
10.4	ACCOUNTING AND FINANCIAL STATEMENTS	18

10.5	OPERATING AGREEMENT REPORTING	19
10.6	AUDIT	19
11.	EMPLOYMENT, PROCUREMENT AND RELATED MATTERS	19
12.	EMERGENCY SOCIAL SERVICES PLANNING AND RESPONSE.....	20
13.	MEMBER OF THE SOCIAL HOUSING SECTOR	20
14.	AMENDMENTS.....	20
15.	NOTICE	21

1. INTERPRETATION

1.1 Definitions

In this *Shareholder Direction* the following terms will have the meanings set out below:

"*Auditor*" means the auditor of *TCH*;

"*Auditor General*" means the Auditor General of the *City* or any *Person* appointed to act in the place of that individual or their delegate;

"*Board*" means the Board of *Directors* of *TCH*;

"*CEO*" means President and Chief Executive Officer, the most senior employee and officer of *TCH*;

"*Chair*" means a *Director* of the *TCH Board* appointed as *Chair* of the *Board* from time to time;

"*City*" means the City of Toronto;

"*City CFO & Treasurer*" means the Chief Financial Officer and Treasurer of the City of Toronto or any *Person* appointed to act in the place of that individual or their delegate;

"*City Manager*" means City Manager of the City of Toronto or any *Person* appointed to act in the place of that individual or their delegate;

"*Council*" means the Council of the City of Toronto;

"*Develop*" or "*development*" means to develop, redevelop or revitalize existing buildings and property for housing and related purposes consistent with *TCH's* mandate. Includes construction of new buildings and infill opportunities, on property with existing structures or vacant land;

"*Directed by Council*" means a direction from *City Council*, acting on behalf of the City of Toronto in its capacity as *Shareholder*, to the *Corporation*, which direction shall be in the form of a recommendation or resolution adopted by *City Council* which applies to *TCH* and/or any of its *Subsidiaries*;

"*Director*" means a member of the *Board* of *Directors* of *TCH*;

"*Duly appointed representatives of the Shareholder*" means the *City Manager*, *City CFO*, Deputy City Manager Community and Social Services, Deputy City Manager Infrastructure and Development Services, Deputy City Manager Corporate Services, the General Manager, Shelter, Support and Housing Administration, and the City Solicitor or their designates, or others as approved by *Council* from time to time;

"*Financial Management Expertise*" means possession of an accounting designation or an equivalent combination of skills and experience providing the ability to read and understand a set of financial statements that present the breadth and level of complexity of accounting issues that can reasonably be expected to be raised by *TCH's Financial Statements*;

"*Financial Statements*" means, for any particular period, audited or unaudited (as stipulated in this *Shareholder Direction*), consolidated or unconsolidated (as stipulated in this *Shareholder Direction*), comparative *Financial Statements* of *TCH* consisting of not less than a Statement of Financial Position,

a Statement of Operations and Accumulated Surplus, a Statement of Changes in Net Assets, a Statement of Cash Flows, 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 or upon the request of *City* staff;

"*HSA*" means the *Housing Services Act, 2011* and regulations thereunder or successor legislation, as amended from time to time;

"*Joint Venture*" means an investment in any form of business enterprise with third parties, which investment is held for active operating business purposes and not as a passive or portfolio investment;

"*Local Housing Corporation*" means a local housing corporation as defined under the *Housing Services Act, 2011, S.O. 2011, c. 6, Sched. 1*, as it may be amended, replaced or re-enacted from time to time;

"*OBCA*" means the *Business Corporations Act R.S.O. 1990, c. B. 16* (Ontario), and the regulations thereunder, as the same may be amended, replaced or re-enacted from time to time;

"*Person*" means an individual, a natural person or a body corporate;

"*Program Administrator*" means the City of Toronto (as represented by its Shelter, Support and Housing Administration Division) when acting in its role as *Service Manager* or as the administrator of funding for any other housing program not subject to the *HSA* and any other regulatory authority or order of government having authority to establish housing program legislation and regulations;

"*Public Member*" means an individual who is a *Director* and who is not a member of *Council*;

"*Senior Executive*" means the *CEO* and the senior management team that reports directly to the *CEO*;

"*Service Manager*" means the City of Toronto when carrying out its roles and responsibilities as a *Service Manager* under the *HSA*;

"*Shareholder*" means the City of Toronto acting as the owner of *TCH*;

"*Shareholder Direction*" means this *Shareholder Direction* as it may be amended, revised, supplemented or superceded in writing from time to time;

"*Subsidiary*" or "*subsidiaries*" shall have the meaning ascribed thereto by the *OBCA*;

"*Subsidized rental housing*" means rental housing portfolio where *TCH* receives an operating subsidy, or the *Tenant* receives a rent subsidy;

"*Tenant Directors*" means *Public Members* of the *TCH Board* who are *Tenants*. There are 2 *Tenant Directors* on the *Board*;

"*Tenants*" means the tenants of *TCH*, as defined in the *Residential Tenancies Act, 2006* as amended from time to time;

"*TCH*" means Toronto Community Housing Corporation.

2. INTRODUCTION

2.1 City as TCH Shareholder

The City of Toronto is the sole Shareholder of TCH pursuant to Part IV of the HSA.

2.2 Purposes of this Shareholder Direction

The purposes of this *Shareholder Direction* are as follows:

- (a) to set out the accountability, responsibility and relationship between the *Board* and the *Shareholder*.
- (b) subject to the *Board's* authority to supervise the management of the business and affairs of TCH, to provide the *Board* with the *Shareholder's* operating principles regarding the business;
- (c) to recognize the *Board's* authority to supervise the management of the business and affairs of TCH in accordance with this *Shareholder Direction* or as *Directed by Council*;
- (d) to inform the *Tenants*, other residents of the City and the general public of the *Shareholder's* operating principles regarding TCH in Section 3.1;
- (e) to set out the *City's* expectations of and objectives for TCH;
- (f) to set out TCH's mandate in Section 4.1, scope of responsibilities and reporting requirements;
- (g) to set out certain rules of the *Service Manager* governing the operation of TCH authorized by subsection 27(1)(b) of the HSA;
- (h) to constitute in part a declaration by the *City* pursuant to subsection 108(3) of the OBCA with respect to certain powers of the *Board*; and
- (i) to describe the structure of the *Board*.

3. SHAREHOLDER PRINCIPLES

3.1 Operating Principles

3.1.1 TCH is integral to the well-being and the infrastructure of the *City*. TCH shall conduct its affairs in a manner consistent with the operating principles outlined below:

Governance:

- (a) through the *Board*, TCH will be responsible for determining and implementing the appropriate balance among the operating principles in this Section of the *Shareholder Direction* (Section 3.1), causing TCH to conduct its affairs in accordance with the same, and be accountable to the *Shareholder* for how this balance is achieved;
- (b) TCH will establish policies to mitigate financial risks to TCH and to the *City* as *Shareholder* and as *Program Administrator* while maintaining or enhancing service standards and levels of service;

- (c) *TCH* will work from a *Tenant*-centered perspective, recognizing the unique challenges experienced by *Tenants*;

Housing Portfolio Management:

- (d) Subject to the terms of this *Shareholder Direction*, *TCH* will be responsible for the management of its housing portfolio and making all policy and operational decisions;
- (e) *TCH* will maintain its assets in a state of good repair consistent with Council approved policy objectives and priorities and in accordance with law;
- (f) *TCH* will manage its housing portfolio consistent with *Council*-approved policy objectives and priorities, including the *City*'s plans related to housing, homelessness, real estate or as *Directed by Council* and in compliance with all applicable law;
- (g) *TCH* will seek out methods to operate as efficiently as possible, while maintaining service levels and meeting requirements, including consideration of reviews of programs, services and processes and opportunities to share services with other providers;
- (h) *TCH* will ensure that the need for state of good repair investments in the *TCH* housing portfolio operated by Toronto Seniors Housing Corporation (TSHC) are assessed and made on the same priority basis as other comparable housing in *TCH*'s housing portfolio;
- (i) *TCH* will consider the transfer of management responsibilities for appropriate buildings in its housing portfolio to self-managed cooperative housing, where appropriate and feasible;

Accountability:

- (j) *TCH* will be accountable for complying with the requirements of this *Shareholder Direction* to the *City* as *Shareholder*, including reporting requirements, and as required by the *City* from time to time;
- (k) *TCH* will ensure that its policies and business practices are consistent with *City* standards of public accountability, financial management and transparency for the effective and efficient use of public funds;
- (l) *TCH* will have due regard for the role of Members of *Council* in representing the interest of their constituents and the *City*, and will provide timely access to information concerning the activities of *TCH* respectively in the *City* and in their wards subject to confidentiality requirements;

Tenant Matters:

- (m) *TCH* will consult with *Tenants* through efficient and effective engagement mechanisms on issues and policies that will have an impact on service standards or the level of services, and communicate such policies and changes to policies to all *Tenants*;
- (n) *TCH* will provide *Tenants* with housing intended to respond to their housing needs and wherever feasible within communities where there is a diversity of incomes and a mix of rent geared-to-income and market rent paying *Tenants*; and

- (o) *TCH* will operate with an emphasis on providing responsive customer service, promoting *Tenant* satisfaction, maintaining successful tenancies and supporting *Tenant* access to information and services.

4. MANDATE OF TORONTO COMMUNITY HOUSING

4.1 Mandate of TCH

4.1.1 *TCH* is a Local Housing Corporation under the *HSA*. The core mandate of *TCH* is to provide *subsidized rental housing* in a state of good repair to low and moderate income households in Toronto.

4.1.2 In support of the core mandate in Section 4.1.1, and subject to the ongoing ability of *TCH* to comply with this *Shareholder Direction*, the funding arrangements established by any *Program Administrator* and the ability of the *Board* to demonstrate the same, *TCH*, directly or through *Subsidiaries*, *Joint Ventures*, partnerships or arrangements for the purchase of services, may engage in any of the following business activities, consistent with *TCH's* Articles of Incorporation, the Operating Agreement, and the *HSA*, other applicable law and best practices:

- (a) own, operate or have an ownership interest in rental housing and provide related services;
- (b) assist Tenants in need of support to maintain their tenancies, through eviction prevention policies and programs, as well as referrals to external organizations for supports and services, as described in Section 9.1;
- (c) facilitate the development of the *TCH* housing portfolio, including *subsidized rental housing*, through the development of *TCH* lands and buildings, utilizing a process led by the *City* and CreateTO, as *Directed by Council*;
- (d) lease or operate commercial space and other commercial services in support of meeting business objectives;
- (e) manage an investment program for reserves and other funds, and borrow funds to meet long and short term requirements, subject to the provisions of Sections 7.3 and 7.4;
- (f) deliver program-related services on behalf of any *Program Administrator* as requested or required; and
- (g) undertake any additional activity consistent with *TCH's* core mandate as described in Section 4.1.1 and additional *City* objectives and Council priorities, as *Directed by Council* from time to time, and subject to relevant provisions in Section 8.5.

4.2 Subsidiaries

4.2.1 *TCH*, may, from time to time, create one or more *Subsidiaries* to meet its Mandate. *TCH* will consult with the *City Manager* regarding the business purpose and financing of any proposed *subsidiary* prior to the creation of any *subsidiary*.

4.2.2 Subject to any matters requiring approval of the *Shareholder* pursuant to this *Shareholder*

Direction, the business and affairs of the *Subsidiaries* will be managed or supervised by their respective Boards of Directors.

- 4.2.3 *TCH* will appoint the Directors of the *Subsidiaries* from among the *Directors* and officers of *TCH* or establish and follow a process for the nomination and appointment of the Directors that is approved by the *Shareholder*.
- 4.2.4 Members of the *Board* or officers of *TCH* shall comprise a majority of the Board of Directors of any *Subsidiary*.
- 4.2.5 The Chair and Vice-Chair of the Board of Directors of any *Subsidiary* shall be a member of the *Board of TCH*.
- 4.2.6 When a *Subsidiary* is created, *TCH* will so inform the *Shareholder* at the earliest possible opportunity, and include information related to the purpose, governance structure, *Board* composition, operations, financing and such other information as may be requested by the *City Manager*.
- 4.2.7 Upon the creation of a *Subsidiary*, *TCH* shall establish a *Shareholder Direction* for that *Subsidiary* that applies the same business principles, policy requirements and standards of accountability and reporting, with appropriate modification as determined by *TCH*, to the *Subsidiary* as are applied to *TCH* by the *City* through this *Shareholder Direction*.
- 4.2.8 *TCH* will not permit a *Subsidiary* to incur or create any indebtedness or interest or issue any security which impairs the ability of *TCH* to comply with the provisions of Section 7.4.
- 4.2.9 *TCH* shall ensure that the Directors and officers of the *Subsidiaries* will strictly abide by the requirements of the *OBCA* and the *HSA*. *TCH* shall adopt and apply a policy regarding conflicts of interest, including requirements concerning disclosure and abstention from voting.
- 4.2.10 The Directors and officers of the *Subsidiaries* will ensure that no confidential information of the *Subsidiaries* is disclosed or otherwise made available to any *Person*, except to the extent that:
- (a) disclosure to the *Shareholder's* or the *Subsidiary's* employees or agents is necessary for the performance of any of their duties and obligations under this *Shareholder Direction*; or
 - (b) disclosure is required in the course of judicial proceedings or pursuant to law; or the confidential information becomes part of the public domain (other than through unauthorized disclosure by any party).
- 4.2.11 If a member of the Board of Directors of any *Subsidiary* ceases to be a Director for any reason, *TCH* will cause the vacancy to be filled by another *Director* or officer of *TCH* or other nominee in accordance with 4.2.3, as soon as reasonably possible.
- 4.2.12 When a *Subsidiary* is dissolved, *TCH* will so inform the *Shareholder* at the earliest possible opportunity, and include information such as final audited financial statements, report from the liquidator or equivalent, notice to the Province of Ontario, and other information as may be requested by the *City Manager*.

4.3 Joint Ventures

- 4.3.1 *TCH*, may from time to time, invest in one or more *Joint Ventures* to meet its goals. *TCH* will consult with the *City Manager* regarding the business purpose, financing, governance structure and reporting requirements of any proposed *Joint Venture* prior to its creation.
- 4.3.2 Each *Joint Venture* will provide *TCH* with such reporting as *TCH* considers appropriate but at a minimum includes the *Joint Venture's* annual *Financial Statements*, the achievement of financial and service targets or other performance indicators and such explanations, notes and information as is required to explain and account for any variances between actual results from operations and the targets set out in its annual business plan or budget.
- 4.3.3 When a *Joint Venture* is created, *TCH* will so inform the *City Manager* at the earliest possible opportunity, and include information related to the purpose, governance structure, *Board* composition, operations, financing and such other information as may be requested by the *City Manager*.
- 4.3.4 *TCH* will not invest in a *Joint Venture* that will undertake actions that *TCH* would otherwise be prohibited from doing by the terms of this *Shareholder Direction*.
- 4.3.5 *TCH* shall ensure that no *Joint Venture* shall incur or create any indebtedness or interest or issue any security which impairs the ability of *TCH* to comply with the provisions of Section 7.4.
- 4.3.6 If a member nominated by or representing the interests of *TCH* on any Board of Directors or other governing body of any *Joint Venture* ceases to be a member for any reason, *TCH* will cause the vacancy to be filled by another *Director* or officer of *TCH* or other nominee as soon as reasonably possible.

5. BOARD OF DIRECTORS

5.1 Board Responsibilities

Subject to any matters requiring approval of the *Shareholder* pursuant to this *Shareholder Direction*, the *Board* will supervise the management of the business and affairs of *TCH*, including the following specific matters:

- (a) establishing annual and long range strategies and plans consistent with the provisions of this *Shareholder Direction*, including the *TCH* Strategic Plan described in Section 10.1;
- (b) establishing policies and other directives consistent with this *Shareholder Direction*, Council directives or requests, the *HSA* and all applicable law, agreements, and best practices of corporate governance and financial and risk management;
- (c) establishing and maintaining appropriate reserves consistent with sound financial principles and the program regulations established by any *Program Administrator* from time to time;
- (d) selecting bankers and other financial institutions and establishing all banking authorities;
- (e) managing and directing all labour and employee relations matters;

- (f) establishing committees of the *Board* including those referred to in Section 6.9 of this *Shareholder Direction*, and delegating to the committees such authority as the *Board* determines is appropriate or as *Directed by Council*, provided that the delegation of that authority is permitted under the *OBCA*;
- (g) appointing the *CEO*, approving the terms of and compensation for their employment, establishing performance objectives for the *CEO*, monitoring the *CEO's* success in meeting those objectives, and holding the *CEO* accountable for meeting those objectives;
- (h) appointing the officers of *TCH*, other than the Chair who is appointed by the *Shareholder*;
- (i) approving and submitting required reporting to the *Shareholder*, including but not limited to requirements in Section 10 of this *Shareholder Direction*; and
- (j) ensuring that the *Board* has appropriate processes in place to ensure that information is reported to the *Board* in a timely manner to enable the *Board* to monitor implementation of its decisions and the performance of *TCH* staff.

5.2 Meetings

- 5.2.1 Meetings of the *Board* and its committees shall be open to the public, except where matters may be considered closed to the public for the reasons set out in Section 190 of the *City of Toronto Act, 2006*. Advance public notice of the agenda is required.
- 5.2.2 The *Board* shall pass a by-law that includes procedures for governing the calling, place and proceedings of meetings of the *Board* and its committees. The *Board* shall seek approval from Council for the by-law.

5.3 Conflict of Interest Policy

The *Directors* and officers of *TCH* will strictly abide by the requirements of the *OBCA* and the *HSA*. *TCH* shall adopt and apply a policy regarding conflicts of interest, including requirements concerning disclosure and abstention from voting.

5.4 Confidentiality

- 5.4.1 The *Shareholder* and the *Directors* and officers of *TCH* will ensure that no confidential and/or privileged information of the *Shareholder* or *TCH* is disclosed or otherwise made available to any *Person*, except to the extent that:
 - (a) disclosure to the *Shareholder's* or *TCH's* employees or agents is necessary for the performance of any of their duties and obligations under this *Shareholder Direction*;
 - (b) disclosure is required in the course of judicial proceedings or pursuant to law; or
 - (c) the confidential information becomes part of the public domain (other than through unauthorized disclosure by any party).
- 5.4.2 The *Duly Appointed Representatives* of the *Shareholder* shall, for the purposes set out in Section 5.4.1:

- (a) have unrestricted access to the data, books and records of *TCH* and the *Subsidiaries*, including confidential materials from meetings, closed to the public, during normal business hours; and
- (b) treat all information of *TCH* with the same level of care and confidentiality as any confidential and/or privileged information of the *Shareholder*, and shall be deemed to be subject to, and shall at all times comply with all law with respect to such information.

5.4.3 The *Chair* may, at their discretion, allow *Duly Appointed Representatives* of the *Shareholder*, other than the recording secretary or members of the *Board*, to attend the in camera portion of a meeting on a matters necessary for the performance of their duties and obligations.

5.5 Remuneration

The remuneration of the members of the *Board* for their services as *Directors* will be as authorized by *Council* from time to time. *TCH* will reimburse *Directors* for all reasonable expenses. The *Board* shall report annually to the *Shareholder* the total remuneration and expenses paid to each *Director* using the protocols established by the *City CFO & Treasurer*.

5.6 Removal of Directors

Board Directors are appointed to serve on the *Board* at pleasure of *Council*. A *Director* may be removed from the *Board* by the *Shareholder* in accordance with the *OBCA* for any reason as may be determined by the *Shareholder*. *TCH* shall advise the *Shareholder* immediately when there is cause for removal of a *Director*. The reasons for such removal may include, but are 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*;
- (c) engaging in activities that are deemed by the *Board* to have an adverse impact on their duties as a *Board* members;
- (d) ceasing to meet the eligibility requirements in Sections 6.2.1; and
- (e) failure to attend three or more consecutive meetings of the *Board* or its committees without approval of the *Board*.

6. BOARD STRUCTURE

6.1 Composition of the Board

The *Board* will be composed of 12 *Directors*, comprised of 9 *Public Members*, 2 of whom shall be *Tenants*, and 3 members of *Council*, one of whom shall be the Mayor or the Mayor's designate, as appointed by *Council*.

6.2 Eligibility and Qualifications of Directors

6.2.1 All *Directors* must meet the general eligibility requirements in the City's Public Appointments Policy for *Public Members*, any additional eligibility requirements for corporate board members under the *OBCA* and requirements in Section 6.1 and 6.7.

6.2.2 In naming *Directors* to the *Board*, the *Shareholder* will give due regard to terms of reference for the *TCH Board* to ensure that the *Board* collectively represents a range of relevant skills, knowledge and experience, including the following:

- (a) knowledge of the field of social housing;
- (b) housing advocacy or community development;
- (c) land development;
- (d) property management;
- (e) business management;
- (f) corporate governance;
- (g) organizational development;
- (h) labour relations;
- (i) business law; and
- (j) social services for *Tenants*.

6.2.2 At least one *Director* of the *Board* shall possess *Financial Management Expertise*.

6.3 Council Member Appointment Process

Council members will be nominated for appointment to the *Board* on the recommendation of the Striking Committee or through any other process approved by *Council* from time to time, and are appointed by *Council*.

6.4 Public Member Appointment Process

6.4.1 The appointment of *Public Members* to the *TCH Board* will follow the provisions of the *City's* Public Appointments Policy.

6.4.2 For the seven (7) *Public Members* at large, the Corporations Nominating Panel, or a Committee of *Council*, as determined by *Council* from time to time, will review applications, conduct interviews, and recommend nominees to *Council* for appointment to the *Board*.

6.4.3 For the two (2) *Public Members* who are current *Tenants* ("*Tenant Directors*"), *City* staff will review applications, conduct interviews, and recommend nominees, with input from *Tenants*, to the Corporations Nominating Panel, or a Committee of *Council*. The Corporations Nominating Panel, or such other Committee as *Council* may determine, will recommend nominees to *Council* for appointment to the *Board*.

6.5 Chair and Vice-Chair

Council will select the *Chair* of the *Board*. In the event the *Chair* resigns or otherwise vacates the position of *Chair* prior to the end of the term, the *Shareholder* may choose to appoint a new *Chair* to sit until the

end of the term, or ask the *Board* to elect a *Chair* from among the remaining *Directors*. The *Board* shall elect a Vice-Chair from amongst the other *Directors* who shall act as *Chair* in the absence of the *Chair*.

6.6 Vacancies

If a *Director's* position becomes vacant for any reason, *TCH* shall inform the *Shareholder* and the *Shareholder* will fill the vacancy as soon as reasonably possible.

6.7 Term

6.7.1 All *Directors* of the *Board* serve at the pleasure of the *Council* for a term as specified by the *Council* or until their successor is appointed. *Directors* may be reappointed to the *Board*.

6.7.2 The term for *Directors* appointed to the *Board* who are Members of *Council* shall be two years. Incumbent Councillor *Directors* may be reappointed as *Council* may determine.

6.7.3 The term for *Public Members* appointed to the *Board* shall be two years. *Directors* who are *Public Members* may serve a maximum of four two year terms.

6.7.4 *Directors* of the *Board* who are Members of *Council* cease to be *Directors* as soon as they cease to be Members of *Council*.

6.7.5 *Tenant Directors* appointed to the *Board* cease to be *Directors* as soon as they cease to be *Tenants*.

6.8 Committees of the Board

6.8.1 The *Board* is required to establish a committee of the *Board* that is responsible for, among other matters, *TCH's Financial Statements* and auditing compliance by *TCH* with this *Shareholder Direction* and the compliance of *TCH* staff with *Board* policies. One member of the Committee is required to have *Financial Management Expertise*.

6.8.2 The *Board* is required to establish a committee of the *Board* that is responsible for, among other matters, preparing a *Senior Executive* compensation policy as referred to in Section 12 of this *Shareholder Direction*. At least one member of this committee is required to be a *Director* who is a Member of *Council*.

6.8.3 The *Board* may establish other committees of the *Board* as the *Board* determines are appropriate, and may delegate to the committees such authority as the *Board* determines is appropriate, provided that the delegation of that authority is permitted under the *OBCA* and this *Shareholder Direction*.

7. SHAREHOLDER MATTERS

7.1 Decisions of the Shareholder

7.1.1 Subject to law, *TCH* shall and shall direct its *Subsidiaries* to conduct their affairs and govern their operations in accordance with such rules, policies and directives or objectives as *Directed by Council* from time to time.

7.1.2 Where *TCH* wishes to obtain an approval or decision from the *City*, *TCH* shall submit a written

request to the appropriate *City* liaison, in accordance with Section 7.2, for the approval or decision which includes all information necessary for the *City* to make an informed decision. *TCH* shall submit its request and supporting information in a timely manner that enables the *City* liaison to comply with deadlines for submission to Committees and *Council*. The *City Manager*, the *City CFO & Treasurer* or the General Manager Shelter, Support & Housing Administration, as appropriate, shall determine how a particular matter for which approval or decision has been requested will proceed.

7.2 Liaison

- 7.2.1 For matters requiring *Shareholder* approval or other action regarding governance matters set out in this *Shareholder Direction* and intergovernmental matters, the designated liaison is the *City Manager* or their representative.
- 7.2.2 *TCH* shall ensure that proposals regarding Provincial or Federal legislation, policies or programs are co-ordinated with the *City Manager's* Office and *TCH* shall follow such protocols as are established by that office from time to time.
- 7.2.3 For financial matters set out in this *Shareholder Direction*, the designated *City* liaison is the *City CFO & Treasurer*.
- 7.2.4 For matters concerning *TCH's* administration of programs within the scope of the *HSA* or pursuant to agreements between *TCH* and the *Service Manager*, the designated *City* liaison is the General Manager, Shelter, Support and Housing Administration Division.

7.3 Matters Requiring Shareholder Approval under the OBCA

- 7.3.1 In accordance with the provisions of the *OBCA* and without the approval of the *Shareholder*, *TCH* will not, and will not permit any *Subsidiary* to:
- (a) apply to make changes to its Articles of Incorporation;
 - (b) amalgamate (except for an amalgamation with one or more *Subsidiaries*), apply to continue as a body corporate under the laws of another jurisdiction, merge, consolidate or effect a reorganization as defined in the *OBCA*, 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, corporate governance or legal reorganization or dissolution;
 - (d) create new classes of shares or reorganize, consolidate, subdivide or otherwise change its outstanding securities;
 - (e) dispose of, by conveyance, transfer, lease, sale and leaseback, or other transaction, all or substantially all of its assets or undertaking, with the exception of entering into residential and commercial leases for the units and commercial spaces of *TCH*;
 - (f) change the *Auditor*;
 - (g) make any change to the number of *Directors* comprising the *Board*, or appoint *Directors*; and

- (h) enter into any transaction or take any action that requires *Shareholder* approval pursuant to the *OBCA*.

7.3.2 Subject to law, *TCH* may be requested or *Directed by Council* to undertake any action in Section 7.3.1.

7.4 Other Matters Requiring Shareholder Approval

7.4.1 Without the approval of the *Shareholder*, *TCH* shall not, and shall ensure that the *Subsidiaries* do not,

- (a) create any additional indebtedness that would require additional payment in the form of subsidies from any *Program Administrator*, not including the impact of increased subsidy payments that may be required pursuant to other program cost increases as identified in any agreement with any *Program Administrator* and not including the renewal of existing mortgages and loans;
- (b) dispose of real property assets used for the purposes of providing rent-geared-to-income and market housing, or which are zoned or deemed suitable for housing purposes; but not including assets which are not zoned or deemed suitable for housing or that are used for commercial purposes;
- (c) proceed with facilitating new *development* projects. Approval by *Shareholder* and *Service Manager* shall be sought through a process led by the City and CreateTO as *Directed by Council*;
- (d) pass or amend any by-laws with respect to the composition or number of *Directors* or the term of *Directors* or that are inconsistent with this *Shareholder Direction*; or
- (e) provide any financial assistance, whether by loan, guarantee or otherwise, to any *Director*, officer or employee of *TCH* or of any *Subsidiary* or *Joint Venture*.

7.4.2 Subject to Sections 7.3 and 7.4, the *Board* may by resolution make, amend, or repeal any of its by-laws and the changes take effect at such time as the *Board* approves. Such changes shall be submitted to the *City*, as *Shareholder*, immediately upon approval by the *Board* for *Council* approval. If *Council* makes any amendments to any by-law passed by the *Board*, the amendments take effect when approved by *Council* and are not retroactive, in accordance with Section 116 of the *OBCA*, as amended from time to time.

7.4.3 Subject to law, *TCH* may be *Directed by Council* to undertake any action in Section 7.4.1.

7.5 Regulatory Matters

7.5.1 *TCH* shall, at all times, act in compliance with all applicable law in its administration of housing programs. Where conflicts arise between statutory obligations and this *Shareholder Direction*, *TCH* shall notify the *Shareholder* and seek the cooperation of the *Service Manager* in ensuring that issues that require Provincial intervention are resolved quickly.

7.5.2 *TCH* is subject to a variety of laws that governs its operations and sets out the responsibilities of the *Board* including but not limited to the *OBCA*, *HSA*, *Residential Tenancies Act*, the *Human Rights Code*, *Accessibility for Ontarians with Disabilities Act*, and municipal property standards

by-laws. In all cases such legislation will prevail over this *Shareholder Direction* and any other direction of the *Shareholder* where there is a conflict between these directions and such legislation.

8. FUNDING RELATIONSHIP WITH CITY AND OPERATING AGREEMENT

8.1 General

The *City* has a dual role in social housing – that of the *Shareholder* of *TCH*, which in turn owns a large portfolio of housing, as well as that being the designated *Service Manager* of social housing programs under the *HSA*. *TCH* and other social housing providers in the *City* participate in these programs. Through the *HSA*, the Province has considerable powers over the *City* as a *Service Manager*, and over *TCH* as a *Local Housing Corporation*. The powers of *TCH* and of the *City* as *Shareholder* may, in certain circumstances, be subject to Provincial authority.

8.2 Scope of Operating Agreement

8.2.1 The role of the *City* as *Service Manager* and that of *TCH* as a *Local Housing Corporation* is governed by the *HSA* and the relationship of the two parties shall be defined in an Operating Agreement between the *City* and *TCH*. The parameters of such agreement are identified in Sections 8.3 and 8.4 below, and relate to service level standards, implementation of the flow of subsidies, detailed program-level reporting and other such issues.

8.2.2 The funding relationships between the *City* and *TCH* do not constitute a guarantee by the *City* of any debt issued or payable by *TCH*.

8.3 Operating Agreement Principles

TCH will maintain an Operating Agreement with the *City*, with accountability through the *City* General Manager, Shelter, Support and Housing Administration. In executing the Operating Agreement, both parties will seek to ensure:

- (a) stable and predictable funding for *TCH*;
- (b) efficient operations including consideration of reviews of programs, services and processes and opportunities to share services with other providers and the *City*;
- (c) simplified and harmonized social housing program structures and funding models; and
- (d) transparent reporting relationships and lines of accountability between *TCH* and the *City*.

8.4 Operating Agreement Contents

8.4.1 The Operating Agreement between the *City* and *TCH* defines how *TCH* meets the requirements legislated under the *HSA* and or any other *Service Manager* direction as allowable in the role of system *Service Manager*, and how social housing programs under which *TCH* operates are administered.

8.4.2 The Operating Agreement includes, but not necessarily limited to:

- (a) defining level of *Service Manager* service standards allocated to *TCH*;

- (b) requirements for the provision of budget and other financial information as deemed appropriate by the *City CFO & Treasurer*, to the Shelter, Support and Housing Administration Division in order to prepare their budget;
- (c) requirements for program and capital reporting as defined by the Shelter, Support and Housing Administration Division to fulfill *Service Manager* obligations under the *HSA*;
- (d) requirements for providing any other information described in the Operating Agreement;
- (e) method and timing for the payment of subsidies to *TCH*;
- (f) method for calculation of the amount payable to *TCH*; and
- (g) identification of the *Service Manager's* delegated responsibilities to *TCH* under the *HSA*.

8.5 Other City Program Funding

- 8.5.1 The *City* may, from time to time, request of *TCH* that it perform certain functions and assume certain responsibilities of any *Program Administrator* consistent with *TCH's* mandate, in support of *Council* priorities, in support of the *City's Service Manager* role under the *HSA*, or as directed by *City Council*.
- 8.5.2 In areas referred to in Section 8.5.1, in which the *City* requests that *TCH* perform functions that are not mandated functions of a *Local Housing Corporation*, the *City* and *TCH* will enter into agreements that include:
 - (a) the source and level of funding to be provided for performance of functions subject to specific conditions and requirements;
 - (b) the conditions and performance expectations of the *City*, including requirements for cooperation, and transparent and timely access to all related information; and
 - (c) the accountability requirements of *TCH* in undertaking these functions.

9. TENANT MATTERS

9.1 Tenant-Centered Operations

TCH shall, in consultation with *Tenants* and other parties as required, maintain and apply:

- (a) eviction prevention policies which:
 - (i) are designed to keep individuals and families in their home and help them avoid entering into homelessness;
 - (ii) aim to balance efforts to ensure the payment of rent while facilitating the tenancies of households experiencing financial difficulties in paying rent; and
 - (iii) comply with *TCH's* statutory obligation to ensure that *Tenants* have reasonable enjoyment of their rental unit and the residential complex;

- (b) an accessible, transparent complaints process that advocates on behalf of *Tenants* to seek a solution to their complaints, respects the management accountabilities within *TCH* and allows for the review of operational decisions at a senior level within *TCH*;
- (c) an environment in which *Tenants* are protected from harassment and human rights are respected and upheld; and
- (d) a strategy in place to identify *Tenant* language needs and shall deliver communications to *Tenants* in a way that is responsive to those language needs.

9.2 Tenant Engagement

- 9.2.1 *TCH* will ensure that *Tenants* are engaged in a manner that allows *Tenants* to be involved in community decision making that affects their housing as appropriate. *TCH* shall support an approach to *Tenant* engagement that includes:
- (a) Opportunities for *Tenant* engagement regarding their housing, and the full *TCH* housing portfolio;
 - (b) Opportunities for *Tenants* to provide input on *TCH* corporate decisions including capital plans, operating budget, service levels, service delivery and *Tenant* facing policies; and
 - (c) Opportunities for *Tenant* input on setting local spending priorities; and
 - (d) Information about opportunities for engagement in other City and community initiatives.
- 9.2.2 *TCH's* approach to *Tenant* engagement will respect the terms of this *Shareholder Direction* and the financial targets and performance benchmarks that are established for *TCH* by the *Service Manager*.

10. ACCOUNTABILITY

10.1 Strategic Plan

- 10.1.1 *TCH* shall prepare a multi-year Strategic Plan. *TCH* shall review and revise its Strategic Plan, as appropriate, at intervals no less frequent than every four years. The content of the Strategic Plan will include:
- (a) long term business strategies and objectives and goals that support and advance the mandate of *TCH* and align with applicable City plans and Council priorities for the period covered by the Strategic Plan;
 - (b) identification of key issues and challenges and material enterprise risks facing *TCH*, and strategies to be implemented to resolve these key issues and challenges and material risks;
 - (c) identification of financial, business and service targets and performance measures based on benchmarks set out in regulations pursuant to the *HSA* or established in the Operating Agreement or Strategic Plan to be reported on annually;
 - (d) identification of environmental and energy efficiency strategies and targets to be reported

on annually;

- (e) major initiatives to be undertaken by *TCH* in the medium and long term; and
- (f) other matters as may be required by the *Shareholder*.

10.1.2 *TCH* will consult with the *City Manager*, the General Manager Shelter, Support & Housing Administration, and other relevant City staff in preparation of the *Strategic Plan*, including on its targets and major initiatives, to ensure strategic alignment with City goals and objectives.

10.1.3 *TCH* will submit each new Strategic Plan to the Shareholder along with its annual report for the previous fiscal year as described in section 10.3.1.

10.2 City Budget Process

10.2.1 To inform the City's financial planning process, *TCH* shall participate in the City's annual Budget Process. This includes:

- (a) Submitting *TCH's* Operating and Capital Budgets to the *CFO & Treasurer* in accordance with the format, scope and timing determined by the *CFO & Treasurer*, and guided by Budget targets established by *Council*; and
- (b) Participating in the administrative review process, preparing budget notes as required and presenting *TCH's* Budgets to Budget Committee.

10.2.2 *TCH* will submit spending estimates, including separate capital and operating budget requirements as specified in the Operating Agreement with the City referred to in Section 8.4.2 and in a format and as per timing as deemed appropriate by the *City CFO & Treasurer* to the Shelter, Support and Housing Administration Division in order to inform the SSHA annual budget submission.

10.3 Annual Reporting

10.3.1 Within 120 days after the end of the fiscal year, or as requested by the *City*, *TCH* will prepare an annual report for approval by the *Board* and submit this report to the *City Manager*. This report will include:

Program and Financial Reporting

- (a) objectives, accomplishments since the prior year and performance trends;
- (b) information on the disposition and uses of funds provided to *TCH* by the *City*;
- (c) 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 *TCH* operating and capital 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*;
- (d) the achievement of the financial, business and service targets set out in the Strategic Plan or the Operating Agreement and such explanations, notes and information as is required to explain and account for any variances between the actual results from

operations and the targets established in the Strategic Plan or the Operating Agreement;

- (e) information that is likely to materially affect the Shareholder's financial objectives;
- (f) 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;

Tenant-Centered Services

- (g) initiatives to provide responsive customer service;
- (h) *Tenant*-centered operations and *Tenant* engagement activities;
- (i) information that is likely to materially affect *Tenants'* views or opinions regarding *TCH*;
- (j) information regarding the number of evictions each year and the rationale for these evictions;

Other Matters

- (k) the status of the sale of any properties and on any *Tenant* or community impacts resulting from such sales;
- (l) information concerning new or dissolved *TCH Subsidiaries* and *Joint Ventures*, including their purpose, financial implications and associated material risks;
- (m) information on current *development* projects, as *Directed by Council*;
- (n) environmental and energy efficiency targets identified in the Strategic Plan;
- (o) disclosure of *Senior Executive* compensation as permitted by law;
- (p) the status of any specific actions *Directed by Council* during the past fiscal year; and
- (q) any such additional information as the *Shareholder* may specify from time to time.

10.4 Accounting and Financial Statements

10.4.1 *TCH* will 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 will be in accordance with generally accepted accounting principles and applicable regulatory requirements.

10.4.2 *TCH's* financial year end shall be December 31.

10.4.3 The *Board* will deliver to the *City Manager* and the *City CFO & Treasurer*, as soon as practicable and in any event within 120 days after the end of each fiscal year, the audited consolidated and unconsolidated annual *Financial Statements* of *TCH* for consideration by the *Shareholder*, including information concerning its *Subsidiaries* and *Joint Ventures*, for consideration by the *Shareholder*.

10.4.4 *TCH* shall provide quarterly unaudited *Financial Statements* to the *City CFO & Treasurer* within 30 days after the end of each fiscal quarter.

10.5 Operating Agreement Reporting

10.5.1 As a requirement under the Operating Agreement, *TCH* will report to the *Service Manager* information that is consistent with social housing program funding requirements. This information includes:

- (a) annual budget and other financial information as deemed appropriate by the *City CFO & Treasurer*, to the Shelter, Support and Housing Administration Division in order to prepare their budget, as specified in Section 10.2.2 of this *Shareholder Direction*;
- (b) program and capital reporting as defined by the Shelter, Support and Housing Administration Division to fulfill *Service Manager* obligations under the *HSA*;
- (c) the achievement of annual financial, business and service targets set out in the Operating Agreement and such explanations, notes and information as is required to explain and account for any variances between the actual results from operations and the targets established in the Operating Agreement; and
- (d) any other information described in the Operating Agreement .

10.6 Audit

10.6.1 The *Auditor* shall be appointed by the *Shareholder* in accordance with the *OBCA*. *TCH* will be responsible for payment of the remuneration for the *Auditor*. The annual consolidated and unconsolidated *Financial Statements* of *TCH* will be audited by the *Auditor*.

10.6.2 All other audit and review requirements, including internal audits, will be the sole responsibility of the *Board*.

10.6.3 The *Auditor General* may conduct periodic operational audits. All reports by the *Auditor General* shall be considered first by the *Board* and be forwarded immediately thereafter by the *Board* or the *Auditor General* to the *City Audit Committee* for consideration and recommendation to *City Council*.

11. EMPLOYMENT, PROCUREMENT AND RELATED MATTERS

11.1 *TCH* will abide by all relevant employment and occupational health and safety legislation in the conduct of its operations, and will prepare appropriate policies in areas such as, but not limited to, fair wages for contracted services consistent with that of the *City* and employee compensation to address these objectives.

11.2 The *Board* shall approve a *Senior Executive* compensation policy that is:

- (a) Prepared and updated independent of *Senior Executives*, through a process involving at least one *Director* who is a Member of Council;
- (b) Consistent with the *City's Guiding Principles in the Development of Senior Executive Compensation Policies for City agencies and corporations*; and

(c) Reviewed every four years and the results are disclosed on public websites and in annual reporting referred to in Section 10.3.1.

11.3 The *Board* shall ensure that *Senior Executive* employment contracts contain a provision providing employee consent to the disclosure of their individual compensation through annual public reporting referred to in Section 10.3.3 through the *Board*.

11.4 *TCH* will ensure all procurement activities including, but not limited to, materials management, purchasing goods, services and construction contracts, involving purchasing, leasing, or renting, are arrived at by competitive or non-competitive tendering processes, adhere to procurement best practices, policies and procedures and are managed in an open and transparent manner.

11.5 *TCH* is required to adopt policies related to conflict of interest, political activity, disclosure of wrongdoing and reprisal protection.

11.6 *TCH* will be responsible for determining how the obligations in Sections 11.1 through 11.5 are to be carried out, recognizing its responsibilities as a public sector employer that is a model to the community.

12. EMERGENCY SOCIAL SERVICES PLANNING AND RESPONSE

12.1 *TCH* will at all times inform the Office of Emergency Management (“OEM”) of the names, titles and 24/7 contact information of key staff at *TCH* responsible for emergency social services planning and response, including the most senior officer to *TCH* with overall accountability.

12.2 In emergencies involving the displacement of *TCH Tenants* and that exceed the capacity of *TCH* to manage internally, *TCH* will activate the *City's* Emergency Social Services response according to a protocol between *TCH* and the OEM. *TCH* will support the OEM to implement the response according to this protocol. The OEM will lead the emergency social services response according to its policies, plans and protocols.

13. MEMBER OF THE SOCIAL HOUSING SECTOR

TCH may be an active participant in the social housing sector and seek to identify and support, directly or through its work with associations, opportunities for sector cooperation, information sharing and other activities that promote an effective partnership among stakeholders, the efficient use of resources and effective operations and programs. Subject to Section 7.2.2 of this *Shareholder Direction*, *TCH* may advocate on behalf of all social housing providers on issues related to the supply, quality and affordability of housing in the community. However, in conducting advocacy on issues that affect the social housing sector, *TCH* will make clear that it speaks on its own behalf as a member of the social housing sector and not on behalf of the *City*.

14. AMENDMENTS

This *Shareholder Direction* may only be amended or terminated by a resolution adopted by the *Council* of the *City* as *Shareholder* of *TCH* as at the time such amendment or termination is to become effective. Promptly following the amendment or termination of this *Shareholder Direction*, the *City* shall give written notice of the amendment or termination to the *Board*.

15. NOTICE

Any notices required or desired to be given to any of the Parties in connection with this *Shareholder Direction* or arising there from, shall be in writing and shall be personally delivered or sent by email or other means of instantaneous transmission in regular commercial usage at such time:

To the City at:

City Manager
4th Floor, East Tower, Toronto City Hall
100 Queen Street West,
Toronto, ON M5H 2N2
Email:

General Manager, Shelter Support and Housing Administration
6th Floor, Metro Hall
55 John Street
Toronto, ON M5V 3C6
Email:

To Toronto Community Housing Corporation at:

Chief Executive Officer
Toronto Community Housing Corporation
7th Floor, 931 Yonge Street
Toronto, ON M4W 2H2
Email:

DATED at Toronto as of this _____ day of _____ 2021.

CITY OF TORONTO

by

:

City Manager

by:
