

THIS SHAREHOLDER DECLARATION made as of the 23rd day of September, 2003

BETWEEN:

CITY OF GREATER SUDBURY

(Referred to in this Declaration interchangeably as
the "City" and/or the "Shareholder")

OF THE FIRST PART

- and -

THE GREATER SUDBURY HOUSING CORPORATION
(Referred to in this Declaration interchangeably as
the "Corporation" or the "GSHC")

OF THE SECOND PART

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RECITALS

WHEREAS the *Social Housing Reform Act* created the Greater Sudbury Housing Corporation to own and manage the former Ontario Housing Corporation portfolio located in the City;

AND WHEREAS through the *Social Housing Reform Act*, the Province of Ontario established the City as the social housing Service Manager, the social housing funder/program administrator and as the sole Shareholder of the Greater Sudbury Housing Corporation;

AND WHEREAS the Shareholder wishes to make a declaration that limits the powers of the Directors of the Greater Sudbury Housing Corporation to manage or supervise the management of the Business and affairs of the Greater Sudbury Housing Corporation;

AND WHEREAS the parties intend that this Declaration

1. establishes certain principles of governance for the Greater Sudbury Housing Corporation; and
2. constitutes a declaration by the Shareholder pursuant to subsection 108(3) of the Ontario *Business Corporations Act* with respect to certain powers of the Board of Directors of the Greater Sudbury Housing Corporation;

THIS DECLARATION WITNESSES that in consideration of the covenants, agreements, warranties and payments herein set out and provided for, the parties hereto hereby respectively covenant and agree as follows:

1. INTERPRETATION

Whenever used in this Declaration, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them in this Section 1.1:

"Articles of Incorporation" means the Articles of Incorporation of the Greater Sudbury Housing Corporation issued pursuant to the Ontario *Business Corporations Act*, which Articles of Incorporation are dated December 14, 2000;

"Auditor" means a Person appointed by the Shareholder;

"Auditor's Derivative Report" means communication of matters identified by the Auditor during the financial statements audit which matters include misstatements, other than trivial errors, fraud, misstatements that might cause future financial statements to be materially misstated, illegal or possibly illegal acts or significant weaknesses in internal control;

"Annual Information Return" means a summary report of the Corporation's financial, operating and statistical information for the fiscal year as determined by the Service Manager;

"Annual Report" means the report prepared by the Greater Sudbury Housing Corporation as contemplated by Article 9 hereof;

"Board" means the Board Directors of the Greater Sudbury Housing Corporation;

"Business" means the business of the Greater Sudbury Housing Corporation as a housing provider pursuant to the *Social Housing Reform Act*;

"Chair" means the director of the Greater Sudbury Housing Corporation Board appointed as Chair of the Board from time to time;

"Citizen" means with respect to a member of the Greater Sudbury Housing Corporation Board or a candidate for such membership an individual who is not a member of Council;

"City" means the City of Greater Sudbury;

"Confidential Information" shall mean both written and unwritten information which is either non-public or confidential in nature;

"Corporation" means the Greater Sudbury Housing Corporation;

"Council" means the Council of the City of Greater Sudbury;

"Declaration" means this Shareholder Declaration;

"Director" or "director" means a person occupying the position of director of the Greater Sudbury Housing Corporation by whatever name called;

"Financial Statements" means, for any particular period, audited or unaudited (as stipulated in this Declaration), consolidated or unconsolidated (as stipulated in this Declaration), comparative financial statements of the Greater Sudbury Housing Corporation consisting of not less than a balance sheet, a statement of income and retained earnings, a statement of changes in financial position, a report or opinion of the Auditor (in the case of audited financial statements) and such other statements, reports, notes and information prepared in accordance with generally accepted accounting principles (consistently applied) and as are required in accordance with any applicable law;

"GSHC" means the Greater Sudbury Housing Corporation;

"Housing Portfolio" means all housing projects operated by the GSHC;

"Housing Project" means all or part of the residential accommodation located in one or more buildings used in whole or in part for residential accommodation and includes vacant land, if any, owned by the GSHC;

"MFIPPA" means the *Municipal Freedom of Information and Protection of Privacy Act*, and regulations thereunder, as such statute may be amended or re-enacted from time to time;

"OBCA" means the Ontario *Business Corporations Act*, and regulations thereunder, as such statute may be amended or re-enacted from time to time;

"Person" means an individual, sole proprietorship, partnership, unincorporated association, unincorporated organization, trust body corporate and a natural person in her or his capacity as trustee, executor, administrator or other legal representative;

"Resident Canadian" means an individual who is,

1. a Canadian citizen ordinarily resident in Canada;
2. a permanent resident within the meaning of the *Immigration Act* (Canada) and ordinarily resident in Canada;

"Service Manager" means the City of Greater Sudbury (in its capacity as service manager) as defined in the *Social Housing Reform Act*;

"Shareholder" means the City of Greater Sudbury (in its capacity as the sole shareholder of the GSHC);

"SHRA" means the *Social Housing Reform Act*, and regulations thereunder, as such statute may be amended or re-enacted from time to time;

"Tenants" means the tenants (as that expression is defined in the *Tenant Protection Act*), of the GSHC.

2. OBJECTIVES AND PRINCIPLES

2.1 Purposes

The Shareholder and the Corporation agree that this Declaration is established for the following purposes:

- (a) to recognize the Board's authority to manage or supervise the management of the Business and affairs of the GSHC in accordance with this Declaration;
- (b) to provide the Board with the Shareholder's operational requirements regarding the GSHC;
- (c) in its capacity as a public document, to inform the other residents of the City of the Shareholder's operational requirements regarding the GSHC;
- (d) to establish the accountability, responsibility and relationship between the GSHC and the Shareholder; and
- (e) to establish the accountability, responsibility and relationship between the GSHC and the Service Manager.

2.2 Shareholder Objectives

The Shareholder's objectives in connection with its relationship with the GSHC are as follows:

- (a) the GSHC will employ its own staff and, subject to the terms of this Declaration, the GSHC shall be responsible for the management of its Housing Portfolio, for making policy and operational decisions and being accountable for such policy and operational decisions through the submission to the Shareholder and Service Manager of the Annual Report (see Section 6, page 16);
- (b) the GSHC will utilize its assets for the purposes of providing adequate, affordable housing;
- (c) the assets of the GSHC will be maintained in good repair and the usefulness of the assets will be maintained in order to provide quality affordable housing;
- (d) the GSHC will act to mitigate financial risks to the City as Shareholder, while service standards and levels are maintained or enhanced;
- (e) the GSHC will ensure that Tenants will be protected from harassment, in an environment where human rights are upheld;
- (f) the GSHC will support and promote efforts aimed at providing GSHC Tenants with healthy, safe and sustainable communities.

2.3 Principles

2.3.1 Conduct of Affairs

The GSHC is integral to the well-being and the infrastructure of the City. The GSHC agrees that it is in the best interests of the GSHC, Tenants and the residents of the City, that the GSHC conduct its affairs in a manner consistent with the principles outlined herein.

2.3.2 Business Principles

The GSHC agrees that it shall carry on Business as follows:

- (a) that it shall conduct its affairs in accordance with the *SHRA* and in accordance with the Service Manager's accountability document entitled the Greater Sudbury Housing Corporation Operating Framework (substantially in the form attached as Appendix A to this Declaration);
- (b) that it shall provide quality, affordable housing accessible to those in need and eligible for subsidized housing, as defined from time to time by the Service Manager and within the parameters of program funding received from the Service Manager and pursuant to legislation and regulations issued to the Service Manager by the Province of Ontario;

- (c) that it shall provide accountable quality services at an affordable cost, on a sustainable basis and use the most appropriate methods and structures for doing so;
- (d) that it shall ensure that policies and programs are consistent with the goal of providing affordable housing; and
- (e) that it shall recognize and be sensitive to the fact that social housing primarily serves tenants of low and moderate incomes;
- (f) that labour relations shall be managed in a manner consistent with those of the City.

3. BUSINESS OF THE GREATER SUDBURY HOUSING CORPORATION

Subject to the ongoing ability of the GSHC to meet the financial objectives as established through funding arrangements with the Service Manager, the ability of the Board to demonstrate the same and in support of the mandate to provide affordable housing, the GSHC may engage in any of the following business activities, consistent with the GSHC's Articles of Incorporation and the SHRA:

- 1. own, operate or have an ownership in rental housing and affordable-ownership housing and provide related services;
- 2. develop new affordable housing (subject to prior approval of the Service Manager);
- 3. redevelop existing Housing Projects (subject to prior approval of the Service Manager);
- 4. deliver program-related services on behalf of the Service Manager including but not restricted to rent supplement programs and the completion of the applicant/tenant income testing functions.

4. OPERATIONS AND CONTROL

4.1 Board Responsibilities

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

- 1. establishing annual and long-range strategies and plans consistent with the provisions of this Declaration;
- 2. establishing policies consistent with this Declaration and the SHRA and all other relevant legislation;

3. managing and directing all labour and employee-relations matters.

4.2 Qualifications of Directors

In naming directors to the Board, the Shareholder will give due regard to the qualifications of Citizens and ensure that the Board collectively represents a range of relevant expertise including:

- (a) knowledge of the social housing area;
- (b) community development;
- (c) business and financial management;
- (d) understanding of corporate governance responsibilities;
- (e) organizational development;
- (f) labour relations;
- (g) legal and/or legal aid experience; and
- (h) knowledge of landlord and tenant and social services matters.

4.3 Composition of the Board

The Board will be composed of Seven (7) Directors, two (2) of whom shall be members of Council and the remainder shall be citizen appointees.

4.4 Eligibility for Board Membership

To be eligible for Board membership, a person must not be disqualified from being a director under the *OBCA* or the *SHRA*, and shall be a Resident Canadian residing in or paying property taxes to the City. In addition, members of Council who act as Directors:

- a) shall have been elected to such office by qualified electors pursuant to the provisions of the *Municipal Elections Act, 1996*, as amended or shall have been appointed as a member of Council pursuant to section 263 (Filling Vacancies) of the *Municipal Act, 2001*, as amended;
- b) shall be appointed to the Board by resolution of Council.

4.5 Nomination Process

4.5.1 Council member nominations

Council members will be nominated for appointment to the Board on the recommendation of Council through a process approved by Council for such appointments.

4.5.2 Citizen nominations

Citizens will be nominated for appointment to the Board by a recommendation of the GSHC Nominations Committee which recommendation may be approved by the Shareholder.

4.5.3 Approval by the Shareholder

The composition of the Board whose members are appointed (a) by Council, (b) by way of nomination from the Nominations Committee of the GSHC or (c) in circumstances of a vacancy on the Board, shall be approved by the Shareholder.

4.6 Chair

The Board will elect a Chair from among its members. In the event the Chair resigns or otherwise vacates the position of Chair prior to the end of their term, the Board shall elect a Chair from among its remaining Directors who are members of Council.

4.7 Vacancies

Subject to section 124 of the *OBCA (Directors and Officers: Vacancies)*, if a member of the Board ceases to be a director for any reason, the Shareholder will fill the vacancy created thereby as soon as reasonably possible from persons eligible for appointment as a Director pursuant to section 4.4.

4.8 Term

The term of appointment for all Board members shall be concurrent with the term of Council. Directors may be re-appointed to the Board.

4.9 Conflict of Interest

4.9.1 Board Compliance

The Board and officers of the GSHC will abide by the requirements of the *OBCA*, the *SHRA*, and regulations as may be amended or enacted from time to time and in particular Ontario Regulation 339/01, Part II, section 4 (Conflict of Interest), section 5 (Replacement of Conflict of Interest Rules) and any related GSHC policy in respect of conflicts of interest, including any requirements in respect of disclosure and abstention from voting.

4.9.2 Employee Compliance

The Board and officers of the GSHC will ensure that GSHC employees strictly abide by the requirements of the *SHRA* and any related GSHC policy in respect of conflicts of interest, including any requirement in respect of disclosure.

4.10 Confidentiality

4.10.1 Confidentiality Exceptions

The Directors and officers of the GSHC and the Shareholder will ensure that Confidential Information of the GSHC is not disclosed or otherwise made available to any Person, except to the extent that:

- (a) disclosure to the Shareholder's or the GSHC's employees or agents is necessary for the performance of any of their duties and obligations under this Declaration; and
- (b) disclosure is required in the course of judicial proceedings or pursuant to law.

The Shareholder and the GSHC will abide by all terms of the *MFIPPA*.

4.10.2 Requests to Disclose

In the event any of the Directors and/or officers of the GSHC and/or in the event the Shareholder receives a request to disclose any Confidential Information pursuant to legal process of any kind, such Director and/or officer of the GSHC or the Shareholder will notify the GSHC promptly so that the GSHC may seek a protective order or other appropriate remedy. In the event no such protective order or other remedy is obtained, any of the Directors and/or officers of the GSHC or the Shareholder will furnish only that portion of the Confidential Information which any of the Directors and/or officers of the GSHC or the Shareholder is/are advised by legal counsel is legally required and will exercise all reasonable efforts to obtain reliable assurance that confidential treatment will be afforded to the Confidential Information.

4.11 Remuneration

Except for remuneration from the City as approved by Council from time to time, the Directors shall serve without remuneration in their capacity as Directors, as officers if applicable, or in any other capacity and no Director shall directly or indirectly receive any profit or payment of any nature from the GSHC on any basis. The GSHC will reimburse Directors for all reasonable expenses incurred in the performance of duties as Directors of the GSHC.

4.12 Removal of Directors

A Director may be removed from the Board for such reasons including, but not restricted to:

- (b) conflict of interest that cannot be resolved in any other manner satisfactory to the Board and/or the Shareholder;
- (c) engagement in activities that are deemed by the Board and/or Council to be inconsistent with the principles and objectives of this Declaration;
- (d) inability to meet the eligibility criteria of a Board member as described in Section 4.5 (page 11) above; and
- (e) absence from three (3) consecutive meetings of the Board during any calendar year without prior written approval of the Board.

4.13 Staffing

The Board will hire a General Manager and approve the employment of staff as recommended by the General Manager. The Board will ensure that it is the General Manager's responsibility to establish and maintain a normal working environment for all union and non-union staff employed by the GSHC.

5. SHAREHOLDER MATTERS

5.1 Decisions of the Shareholder

5.1.1 Communications in Writing

All approvals and decisions of the Shareholder will be communicated in writing to the Chair and will be signed by an authorized signatory of the Shareholder.

5.1.2 Notice to GSHC

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

5.2 Matters Requiring Shareholder Approval Under the OBCA

In accordance with the provisions of the OBCA, the GSHC will not, without prior approval of the Shareholder:

- (a) apply to make changes to the Articles of Incorporation (OBCA, s. 168);
- (b) amalgamate (OBCA, s. 174), apply to continue as a body corporate under the laws of another jurisdiction (OBCA, s. 180), 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;

arrangement, in each case whether statutory or otherwise;

- (c) take or institute proceedings for any winding up (*OBCA*, ss. 193-205), arrangement (*OBCA*, s. 182) or dissolution (*OBCA*, s. 237);
- (d) create new classes of shares or reorganize, consolidate, subdivide or otherwise change its outstanding securities (*OBCA*, s. 168);
- (e) dispose of, by conveyance, transfer, lease, sale and leaseback, or other transaction, all or substantially all of its assets or undertaking (*OBCA*, s. 182), with the exception of entering into residential and commercial leases for the units and commercial spaces of the GSHC;
- (f) appoint and/or remove the Auditor of the GSHC (*OBCA*, s. 149), except where the auditor has been appointed by order of the Ontario Superior Court of Justice under section 149(8) of the *OBCA*;
- (g) make any change to the number of directors comprising the Board (*OBCA*, s. 168); and
- (h) enter into any transaction or take any action that requires shareholder approval pursuant to the *OBCA*.

5.3 Other Matters Requiring Shareholder Approval

5.3.1 Corporate Issues

Without the prior approval of the Shareholder the GSHC will not:

- (a) create any additional indebtedness that would require additional payment in the form of subsidies from the Service Manager, not including the impact of increased subsidy payments that may be required pursuant to other program cost increases as identified in any agreement with the Service Manager and including the renewal of existing mortgages and loans;
- (b) ~~sell real property 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 real property which is not zoned or deemed suitable for housing or that is used for commercial purposes;~~
- (c) proceed with redevelopment projects, or material changes in the number or distribution of rent-geared-to-income units, including changes to targeting plans;
- (d) appoint new directors to fill vacant positions on the Board; and
- (e) pass or amend any by-laws

- (i) with respect to the composition or number of Directors or the term of Directors; or
 - (ii) that are inconsistent with this Declaration;
- (f) take or institute proceedings for any legal reorganization (*OBCA*, s. 186) of the Corporation.

5.3.2 By-laws General

The GSHC shall, where by-laws and by-law amendments have been approved by the Board, seek Shareholder approval for such by-laws and by-law amendments. Where such approval is denied, the GSHC shall not implement such by-laws and by-law amendments.

5.4 Regulatory Matters

5.4.1 *Municipal Freedom of Information and Protection of Privacy Act*

The GSHC is subject to the *MFIPPA* which requires the Board to appoint a "head" of the GSHC for the purposes of disclosing or refusing to disclose "records" or "confidential information", as those expressions are defined in the *MFIPPA*. The GSHC shall appoint the Chair as the head of the GSHC for the purposes of the *MFIPPA*.

5.4.2 Other Legislation

The GSHC is subject to a variety of legislation that governs its operations and which establishes the responsibilities of the Board such as the *Tenant Protection Act*, the *Human Rights Code* or municipal property standards by-laws. In all such cases such legislation will prevail over this Declaration and any other direction of the Shareholder where there is a conflict between these directions and such legislation. Should such a conflict occur, the GSHC shall contact the Service Manager to discuss the manner in which the interests of the Shareholder may best be protected.

5.5 Annual Shareholder's Meeting

The Directors of the GSHC shall call an annual meeting of the GSHC not later than 4 months after the end of GSHC fiscal year.

6. ACCOUNTABILITY

6.1 Annual Report

6.1.1 General

Within 120 days after the end of the GSHC fiscal year, the Board will prepare and approve an Annual Report and submit the report to the Shareholder. The Annual Report will include:

1. such explanations, notes and information as is required to account for any variances between the actual results from operations and the budgeted amounts set forth in the approved budget, and any material variances in the projected ability of any business activity to meet or continue to meet the financial objectives of the Shareholder;
2. information that is likely to materially affect the Shareholder's objectives;
3. 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;
4. a five year business plan outlining the strategic direction and new business initiatives which the GSHC will undertake or recommend. The business plan will be prepared on a consistent format with the business plan currently in effect;
5. information regarding the performance of the GSHC such that the Shareholder can determine that the business plan has been respected;
6. information regarding the performance of the GSHC such that the Shareholder can determine that the Shareholder Declaration has been respected;
7. any such additional information as the Shareholder and/or the Service Manager may specify from time to time; and

6.1.2 Other Reports

The GSHC's Annual Report will be consistent with, but not in lieu of, other reporting that the Service Manager may require that is consistent with the social housing program funding requirements or otherwise agreed to by the Board.

6.2 Access to Records

The Shareholder shall have unrestricted access to the books and records of the GSHC during normal business hours. The Shareholder shall treat all information of the GSHC with the same level of care and confidentiality as any Confidential Information of the Shareholder.

6.3 Audit

The GSHC's financial statements will be audited annually with the following requirements:

- (a) the Auditor must be licenced under the *Public Accountancy Act* and is appointed by the Shareholder; and

- (b) the Auditor will provide the Auditor's Derivative Report and the Auditor's Report on financial information for the GSHC Annual Information Return and prepare an Auditor's report on the GSHC financial statements. The Auditor shall prepare a management letter for the purpose of indicating to the GSHC specific ways to improve reporting and financial operations to help foster efficient management of GSHC resources. The management letter will also describe whether or not GSHC has corrected any identified deficiencies in legislative compliance and in internal controls.

6.4 Payment of Auditor

The GSHC will satisfy payment of the remuneration of the Auditor.

6.5 Accounting

The GSHC 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.

6.6 Annual Financial Statements

The Board will deliver, as soon as practicable and in any event within 120 days after the end of each fiscal year, the audited Financial Statements of the GSHC for consideration by the Shareholder.

6.7 Annual Information Return

The Annual Information Return with the Auditor's reports (as contemplated by Article 6.3(b) (page 17) and copy of the GSHC audited financial statements, signed on behalf of the Board by two members, shall be submitted to the Shareholder within 120 days of the GSHC's fiscal year end.

7. FINANCIAL PERFORMANCE

The Board will use its best efforts to ensure that the GSHC meets the financial performance standards set by the Board and those set by the Shareholder and Service Manager.

8. COMMUNICATIONS

8.1 Governance

All communication with respect to general governance matters between the GSHC and the Shareholder shall be exchanged between the GSHC Chair and the City's General Manager, Economic Development and Planning Services or their duly appointed designate.

8.2 Policy

All communication with respect to policy matters between the GSHC and the Shareholder shall be exchanged between the GSHC Chair and the City's Manager, Housing Services or their duly appointed designate.

8.3 Operations

All communication with respect to operational matters between the GSHC and the Shareholder shall be exchanged between the GSHC General Manager and the City's Manager, Housing Services or their duly appointed designate.

9. AMENDMENTS

This Declaration may be amended solely at the discretion of the Shareholder. The Shareholder will provide prior written notice to the Board of any such proposed amendments.

10. TERM

This Declaration shall come into effect as of December 1, 2003 and continue in effect until terminated by the Shareholder.

11. NOTICE

Any demand, notice or other communication to be given to the Shareholder in connection with this Declaration shall be given in writing and may be given by personal delivery or by registered mail, courier or facsimile transmission, addressed to the Shareholder's representative as indicated in Articles 8.1, 8.2 and 8.3 as follows:

City of Greater Sudbury
200 Brady Street
Sudbury, Ontario
P3E 1C7

~~Any demand, notice or other communication to be given to the GSHC in connection with this Declaration shall be given in writing and may be given by personal delivery or by registered mail, courier or facsimile transmission, addressed to the GSHC as follows:~~

The Greater Sudbury Housing Corporation
10 Elm Street
Suite 401
Sudbury, Ontario
P3E 4P6

Any demand, notice or other communication to be given by either party to such other address or facsimile number as may be designated by notice by either party to the other. Any such

notice given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof; if given by registered mail, on the third day following the deposit thereof in the mail; if by courier, on the second day after delivery to the courier; and if by facsimile transmission, on the same day if sent prior to 4:00 P.M. and on the next following working day of the party if sent after 4:00 P.M.. If the party giving any notice knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such notice shall not be mailed but shall be given by personal delivery, courier or facsimile transmission.

12. NO ASSIGNMENT

GSHC will not assign this Declaration, or any part thereof, without the prior written approval of the Shareholder, which approval may be withheld by the Shareholder in its sole discretion or may be given subject to such terms and conditions as the Shareholder may impose.

13. ENTIRE AGREEMENT

This Declaration embodies the entire agreement between the parties and supercedes any other understanding or agreement, collateral, oral or otherwise, existing between the parties at the date of execution.

14. LAW OF ONTARIO

This Declaration shall be governed by and construed with the laws of the Province of Ontario.

15. BINDING UPON ASSIGNS

This Declaration shall be binding upon the parties, their successors and permitted assigns.

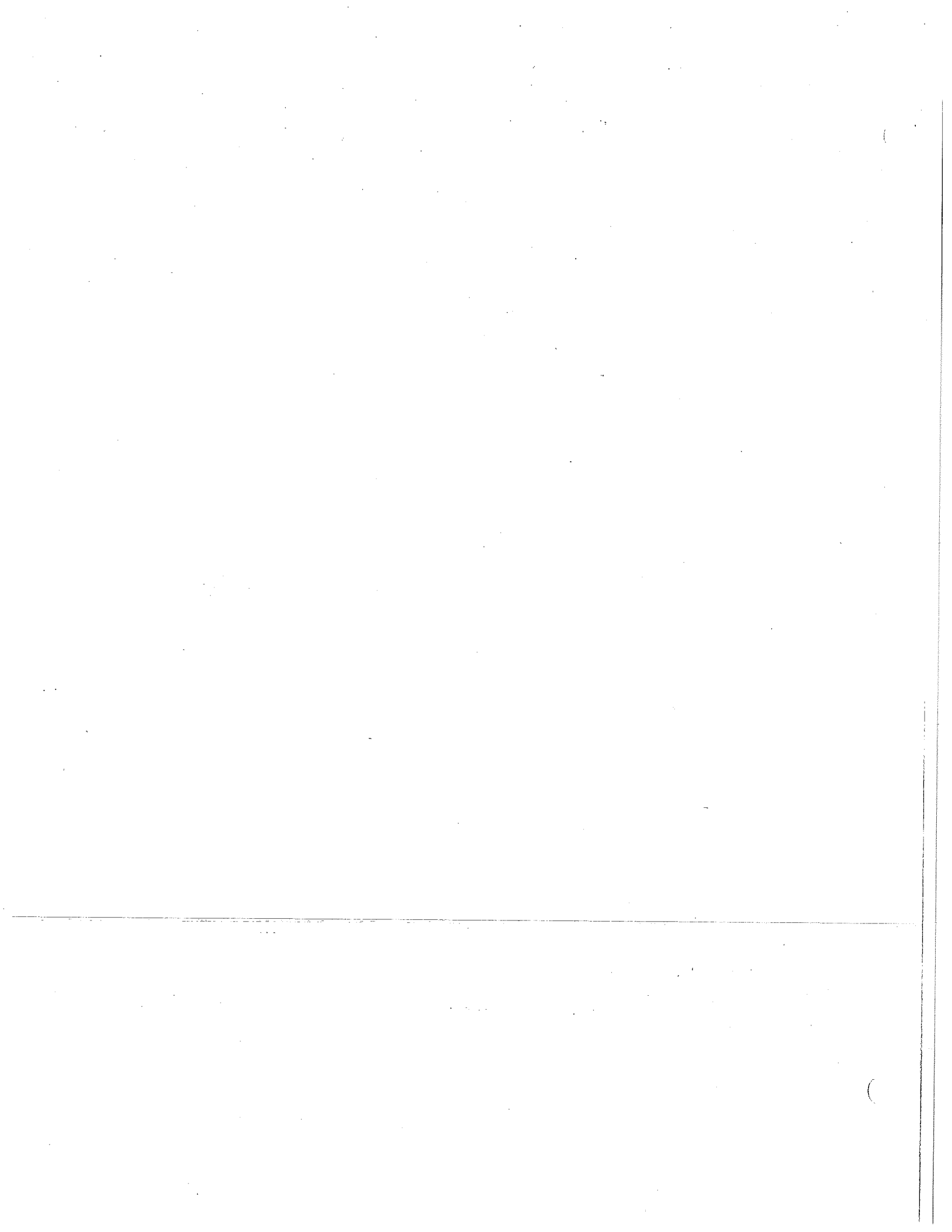
IN WITNESS WHEREOF the parties sign by their duly authorized signing officers:

CITY OF GREATER SUDBURY

Per:

Mayor

Clerk



APPENDIX A

THIS OPERATING FRAMEWORK

ISSUED BY:

CITY OF GREATER SUDBURY

(Referred to in this Operating Framework interchangeably as
the "City", and/or the "Service Manager")

- in respect to the operations of -

THE GREATER SUDBURY HOUSING CORPORATION

(Referred to in this Operating Framework interchangeably as
the "Corporation" or the "GSHC")

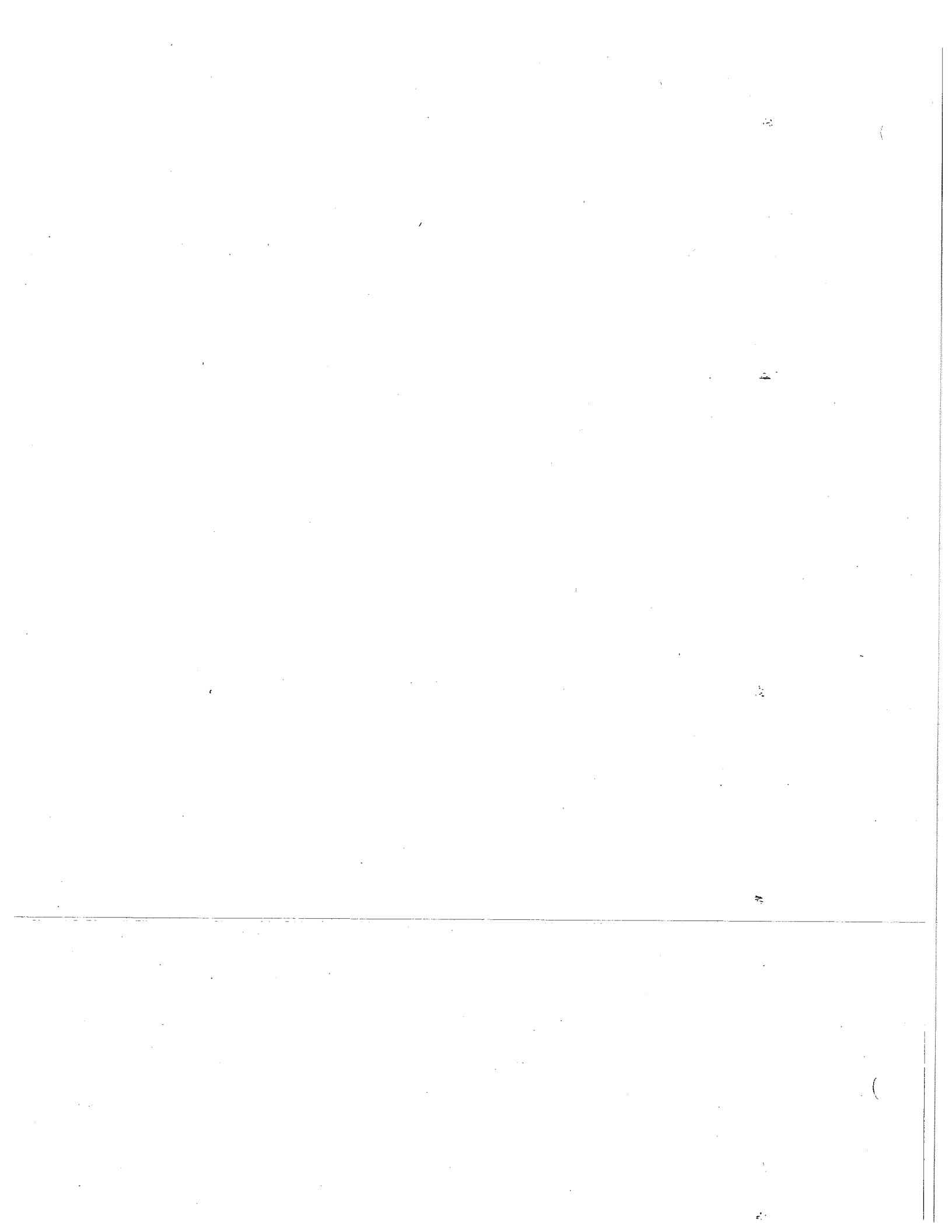
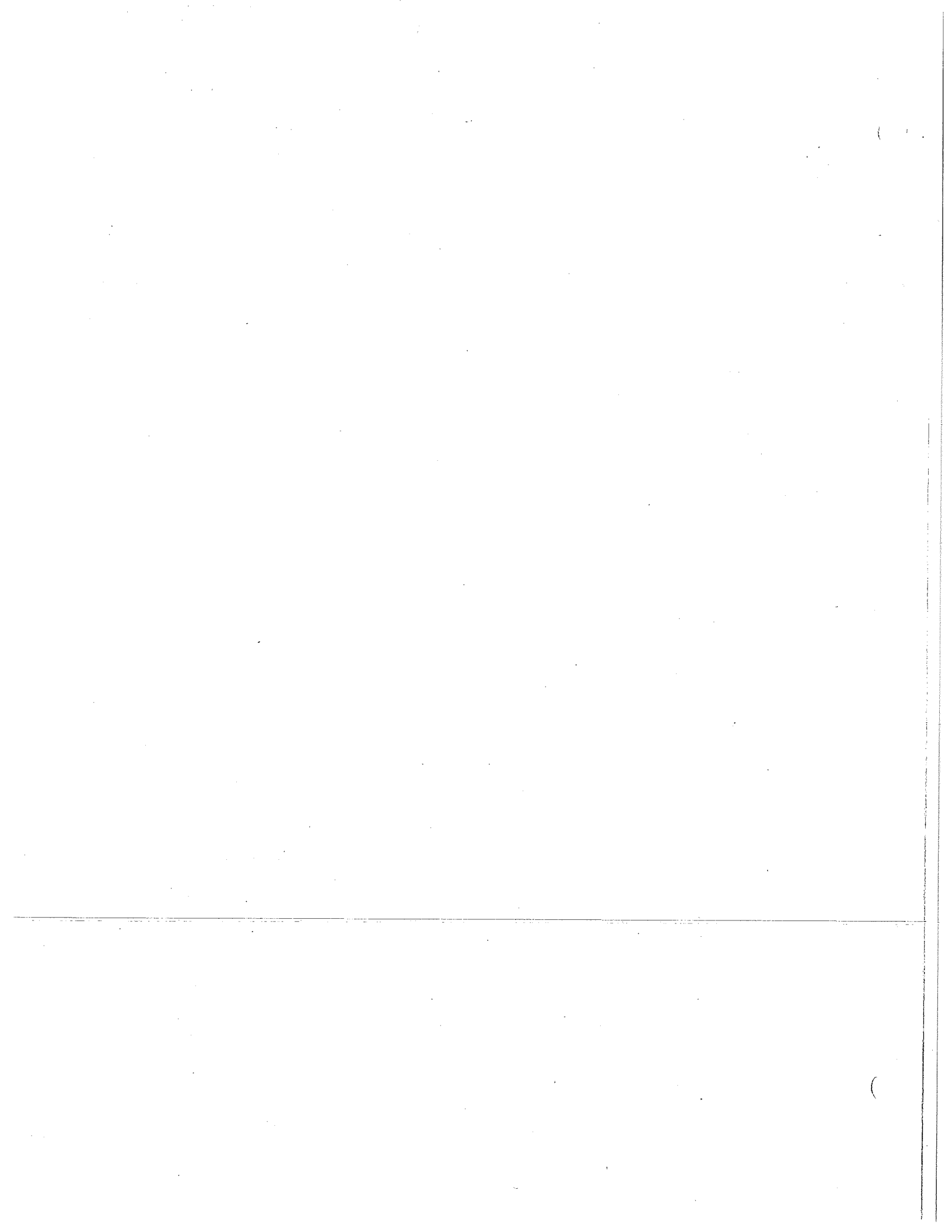
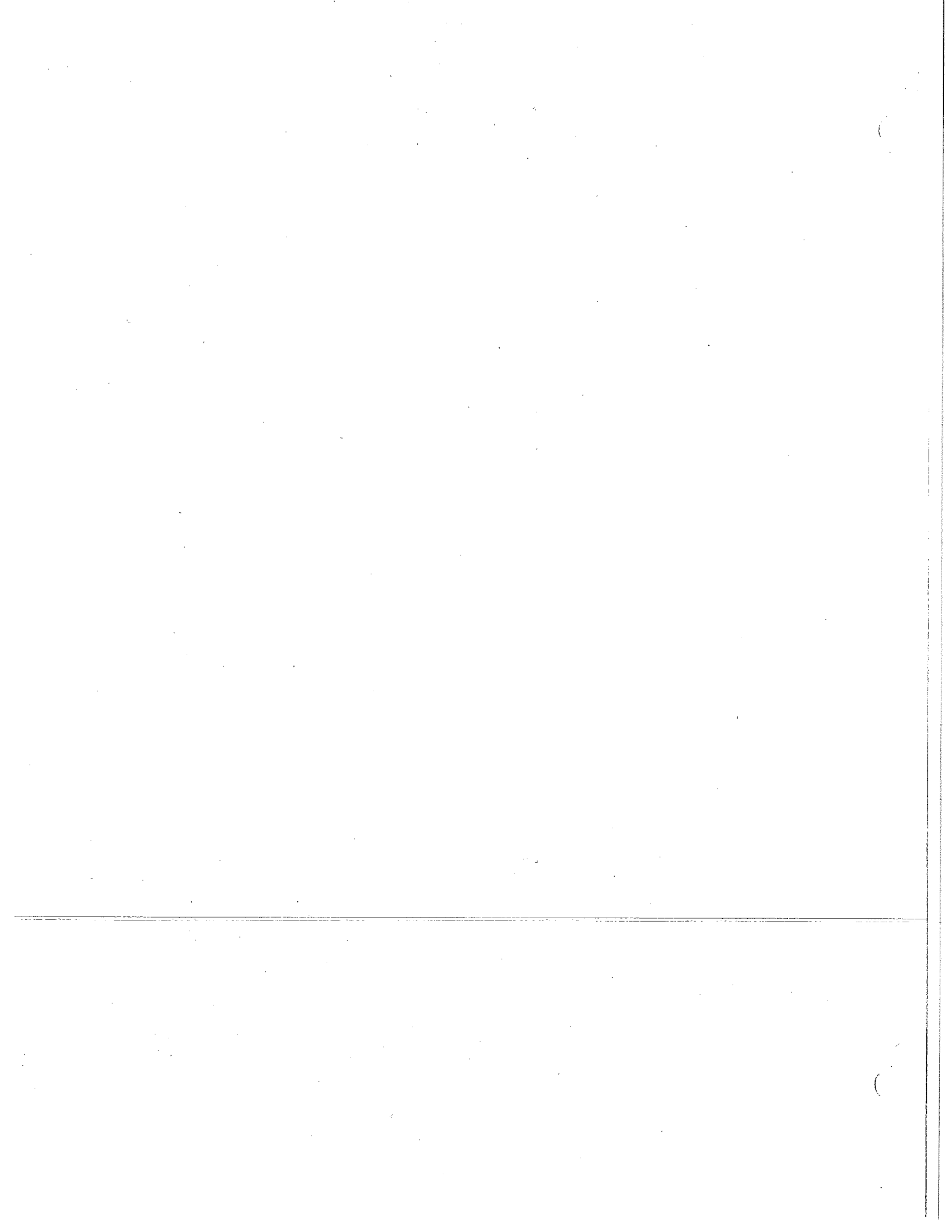


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RECITALS

WHEREAS provincial and federal devolution of housing program responsibilities has given the City a dual role in social housing - being the Service Manager and the sole Shareholder of the Greater Sudbury Housing Corporation;

AND WHEREAS the Greater Sudbury Housing Corporation owns a portfolio of housing and administers social housing programs;

AND WHEREAS the Greater Sudbury Housing Corporation and other social housing providers in the City of Greater Sudbury participate in such social housing programs;

AND WHEREAS through the *Social Housing Reform Act*, the Province of Ontario has considerable power over the City as the Service Manager and over the Greater Sudbury Housing Corporation as a housing provider;

AND WHEREAS section 32 of the *SHRA* provides that the Service Manager shall establish rules governing the accountability of the GSHC to the Service Manager which accountability rules shall address the operation and activities of the Greater Sudbury Housing Corporation, including such matters as reporting requirements, budgeting and funding, the maintenance of housing projects, audits and investigations, the exchange of information and other such matters as the Service Manager considers appropriate to ensure the performance of the Greater Sudbury Housing Corporation's duties under the *Social Housing Reform Act*;

AND WHEREAS the City, as Service Manager, and the Greater Sudbury Housing Corporation wish to define the manner by which the Greater Sudbury Housing Corporation will meet the *Social Housing Reform Act* requirements and the manner by which social housing programs operated by the Greater Sudbury Housing Corporation will be administered;

AND WHEREAS the rules governing the accountability of the GSHC to the Service Manager are established in this Operating Framework and are based upon general principles aimed at

1. ensuring stable and predictable funding for the Greater Sudbury Housing Corporation to mitigate any impacts on tenants from program funding decisions;
2. simplifying and harmonizing the social housing program structures and

funding models in order to reduce administration costs; and

3. acknowledging that the Service Manager will require timely information required to prepare budgets and fulfill its reporting obligations to the Province of Ontario and other agencies.

THE TERMS OF THIS OPERATING FRAMEWORK, AS AMENDED FROM TIME TO TIME, SHALL BIND THE GREATER SUDBURY HOUSING CORPORATION.

1. INTERPRETATION

Whenever used in this Operating Framework, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them in this Section 1.1:

"Auditor" means a Person appointed by the Shareholder;

"Board" means the Board Directors of the Greater Sudbury Housing Corporation;

"Business" means the business of the Greater Sudbury Housing Corporation as a housing provider pursuant to the *Social Housing Reform Act*;

"City" means the City of Greater Sudbury;

"Corporation" means the Greater Sudbury Housing Corporation;

"Council" means the Council of the City of Greater Sudbury;

"Financial Statements" means, for any particular period, audited or unaudited (as stipulated in this Operating Framework, consolidated or unconsolidated (as stipulated in this Operating Framework), comparative financial statements of the Greater Sudbury Housing Corporation consisting of not less than a balance sheet, a statement of income and retained earnings, a statement of changes in financial position, a report or opinion of the Auditor (in the case of audited financial statements) and such other statements, reports, notes and information prepared in accordance with generally accepted accounting principles (consistently applied) and as are required in accordance with any applicable law;

"GSHC" means the Greater Sudbury Housing Corporation;

"Housing Portfolio" means all housing projects operated by the GSHC;

"Housing Project" means all or part of the residential accommodation located in one or more buildings used in whole or in part for residential accommodation and includes vacant land, if any owned by the GSHC;

"MFIPPA" means the *Municipal Freedom of Information and Protection of Privacy Act*, and regulations thereunder, as such statute may be amended or re-enacted from time to time;

"OBICA" means the *Ontario Business Corporations Act*, and regulations thereunder, as such statute may be amended or re-enacted from time to time;

"Other Programs" means housing programs as identified by the Service Manager which are managed and/or administered by the GSHC at the Service Manager's request;

"Person" means an individual, sole proprietorship, partnership, unincorporated association, unincorporated organization, trust body corporate and a natural person in her or his capacity as trustee, executor, administrator or other legal representative;

"Service Manager" means the City of Greater Sudbury (in its capacity as service manager) as the expression "service manager" is defined in the *Social Housing Reform Act* ("service manager" means a municipality, agency, board or commission designated as a service manager under subsection 4 (1));

"Shareholder" means the City of Greater Sudbury (in its capacity as owner of the GSHC);

"SHRA" means the *Social Housing Reform Act*, and regulations thereunder, as such statute may be amended or re-enacted from time to time;

"Tenants" means the tenants (as defined in the *Tenant Protection Act*), of the GSHC.

2. Operating Framework Contents

2.1 Framework Items

The Operating Framework will include, but will not necessarily be limited to:

- (a) defining the number of rent-geared-to-income units to be adhered to by the GSHC (Article 11);
- (b) formatting and timing provision of subsidy request and budget information to the Service Manager in order to prepare the Service Manager's budget (Article 4);
- (c) formatting and timing program reporting to the Service Manager to fulfill the Service Manager's obligations under the *SHRA* (Article 6);
- (d) determining the timing for the payment of subsidies to the GSHC (Article 4.3.2);
- (e) determining the method of dealing with annual GSHC surplus/deficits (Article 4.5).

2.2 Other Service Manager Program Funding

2.2.1 Additional Programs

The Service Manager may, from time to time, request that the GSHC perform certain functions and assume certain responsibilities which include but are not limited to:

- (a) the operation of a waiting list system for applicants to social housing;
- (b) the operation of rent supplement programs; and
- (c) the management of non-profit provider portfolios.

2.2.2 Additional Functions

In these and all other areas in which the Service Manager requests that the GSHC perform functions that are not mandated functions of a non-profit provider under the *SHRA*, the Service Manager and the GSHC will enter into agreements that include:

- (a) the level of funding to be provided for performance of additional functions;
- (b) the conditions and performance expectations of the Service Manager; and
- (c) the accountability requirements of the GSHC in undertaking additional functions.

2.2.3 Consultation

The Service Manager will not impose on the GSHC functions and obligations that are not identified in the *SHRA*, or that are not outlined in this Operating Framework without having consulted with and identified the administrative, operational and costs impacts upon, the GSHC.

3. SERVICE MANAGER MATTERS

3.1 Decisions of the Service Manager

The following policies will apply to any approvals or decisions that the Service Manager must provide with respect to the GSHC:

1. all approvals and decisions will be communicated in writing signed by an authorized signatory of the Service Manager; and
2. where Service Manager approvals are required the GSHC will give reasonable advance notice in writing of the need for approval and will provide such information as is reasonably necessary for the Service Manager to make an informed decision regarding the subject matter requiring approval.

3.2 Provision of Management Support Services

The Service Manager recognizes that the GSHC shall periodically require management support services in order to operate efficiently. Accordingly, the Service Manager shall allocate resources at no cost to the GSHC for the provision of the following management support services as the Service Manager, in its sole discretion, deems necessary or appropriate for the GSHC to operate:

1. legal services;
2. financial services;
3. human resource services; and
4. information technology services.

In circumstances where management support services are required, the GSHC shall notify the Service Manager in writing of its need for and the required extent of such management support services.

3.3 Provision of Insurance Coverage

GSHC shall name the Service Manager as an insured under its comprehensive insurance policies.

4. Financial Matters

4.1 Requirements for Subsidy Payments

GSHC shall:

- (a) submit to the Service Manager in a format acceptable to the Service Manager, a draft subsidy request supported by a draft budget by October 31 of each operating year and a final subsidy request supported by the final GSHC budget by December 31 of each operating year for approval by Council. Both the draft and the final subsidy requests shall include but not be limited to providing the following information:

- i) any proposed changes in staff complement, reclassifications, and merit salary increases;
 - ii) an estimate of expenditures to be incurred by the GSHC in respect of the operation of the Housing Portfolio including a breakdown of such expenditures for each Housing Project, including the estimated cost of repairs, maintenance, improvements, utilities, insurance, administration and taxes;
 - iii) an estimate of the gross revenue to be derived from the Housing Portfolio including a breakdown for each Housing Project, from rentals and all other sources;
 - iv) an estimate of expenditures to be incurred by the GSHC in respect to capital expenditures for each Housing Project;
 - v) supporting reports to the capital budget setting forth by project the nature and type of capital expenditures proposed to be made in the following fiscal year; and
 - vi) a five year capital expenditure projection identifying the major expenditures by project, type and anticipated cost in each of the fiscal years;
- (b) submit to the Service Manager monthly budget updates in a format acceptable to the Service Manager within fifteen (15) business days of the month end;
-
- (c) not spend capital subsidies in excess of the capital subsidy approved by the Service Manager for the year, or such interim approvals as the Service Manager may determine;
- (d) not spend operating subsidies in excess of the operating subsidy approved by the Service Manager for the year, or such interim approvals as the Service Manager may determine;

- (e) not spend Other Program subsidies in excess of the Other Program subsidies approved by the Service Manager for the year, or such interim approvals as the Service Manager may determine;
- (f) in any year not spend any operating or capital surplus subsidies or Other Program subsidies as identified in the approved GSHC audited financial statements;
- (g) not utilize subsidies approved for operating expenditures on capital expenditures or Other Program subsidies without the prior written approval of the Service Manager; and
- (h) not utilize subsidies approved for capital expenditures on operating expenditures or Other Program subsidies without the prior written approval of the Service Manager;
- (i) not utilize such Other Program subsidies designated by the Service Manager as type-specific program funding for purposes other than those identified by the Service Manager without the prior written approval of the Service Manager.

4.2 Subsidy Approval

The GSHC subsidy request shall be submitted to the Service Manager's Manager of Housing Services for review, development of recommendations and presentation to Council for approval. Council, with a recommendation from the Service Manager, may approve the final annual subsidy request or if necessary, may modify and approve the final annual subsidy request in each year of operation of the GSHC.

4.3 Budget Not To Be Exceeded

4.3.1 Final Budget based Upon Subsidy Approval

The final GSHC budget shall be approved by the Board based upon the level of subsidy approved by the Service Manager. The approved budget with approved

revisions, if any, shall govern the GSHC's management operations during the fiscal year for which the budget was prepared and approved and the GSHC shall not in that year pay, incur, enter upon, contract, or become liable for expenditures beyond or in excess of the net estimated revenues and expenditures set out in the approved budget without the prior written consent of the Service Manager.

4.3.2 Timing of Subsidy Payment

Subject as provided for herein, upon final Council approval, the Service Manager will deliver to the GSHC the GSHC subsidy on a monthly basis. In order to ensure that the flow of subsidy payments is consistent with budgetary requirements, the GSHC is encouraged to provide the Service Manager with a statement of estimated monthly subsidy requirements. The Service Manager, in its sole discretion, may deliver to the GSHC the monthly subsidy based upon the statement of estimated monthly subsidy requirements.

4.4 Budget Deficit

In any fiscal year, the GSHC shall not operate in a deficit.

4.5 Subsidy Surplus

Any operating, capital or Other Program subsidy surpluses identified in the audited financial statements shall be returned to the Service Manager pursuant to instructions received from the Service Manager.

4.6 Accounting and Reporting

The GSHC shall keep accurate records and accounts of all its transactions in accordance with instructions received from the Service Manager and will submit all required statements and reports pursuant to instructions received from the Service Manager on the forms prescribed and on the dates set by the Service Manager.

5. GOVERNING DIRECTIONS

5.1 Employment and Related Matters

The GSHC shall abide by all relevant employment and occupational health and safety legislation in the conduct of its operations, and will develop appropriate policies in areas recognizing its responsibilities as a public sector employer.

5.2 Tendering and Purchasing Matters

The GSHC will establish tendering and purchasing practices that ensure that the GSHC will manage all financial transactions in a transparent and open manner.

5.3 Agenda and Minutes

The GSHC shall prepare an agenda for and maintain minutes of each meeting of the Board and shall deliver on a monthly basis a copy of each to the City's General Manager, Economic Development and Planning Services and/or the City's Manager, Housing Services or their duly appointed designate.

ACCOUNTABILITY

6.1 Annual Report

6.1.1 General

Within 120 days after the end of the GSHC fiscal year, the Board will prepare and approve an Annual Report and submit the report to the Service Manager. The Annual Report shall include:

1. such explanations, notes and information as is required to account for any variances between the actual results from operations and the budgeted amounts set forth in the approved budget, and any material variances in the projected ability of any business activity to meet or

- continue to meet the financial objectives of the Shareholder;
2. information that is likely to materially affect the Shareholder's objectives;
3. 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;
4. a five year business plan outlining the strategic direction and new business initiatives which the GSHC will undertake or recommend. The business plan will be prepared on a consistent format with the business plan currently in effect;
5. information regarding the performance of the GSHC such that the Service Manager can determine that the business plan has been respected;
6. information regarding the performance of the GSHC such that the Service Manager can determine that the Operating Framework has been respected;
7. information regarding the number of evictions each year, the rationale and the cost of such evictions; and
8. any such additional information as the Service Manager may specify *from time to time*.

6.1.2 Other Reports

The GSHC's Annual Report will be consistent with, but not in lieu of, other reporting that the Service Manager may require that is consistent with the social housing program funding requirements or otherwise agreed to by the Board.

7. FIELD MANUALS AND SERVICE MANAGER POLICIES

7.1 Ontario Housing Corporation Manuals

7.1.1 General

Except for the provisions of the Shareholders Declaration relating to *MFIPPA* (Article 5.4.1, page 15 of the Shareholder Declaration), the GSHC will be regulated by the regulations passed pursuant to the *SHRA*, the policies, procedures, standards, and objectives prescribed in the following Ontario Housing Corporation/Local Housing Authority Manuals (collectively referred to herein as the "Manuals"): the Administrative Procedures Manual; the Human Resources Manual; the Planned Maintenance Manual; the Fire Safety Manual; the Rent Supplement Manual; or by other such manual or direction as may be issued/identified by the Service Manager. Amendments to the Manuals shall be issued from time to time by the Service Manager. These amendments shall be known as "Service Manager Instructions".

7.1.2 Service Manager to be Decision Maker

The Service Manager shall, with necessary modification, be the decision-maker in circumstances where the Manuals provide that a decision is required from Ontario Housing Corporation, the Ministry of Municipal Affairs and Housing, the Housing Regional Office or the Regional Manager.

7.2 Other City Policies

The GSHC shall be further regulated by such additional policies prescribed by the Service Manager from time to time and the GSHC shall take all necessary steps to adopt as its own, the additional policies prescribed by the Service Manager.

8. DISCRETION

It is the GSHC's and the Service Manager's intention that the Service Manager Instructions contain not only procedures which must be complied with but also the parameters within which the GSHC has discretion.

9. GENERAL REPORTING

The GSHC shall deliver a copy of its Annual Report (Article 6.1, page 33) to the Service Manager within the time periods set out therein. The GSHC shall deliver such other reports as Service Manager deems appropriate within the time frames prescribed by the Service Manager.

10. ACCESS TO PREMISES AND AUDIT REVIEWS

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

11. GSHC SERVICE LEVEL TARGETS

11.1 Service Level Targets

The GSHC will provide a minimum of 2,401 rent-gear-to-income units within the City of Greater Sudbury. This number of units will be known as the GSHC Service Level Target. Of the 2,401 units, 1,801 units will be occupied by Tenants who are considered High Need as defined in the *SHRA*. All units within GSHC's Service Level Target will be occupied by Tenants whose income, prior to being housed, is less than the Housing Income Levels (HILs), as defined by the *SHRA*.

11.2 Existing Compliment

The Service Level Targets will be comprised of 1,848 units which are owned and managed by the GSHC and 553 units which are managed by the GSHC but are leased through various rent supplement agreements. The sum of these units represents the original number of units transferred to the GSHC from Ontario Housing Corporation.

11.3 Units Excluded

The GSHC Service Level Target shall not include units managed by the GSHC under the provincial Rent Supplement Homelessness Program.

11.4 Alteration of Service Level Targets

Subsequent to consultation with GSHC, the Service Manager may alter the Service Level Target as required in order to comply with the SHRA requirements. The Service Manager shall deliver a notice in writing of any changes to the GSHC Service Level Target and shall provide sufficient detail to the GSHC to enable it to adjust its budget and other financial targets.

11.5 Report on Service Level Targets

The GSHC will monitor its Service Level Target monthly and report as requested by the Service Manager in a format acceptable to the Service Manager on the GSHC's performance with respect to its Service Level Target. The GSHC will not deviate from this Service Level Target without the written consent of the Service Manager.

12. GSHC MANDATE

The GSHC mandate as initially established by the *SHRA* will remain in effect. The GSHC will house family households, senior households and households without dependents (singles) who are in need of rent-gear-to-income housing. The GSHC *will not deviate from its initial mandate without the prior written approval of the Service Manager.*

13. COMPLIANCE WITH LAW

The GSHC shall ensure that all articles, by-laws, resolutions, agreements and documents filed, made, confirmed, amended, entered into or signed by them do not contravene or conflict with the *SHRA* or its regulations.

14. BREACH

In the event of any material breach of this Operating Framework or of Service Manager instructions thereunder by the GSHC, the Service Manager shall immediately and formally communicate with the Board and request compliance. Should the Board decline or fail to comply, the Service Manager may do one or more of the following:

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

15. COMMUNICATIONS

15.1 Governance and Policy

All communication with respect to general governance and policy matters between the GSHC and the Service Manager shall be exchanged between the GSHC Chair and the City's Manager, Housing Services or their duly appointed designate.

15.2 Operations

All communication with respect to operational matters between the GSHC and the Service Manager shall be exchanged between the GSHC General Manager and the City's Manager, Housing Services or their duly appointed designate.

16. AMENDMENTS

This Operating Framework may be amended solely in the discretion of the Service Manager and the GSHC shall comply with such amendments on the date such amendments are declared by Council and/or the Service Manager to be in force. The Service Manager shall provide prior written notice to the Board of any such proposed amendments.