

## AGENDA

### LONDON & MIDDLESEX COMMUNITY HOUSING (LMCH)

#### Board of Directors Meeting

Corporate Boardroom  
1299 Oxford Street East, Unit 5C5  
London, Ontario, N5Y 4W5

Thursday, May 19, 2022

5:30 PM – 6:30 PM

**Board Members:**

Aynsley Anderson

Gary Bezaire

Tammy Brooks

Shellie Chowns

Adrian Cornelissen

Shawn Lewis- Chair

John Millson

Josh Morgan

Anne Marie Mitchell

**Directors:**

Andrea Mackenzie

Phil Renaud

Diana Taplashvily

**CEO:**

Paul Chisholm

Item	Pg.	Lead	Time
1. Call to Order		S. Lewis	5:30
2. Recognition of Indigenous Peoples and Lands Statement		S. Lewis	
3. Completion and Acceptance of Agenda		S. Lewis	
4. Disclosure of Interest			5:35
5. Approval of Minutes of Previous Meetings a. Minutes from April 21, 2022, Public Minutes		S. Lewis	
6. Communications a. none		S. Lewis	
7. Delegations none			
8. Presentations a. None			
9. Consent Agenda Items a. Staff Report 2022- 32 CEO Report b. Staff Report 2022- 33 Vacancy Management Report		P. Chisholm	5:40
10. In Camera Matters none			
11. Reports and Business  a) Staff Report 2022- 34 2021 Audited Financial Statements b) Staff Report 2022- 35 HDC Property Services Reports c) Staff Report 2022- 36 Board Committee Membership d) Staff Report 2022- 37 Update on Selection Process for Community Director			5:50
12. New Business / Enquiries		S. Lewis	
13. Meeting Adjournment		S. Lewis	6:30

## **Recognition of Indigenous Peoples and Lands Statement**

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We would like to begin by acknowledging the treaty territory of the Anishnaabeg, which is defined within the pre-confederation treaty know as the London Township Treaty of 1796. Throughout time, this region has also become the current home to the Haudenosaunee and Lenni-Lenape Nations.

## BOARD OF DIRECTORS MEETING MINUTES

April 21, 2022, at 5:30 p.m.  
London & Middlesex Community Housing  
Boardroom, 1299 Oxford Street East, Unit 5C5, London, Ontario, Canada

### Board Members in Attendance:

Shellie Chowns, Acting Chair\*  
Aynsley Anderson\*  
Adrian Cornelissen\*  
John Milson\*  
Josh Morgan\*  
Tammy Brooks\*  
Anne Marie Mitchell\*  
Gary Bezaire\*  
Shawn Lewis

### Senior Leadership in Attendance:

Paul Chisholm, CEO  
Andrea Mackenzie, Director of Tenant Services  
Diana Taplashvily, Director of Finance & Corporate Services  
Phil Renaud, Director of Property Services & Asset Management  
Laura LeFaive, Temporary Communications Specialist

\* Virtual Attendance via Zoom

1. Call to Order	S. Chowns called the meeting to order at 5:32 p.m.
2. Recognition of Indigenous Peoples and Lands	S. Chowns provided the recognition address at <b>5:32</b> p.m.  <i>We would like to begin by acknowledging the treaty territory of the Anishnaabeg, which is defined within the pre-confederation treaty know as the London Township Treaty of 1796. Throughout time, this region has also become the current home to the Haudenosaunee and Lenni-Lenape Nations.</i>
3. Completion and Acceptance of the Agenda	Regarding the completion and acceptance of the agenda, ALL MEMBERS <b>AGREED</b> that the agenda <b>BE ACCEPTED</b> and <b>APPROVED</b> as presented. <b>PASSED</b> at 5:34pm

	<p>S. Chowns Request – Remove staff report 22 &amp; 23, to be reviewed for details by staff and bring forward next month.</p> <p>J. Morgan- <b>MOTION</b> to Accept reports 22 &amp; 23 and have Finance committee review reports, <b>MOTION</b> to <b>RECEIVE</b> and <b>ACCEPT</b> reports. <b>ACCEPTED</b> by ALL 5:34pm.</p>
<b>4. Disclosures of Interest</b>	<p><b>S. Chowns</b> called for conflict-of-interest declarations with respect to the agenda. No conflicts - of- interest declared at 5:35 p.m.</p>
<b>5. Approval of Board Meeting Minutes</b>	<p>Regarding the Board Meeting Minutes of February 17, 2022, G.Bizarre moved, A. Mitchell seconded that the Minutes <b>BE ACCEPTED</b> and <b>APPROVED</b>, item <b>CARRIED</b> at 5:36 p.m.</p> <p>All in favour of ACCEPTANCE of minutes Feb 17, 2022.</p>
<b>6. Communications</b>	n/a
<b>7. Delegations</b>	n/a
<b>8. Presentations</b>	n/a
<b>9. Consent Items</b>	<p><b>Motion to RECIEVE ALL REPORTS J. Mison, seconded by A, Anderson 5:36pm</b></p> <p>All reports <b>ACCPETED</b> by ALL MEMBERS, <b>MOTION PASSED 6:00PM</b></p>
<p>a. Staff Report 2022- 21 CEO Report</p> <p>b. Staff Report 2022- 22 HDN 2022-257 - Local Rule – Maximum Household Income</p> <p>c. Staff Report 2022- 23 Q1 2022 Capital Project Update Report</p>	<ul style="list-style-type: none"> <li>Hybrid Remote staffing update details given.</li> <li>Details on CMHC Leadership meeting discussed.</li> <li>Impact of this HDN on tenant annual review status discussed.</li> <li>Contributing factors to tenant income changes discussed as it relates to the Annual review process.</li> <li>To be accepted and review by Finance committee.</li> </ul>

<p>d. Staff Report 2022- 25 Vacancy Management Update Report</p>	<ul style="list-style-type: none"> <li>• Contributing factors to meet targets discussed.</li> <li>• Process details for tenants to acquire housing discussed.</li> <li>• Q3 Active Restoration target and numbers discussed.</li> <li>• Communications and process on maintenance updates with tenants reviewed</li> <li>• <b>Request:</b> Report information only, on the Annual Review process, in the fall. (5:59pm) S.Chowns ALL members <b>AGREED</b>.</li> </ul>
<p>10. In Camera</p>	<p>a) none</p>
<p>11. Reports and Business</p> <p>a. Staff Report 2022- 24 Process for New Directors' Appointment</p> <p>b. Staff Report 2022- 26 Asbestos Policy</p>	<p><b>MOTION to APPROVE RECCOMENDATIONS, A. Mitchell</b> <b>Seconded by, A. Anderson 6:01pm</b></p> <ul style="list-style-type: none"> <li>• Details of position description clarified. <b>S. Chowns</b> <b>MOTION to Formally Amend Position Description – All</b> <b>AGREED 6:02pm</b></li> <li>• Details on position posting, applications and City's role in process discussed.</li> <li>• Timing discussed; May 19<sup>th</sup> recommendations due</li> <li>• Subcommittee formation reviewed</li> </ul> <p><b>S. Chowns - MOTION to Express interest in Subcommittee participation: ALL APPROVED 6:08pm</b> A. Anderson, A. Mitchell, T. Brooks expressed interest to participate in Subcommittee, will reconvene after meeting with CEO to discuss.</p> <p><b>MOTION to ACCEPT Policy as proposed and authorize staff to take steps, A. Cornelissen seconded G.Bizarre 6:10pm.</b></p> <ul style="list-style-type: none"> <li>• Asset Management Plan and Asbestos policy timelines discussed.</li> </ul> <p><b>ALL In favour to APPROVE policy as proposed PASSED, 6:13pm</b></p>

<p>c. Staff Report 2022- 27 Insurance invoice and report from the City</p> <p>d. Staff Report 2022- 28 Reimagine Southdale Update</p> <p>e. Staff Report 2022- 29 Strategic Plan Update</p> <p>f. Staff Report 2022- 30 Budget Update</p>	<p><i>J. Morgan left meeting at 6:15pm</i></p> <ul style="list-style-type: none"> <li>Report overview provided by P.Chisholm</li> </ul> <p><b>MOTION to APPROVE</b> the participation in program, to authorize payment as stated and for staff to take necessary steps. G.Bizarre seconded J. Milson. <b>ALL In favour. MOTION PASSED 6:15pm</b></p> <ul style="list-style-type: none"> <li>Updates provide on timeline and expectations set.</li> <li>Tenant and community communication process discussed.</li> <li>Factors regarding costing estimates and Shareholder approval for process reviewed. Additional information provided at June Board Meeting.</li> <li><b>REQUEST:</b> Public Engagement session requested, Board asked to make this a formal direction to staff. <b>6:25pm ALL Agreed</b></li> <li>Zoning By law requirements reviewed and amendment discussed regarding timelines.</li> </ul> <p><b>ALL In favour to RECIEVE</b> report for information only, <b>MOTION PASSED 6:33pm</b></p> <p><b>Motion to RECIEVE Report, G.Bizarre , seconded by A. Mitchell 6:35pm</b></p> <ul style="list-style-type: none"> <li>March Workshop and timelines reviewed P.Chisholm</li> </ul> <p><b>ALL in favour to RECIEVE the report for information, ALL APPROVED, Motion PASSED: 6:41PM</b></p> <ul style="list-style-type: none"> <li>Overview of Report P.Chisholm</li> </ul> <p><b>Motion to APPROVE Budget, A. Cornelissen, seconded by J. Milson, 6:45PM MOTION PASSED: ALL In favour 6:45PM</b></p>
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<p>g. Staff Report 2022- 31 CHMC Q1 2022 Status Report</p>	<p><b>MOTION to Receive</b> report for information- <b>G.Bizarre ,</b> <b>seconded A. Mitchell, 6:46pm</b></p> <ul style="list-style-type: none"> <li>• Overview provided by P.Chisholm</li> <li>• Supply chain and procurement discussed, on track for timeline and cost.</li> </ul> <p><b>ALL In Favour to RECEIVE the REPORT for Information</b> <b>MOTION PASSED 6:50pm</b></p>
<p><b>New Business</b></p>	<p>Final call for New Business Items- None</p>
<p><b>13. MEETING ADJOURNMENT</b></p>	<p><b>MOTION to BE ADJOURNED, A. Anderson, seconded by</b> <b>G.Bizarre. MOTION PASSED AT 6:51 p.m.</b></p>

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Shellie Chowns, Acting Chair

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Paul Chisholm, CEO



## STAFF REPORT 2022-32

TO: LMCH Board of Directors

FROM: Paul Chisholm, Chief Executive Officer

SUBJECT: CEO Update

DATE: May 13, 2022

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### PURPOSE:

The purpose of the report is to provide updates to the Board on the status of key initiatives previously approved, introduce items that may come before the Board in future meetings and to provide updates on meetings, events or operational activities that may be of interest to the Board.

### RECOMMENDATION:

That the CEO Update report **BE RECEIVED** for information.

### UPDATES:

#### LMCH is Mortgage Free

An April 19, 2022, LMCH received official notice from CMHC that we have made our final payment on our final mortgage !! The final payment for our property on Bella Street in Strathroy was made in March 2022. This is a milestone event for LMCH and one that has been 50 years in the making.

#### Annual Report

LMCH is currently finalizing the draft of the 2021 Annual Report. We are working with key internal subject matters and will have a draft in the coming week. The intent of the report is to highlight key initiatives like the funding received from CMHC and Reimagine Southdale, reflect on the impact of COVID, highlight our partnerships and demonstrate the impact of the increased investment in LMCH. Staff will continue to work closely with the Chair on the leadership message and key themes of the report. Once finalized the report will be shared with the Board.

#### Yardi Update

LMCH will 'Go Live' with our updated property and asset management software on May 24, 2022. Over the past few weeks staff have been completing end user training as the final step before we are ready for this transition. This is the first phase of the project which will introduce new functionality to staff in a system they are familiar with. In the next phase of the project, we will be adding new

modules including the Construction Manager Module which will improve our ability to track and report on capital projects at LMCH. LMCH will also be introducing a Champions Table which will become the end user group that will work to identify required system changes and support the ongoing improvements in the system. The project remains on track in terms of time, budget, and scope of work.

## COVID Update

LMCH is continuing its partnership with Middlesex London Health Unit to offer vaccine clinics once again at six of our senior sites between May 25-27. Clinics will be held at Commissioners Road, Base Line Road West, Walnut Street, Hale Street, McNay Street and Kent Street. These will be low barrier clinics requiring no appointment and no OHIP Card where tenants could get their 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, or 4<sup>th</sup> dose. LMCH will be promoting these clinics to tenants in our communities.

Through April LMCH opened lounges and community spaces in our buildings for general tenant use and programs offered by our community partners/agencies. LMCH is now working with tenants to return to informal tenant groups and events. LMCH will follow the direction of public health authorities, promote masking and physical distancing, and ensure organizers have access to hand sanitizer and disinfectant wipes to promote safe gatherings.

## LMCH Website

LMCH is pleased to share with the Board of Directors that our new website is going live. We would like to thank the Board of Directors for their input during the new website process. Based on feedback from the Tenant Advisory Council, our staff, and other key Stakeholders, we have made changes that will provide more information of interest, easier to navigate and overall, better for users.

- We created a button on the homepage to easily access the maintenance request form. We also created a separate maintenance tab to make it easier to find maintenance information such as pest control, keys & fobs, heating, cooling, and much more.
- We changed our locations page to have a cleaner and simpler design. Users can now filter properties by area (London, Middlesex) and by category (Adult, Family, and Senior). In the future we will be taking new pictures of properties so visitors to our website can have a better visual of our properties.
- We added a section called "Your Safety". This section includes safety tips for tenants, on who to contact for different safety concerns, and our approach to safety in our communities.
- We added a news and events section. We will be using this to promote and share positive stories about LMCH. We do a lot of great work, and we want to be able to use our website as one of our platforms where we share our initiatives. This will help us to bring awareness and create a positive image for LMCH.

## Human Resources Updates

### Staffing

Work continues to fill vacant positions at LMCH. This includes vacancies created through attrition as well as new positions created through Business Case # 19.

- Trevor Whittingham has started with LMCH as Manager, Portfolio Strategy. This is a critical role that supports capital/asset planning, budgeting, and reporting.
- Several existing staff have recently accepted new roles in the organization. We are pleased to be able to support the staff move to roles that keep them motivated and engaged with LMCH.
- Josh Drewitt joined LMCH as a Temporary Community Relations Worker in the fall of 2021. In April, Josh moved from temporary to permanent in this role. We are pleased that Josh will continue to support tenants in our community.

PREPARED BY:
PAUL CHISHOLM CHIEF EXECUTIVE OFFICER

## STAFF REPORT 2022 – 33

**TO:** Board of Directors

**FROM:** Phil Renaud, Director of Assets and Property Services & Andrea Mackenzie, Director of Tenant Services

**SUBJECT:** Vacancy Management Update

**DATE:** May 12, 2022

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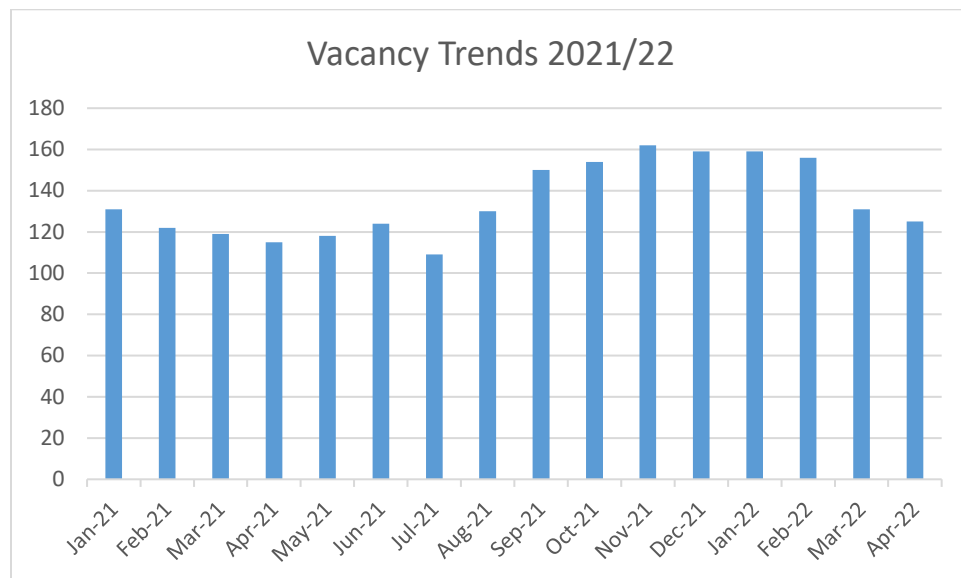
### Purpose:

To update the Board of Directors regarding the status of LMCH's Vacancy Management progress with the objective of achieving a three percent (3%) total vacancy.

### RECOMMENDATION:

That the Vacancy Management Update report **BE RECEIVED** for information.

### OVERVIEW:



## Monthly Vacancy Progress (Reported as of April 30<sup>th</sup>, 2022)

1. **Total Vacancy:** This includes all units within LMCH portfolio that are not occupied. It is inclusive of units that are Non-Rentable or in Active Restoration and Rent Ready Stock. (Target: 3%)

Count	April 2022	March 2022	February 2022	January 2022
Total Vacancy	148 units	146 units	172 units	174 units
Future Leased	23 units	15 units	16 units	15 units
Final Vacancy	125 units	131 units	156 units	159 units

%	April 2022	March 2022	February 2022	January 2022
Total Vacancy	4.5%	4.44%	5.24%	5.3%
Future Leased	0.7%	0.5%	0.5%	0.5%
Final Vacancy	3.8%	3.99%	4.75%	4.8%

### 2. Non-Rentable Units:

The non-rentable category includes units that do not have a predictable rent ready projection date due to an insurance claim or a major construction project (e.g., units that are being used for broader portfolio improvements). At the end of April there were 13 non-rentable units

- 5 units are being renovated as part of CMHC Accessible Unit Project
- 6 units are vacant and undergoing restoration as part of insurance claims

### 3. Active Restoration:

The active restoration category includes all remaining units that are slated for restoration and rental. The target for units in active restoration is 2% of the portfolio or 66 units. At the end of April there were 79 units in active restoration which was 2.4% of the portfolio.

There were 45 units restored in April 2022 that took an average of 107 days to return to rent ready.

Age of Units Restored in Period (Count)	April	March	February	January
0-15 days	0	0	1	0
16-30 days	4	1	7	0
31-60 days	13	10	9	7
61-90 days	7	5	7	6
91+ days	22	15	29	22
Total units restored	45	31	53	35
<b>Average # of days in restoration</b>	<b>107</b>	<b>96</b>	<b>100</b>	<b>104</b>

At the end of April there were 79 units in active restoration down from 96 at the end of March. Units in active restoration at the end of April had been vacant for an average of 76 days as of April 30<sup>th</sup>, 2022.

Age of Units in active Restoration (Count)	April	March	February	January
0-15 days	15	16	8	17
16-30 days	14	11	16	15
31-60 days	15	16	9	20
61-90 days	8	11	19	29
91+ days	27	42	55	43
Total units in Active Restoration	79	96	107	124
<b>Average # of days in restoration at month end</b>	<b>76</b>	<b>91</b>	<b>98</b>	<b>77</b>

4. **Active Rental Stock:** These are the units that are rent ready and available to offer. Units leave this category when they are future leased or leased (when the actual lease is signed, and keys are handed to the new tenant). The target for Active Rental Stock is 1% of the portfolio or 33 units.

In the month of April 15 units were leased that had been rent ready for an average of almost 26 days. In addition to units leased an additional 23 units were accepted by tenants to be leased in May and future periods.

Age of Units Leased in the Period (Count)	April	March	February	January
0-15 days	5	23	16	21
16-30 days	2	8	1	8
31-60 days	7	8	3	2
61-90 days	0	2	0	0
91+ days	1	2	1	2
<b>Total units Leased</b>	<b>15</b>	<b>43</b>	<b>21</b>	<b>33</b>
<b>Average # of days to commit the unit</b>	<b>26.5</b>	<b>28.2</b>	<b>19.7</b>	<b>19.7</b>

At the end of April, the active rental stock was 72 units or 2.18% of the portfolio. The average days units were in Active Rental at the end of April was 37 days

Age of Units Vacant and Available (Count)	April	March	February	January
0-15 days	26	23	42	18
16-30 days	14	2	7	4
31-60 days	14	19	8	9
61-90 days	13	4	5	4
91+ days	5	2	3	0
<b>Total units Vacant and ready</b>	<b>72</b>	<b>50</b>	<b>65</b>	<b>35</b>
<b>Average # of days vacant and ready</b>	<b>37</b>	<b>31</b>	<b>21</b>	<b>20.1</b>

#### Period Summaries:

LMCH had a total of 32 new units confirmed vacant in the months of April which have been added to the active restoration stock.

LMCH restored a total of 45 units during this same time-period.

LMCH leased 15 units and future leased an additional 23 during this reporting period.

## Conclusion

Corporate target for vacant units is 100 units. The sub targets set are 66 units in Active Restoration and 33 units are in Active Rental stock.

With 79 units in Active Restoration, this measure remains 13 units above target. Efforts to reduce the number of units in Active Restoration and the number of days it takes to restore units will continue. April unit restorations focussed on reducing the number of units in active restoration and, in May, efforts have shifted to focus more on aged vacancies to reduce the time in restoration.

Vacancy filling activity will continue to lag in performance reports as many units become rent ready in the last few days of the the month not providing sufficient time to offer the unit to applicants. As volume normalizes it is expected that the number of vacant and ready units available for offer will reduce to the target of 33 units.

PREPARED and RECOMMENDED BY:	PREPARED and RECOMMENDED BY:
PHIL RENAUD, DIRECTOR, Assets and Property Services	ANDREA MACKENZIE, Director, Tenant Services



## Staff Report 2022- 34

TO: LMCH Board of Directors

FROM: Diana Taplashvily, Director of Finance & Corporate Services

SUBJECT: 2021 Audited Financial Statements of LMCH

DATE OF SUBMISSION: May 13, 2022

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### PURPOSE:

To present the Draft Audited 2021 Financial Statements to the LMCH Finance Committee and receive approval of the Committee to forward these statements to the Board of Directors for Approval.

### RECOMMENDATION:

That the Board of Directors:

1. Approve the attached 2021 Audited Financial Statements.
2. Direct the CEO to share the Audited Financial Statements with the Shareholder; and
3. Authorize LMCH staff to take the necessary steps to give effect to the above recommendation(s).

### FINANCE COMMITTEE UPDATE

The Finance Committee met on May 11, 2022 to review the 2021 audit reports and draft financial statements. After a presentation from the Director, Finance and Corporate Services the Committee members discussed the statements and asked a number of questions of staff. The finance committee approved a recommendation to forward the report to the Board of Directors for approval. The Finance Committee also thanked staff for their efforts and successful audit.

### REASONS FOR RECOMMENDATIONS:

LMCH is subject to an annual external financial audit in accordance with Canadian Public Sector Accounting Standards (PSAS), which KPMG completed as part of the City of London financial audit. As the City of London is the sole shareholder of LMCH, the audited results are consolidated into the City of London's financial results. KPMG completed the audit of the 2021 results remotely in April 2022 without any complications.

## AUDIT FINDINGS:

All audit procedures were completed as planned, no unadjusted or adjusted misstatements and no significant findings were identified during the audit. In the opinion of KPMG, the financial statements are in accordance with Canadian PSAS and present fairly the financial position of LMCH as of December 31, 2021, in all material respects (Appendix A, LMCH Draft AFR 2021).

There are presentation differences between the external financial statement and LMCH's internal financial statements that are used to determine our surplus or deficit reported to the City of London. Per the audited financial statements, LMCH reported an annual surplus of \$818,530 versus the previously reported surplus of \$158,265, which was approved by the Board on February 17, 2022. Refer to the Appendix B, 2021 Financial Statements Comparison with Operations Statement Refer and Appendix C, 2021 Draft Audited Financial Statements.

The major difference between the external and internal financial statements is the treatment of capital assets. Internally capital assets are defined as spending incurred on approved capital projects which are funded through the City of London's capital project allotment or alternative sources of capital funding such as the Public Housing Major Upgrades, Infrastructure Gap, CMHC and CMHC Co-Investment. Externally capital assets are determined based on specific criteria set out by the Canadian Public Sector Accounting Board (PSAB) that is assessed on an asset-by-asset basis. LMCH internally reports operating spending and capital spending separately whereas the external financial statements include capital spending and accumulated amortization on the assets within the statement of operations.

The external financial audit completed by KPMG resulted in the following audit opinion as per the Independent Auditors' Report and will be forwarded to the City of London for consolidation purposes.

"In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations, its change in net debt and its cash flows for the year that ended in accordance with Canadian Public Sector Accounting Standards."

Appendix A: LMCH Draft AFR 2021

Appendix B: 2021 Financial Statements Comparison with Operations Statement

Appendix C: 2021 Draft Audited Financial Statements

## SIGNATURE:

PREPARED and SUBMITTED BY:	REVIEWED and CONCURRED BY:
DIANA TAPLASHVILY DIRECTOR FINANCE & CORPORATE SERVICES	PAUL CHISHOLM CHIEF EXECUTIVE OFFICER

# London & Middlesex Community Housing Inc.

Audit Findings Report  
for the year ended  
December 31, 2021

*KPMG LLP*

Prepared as of May 6, 2022 for  
presentation on

May 19, 2022



# Table of contents

<b>Audit Quality : How do we deliver audit quality</b>	<b>3</b>
<b>Audit highlights</b>	<b>4</b>
<b>Audit risks and results</b>	<b>6</b>
<b>Uncorrected and corrected audit misstatements</b>	<b>12</b>
<b>Control deficiencies</b>	<b>13</b>
<b>Financial statement presentation and disclosure</b>	<b>14</b>
<b>Appendices</b>	<b>15</b>
<b>Appendix 1: Other required communications</b>	<b>16</b>
<b>Appendix 2: Management representation letter</b>	<b>17</b>
<b>Appendix 3: Upcoming changes to accounting standards</b>	<b>18</b>
<b>Appendix 4: Upcoming changes to auditing standards</b>	<b>23</b>
<b>Appendix 5: Audit and assurance insights</b>	<b>24</b>

# KPMG contacts

The contacts at KPMG in connection with this report are:



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**Lead Audit Engagement  
Partner**

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kdenbok@kpmg.ca



Dania Nabhani

**Audit Manager**

Tel: 519-660-2120  
dnabhani@kpmg.ca

## Our refreshed Values

### What we believe



Integrity

We do what is right.



Excellence

We never stop learning  
and improving.



Courage

We think and act boldly.



Together

We respect each other  
and draw strength from  
our differences.



For Better

We do what matters.

# Audit Quality: How do we deliver audit quality?

Transparency report



**Quality** essentially means doing the right thing and remains our highest priority. Our **Global Quality Framework** outlines how we deliver quality and how every partner and staff member contributes to its delivery.

‘**Perform quality engagements**’ sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

We define ‘**audit quality**’ as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality controls**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics, and integrity**.



Visit our [Resources](#) page for more information.

**Doing the right thing. Always.**

# Audit highlights

## Purpose of this report<sup>1</sup>

The purpose of this report is to assist you, as a member of the Board of Directors, in your review of the results of our audit of the financial statements as at and for the period ended December 31, 2021. This report builds on the Audit Plan we presented to the Board of Directors.

### Outstanding matters

As of May 5, 2022, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include:

- Finalize Partner working paper file review;
- Completing our discussions with the Board of Directors;
- Obtaining evidence of the Board of Director's approval of the financial statements;
- Receipt of the signed management representation letter.

We will update the Board of Directors, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

Our auditors' report will be dated upon the completion of remaining procedures.

### Significant changes from the audit plan

There were no significant changes to our audit plan which was originally communicated to you in the audit planning report.

### Going concern

No matters to report.

### Significant risks and other significant matters

There are no significant findings to communicate related to significant risks or other significant matters.

### Uncorrected audit misstatements

No matters to report.

### Control deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting. A significant deficiency in internal control is a deficiency, or combination of deficiencies, in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

### Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

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<sup>1</sup> This report to the Board of Directors is intended solely for the information and use of Management, the finance committee, and the Board of Directors and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

## Independence

We are independent and have extensive quality control and conflict checking processes in place. We provide complete transparency on all services and follow Board approved protocols.



# Audit risks and results

We highlight our significant findings in respect of **significant risks** as identified in our discussion with you in the Audit Plan, as well as any additional significant risks identified.

Significant risk	New or changed?	Estimate?	Why included?
Fraud risk from revenue recognition.	No	No	<p>This is a presumed risk of material misstatement due to fraud.</p> <p>Audit standards require us to assume there are generally pressures or incentives on management to commit fraudulent financial reporting through inappropriate revenue recognition when performance is measured in terms of year-over-year revenue growth or profit.</p>

## Our response

- We have rebutted this presumed fraud risk as it is not appropriate when we consider the manner in which performance is measured by the Corporation.

## Significant findings

- No specific additional risks were identified.

# Audit risks and results (continued)

We highlight our significant findings in respect of **significant risks** as identified in our discussion with you in the Audit Plan, as well as any additional significant risks identified.

Significant risk	New or changed?	Estimate?	Why included?
Fraud risk from management override of controls	No	No	<p>This is a presumed fraud risk.</p> <p>We have not identified any specific additional risks of management override relating to the audit of the financial statements of the London Middlesex Community Housing Corporation.</p>

## Our response

- KPMG completed the requisite testing over journal entries and performed a retrospective review of estimates, and evaluating the business rationale of significant unusual transactions, if any.

## Significant findings

- No exceptions were identified that are required to be reported.

# Audit risks and results (continued)

We highlight our significant findings in respect of **other areas of focus** as identified in our discussion with you in the Audit Plan, as well as any additional areas of focus identified.

Other area of focus	New or changed?	Estimate?	Why included?
Cash	No	No	The dollar value of cash makes this a significant financial reporting caption.

## Our response

We performed the following procedures as noted in our audit planning report:

- Obtained confirmation from third parties to verify cash balances at year-end.
- Reviewed bank reconciliations and performed verification of significant reconciling items.
- Reviewed financial statement disclosure.

## Significant findings

No significant issues were noted as a result of our procedures.

# Audit risks and results (continued)

We highlight our significant findings in respect of **other areas of focus** as identified in our discussion with you in the Audit Plan, as well as any additional areas of focus identified.

Other area of focus	New or changed?	Estimate?	Why included?
Accounts payable and accrued liabilities	No	No	The dollar value of accounts payable and accrued liabilities makes this a significant financial reporting caption.

## Our response

We performed the following procedures as noted in our audit planning report:

- Updated our understanding of activities over the initiation, authorization, processing, recording, and reporting of accounts payable and accrued liabilities.
- Performed a search for unrecorded liabilities.

## Significant findings

No significant issues were noted as a result of our procedures.

# Audit risks and results (continued)

We highlight our significant findings in respect of **other areas of focus** as identified in our discussion with you in the Audit Plan, as well as any additional areas of focus identified.

Other area of focus	New or changed?	Estimate?	Why included?
Tangible capital assets	No	Yes	The dollar value of tangible capital assets makes this a significant financial reporting caption.

## Our response

We performed the following procedures as noted in our audit planning report:

- Updated our understanding of activities over the initiation, authorization, processing, recording and reporting of tangible capital assets.
- Vouched a selection of additions and disposals throughout the year to supporting documentation.
- Performed a substantive analytical procedure over depreciation expense.
- Obtained details of repairs and maintenance expenses recorded during the year. Vouched a selection of expenses to supporting documentation. For the items selected for testing, obtained an understanding of the nature of the expense to gain assurance that it was not capital in nature.
- Obtained management's assessment of the impact of the Contaminated Sites standard (PS 3260) and reviewed the impact to the financial statements, if any.

## Significant findings

No significant issues were noted as a result of our procedures.

# Audit risks and results (continued)

We highlight our significant findings in respect of **other areas of focus** as identified in our discussion with you in the Audit Plan, as well as any additional areas of focus identified.

Other area of focus	New or changed?	Estimate?	Why included?
CMHC funding	No	No	The dollar value and the complex nature of the funding/ debt makes this a significant area of focus.

## Our response

We performed the following procedures as noted in our audit planning report:

- KPMG obtained and reviewed the CMHC funding agreements.
- Tested that the agreements are accounted for appropriately in the financial statements.

## Significant findings

No significant issues were noted as a result of our procedures.

# Uncorrected and corrected audit misstatements

Audit misstatements include presentation and disclosure misstatements, including omissions.

## Uncorrected audit misstatements

We did not identify misstatements that remain uncorrected.

## Corrected audit misstatements

We did not identify any misstatements that were communicated to management and subsequently corrected in the financial statements.

# Control deficiencies and other observations

In accordance with professional standards, we are required to communicate to the Finance Committee significant deficiencies in internal control over financial reporting (ICFR) that we identified during our audit.

The purpose of our audit is to express an opinion on the financial statements.

Our audit included consideration of ICFR in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ICFR.

The matters being reported are limited to those deficiencies that we have identified during our audit and that we have concluded are of sufficient importance to merit being reported to the Finance Committee and to meet professional standards.

## Significant deficiencies

Description	Potential effects
No significant deficiencies in ICFR identified.	



# Financial statement presentation and disclosure

Misstatements, including omissions, if any, related to presentation and disclosure items are in the management representation letter.

We also highlight the following:

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## Financial statement presentation - form, arrangement, and content

The financial statements are, in all material respects, in accordance with the applicable financial accounting framework. The disclosures in the notes to the financial statements are appropriate.

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## Significant qualitative aspects of financial statement presentation and disclosure

There are no concerns at this time regarding future implementation of new and revised standards.

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# Appendices

## Content

**Appendix 1: Other required communications**

**Appendix 2: Management representation letter**

**Appendix 3: Upcoming changes to accounting standards**

**Appendix 4: Upcoming changes to auditing standards**

**Appendix 5: Audit and assurance insights**



# Appendix 1: Other required communications

In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:

<b>Auditor's report</b>	<b>Management representation letter</b>
The conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.	In accordance with professional standards, a copy of the management representation letter is provided to the Board of Directors. The management representation letter is attached. Please see appendix 2.
<b>Audit quality</b>	<b>Engagement terms</b>
On a timely basis, identified significant deficiencies will be communicated to the Corporation in writing. Other control deficiencies identified that do not rise to the level of a significant deficiency will be communicated to management.	Engagement terms are outlined in our Engagement Letter, as provided in prior years.

## Appendix 2: Management representation letter

## Appendix 3: Upcoming changes to accounting standards

Standard	Summary and implications
Asset Retirement Obligations	<ul style="list-style-type: none"> <li>– The new standard is effective for fiscal years beginning on or after April 1, 2022.</li> <li>– The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area.</li> <li>– The ARO standard will require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets (“TCA”). The amount of the initial liability will be added to the historical cost of the asset and amortized over its useful life.</li> <li>– As a result of the new standard, the public sector entity will have to: <ul style="list-style-type: none"> <li>• Consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset;</li> <li>• Carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements;</li> <li>• Begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.</li> </ul> </li> </ul>
Revenue	<ul style="list-style-type: none"> <li>– The new standard is effective for fiscal years beginning on or after April 1, 2023. The effective date was deferred by one year due to COVID-19.</li> <li>– The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.</li> <li>– The standard notes that in the case of revenues arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.</li> <li>– The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.</li> </ul>

## Appendix 3: Upcoming changes to accounting standards (continued)

Standard	Summary and implications
Financial Instruments and Foreign Currency Translation	<ul style="list-style-type: none"> <li>– The accounting standards, PS3450 <i>Financial Instruments</i>, PS2601 <i>Foreign Currency Translation</i>, PS1201 <i>Financial Statement Presentation</i> and PS3041 <i>Portfolio Investments</i> are effective for fiscal years commencing on or after April 1, 2022. The effective date was deferred by one year due to COVID-19.</li> <li>– Equity instruments quoted in an active market and free-standing derivatives are to be carried at fair value. All other financial instruments, including bonds, can be carried at cost or fair value depending on the public sector entity's choice and this choice must be made on initial recognition of the financial instrument and is irrevocable.</li> <li>– Hedge accounting is not permitted.</li> <li>– A new statement, the Statement of Remeasurement Gains and Losses, will be included in the financial statements. Unrealized gains and losses incurred on fair value accounted financial instruments will be presented in this statement. Realized gains and losses will continue to be presented in the statement of operations.</li> <li>– In July 2020, PSAB approved federal government narrow-scope amendments to PS3450 <i>Financial Instruments</i> which will be included in the Handbook in the fall of 2020. Based on stakeholder feedback, PSAB is considering other narrow-scope amendments related to the presentation and foreign currency requirements in PS3450 <i>Financial Instruments</i>. The exposure drafts were released in summer 2020 with a 90-day comment period.</li> </ul>
Employee Future Benefit Obligations	<ul style="list-style-type: none"> <li>– PSAB has initiated a review of sections PS3250 <i>Retirement Benefits</i> and PS3255 <i>Post-Employment Benefits, Compensated Absences and Termination Benefits</i>. In July 2020, PSAB approved a revised project plan.</li> <li>– PSAB intends to use principles from International Public Sector Accounting Standard 39 <i>Employee Benefits</i> as a starting point to develop the Canadian standard.</li> <li>– Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, PSAB will implement a multi-release strategy for the new standards. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues.</li> <li>– PSAB released an exposure draft on proposed section PS3251, <i>Employee Benefits</i> in July 2021. Comments to PSAB on the proposed section are due by November 25, 2021. Proposed Section PS 3251 would apply to fiscal years beginning on or after April 1, 2026 and should be applied retroactively. Earlier adoption is permitted. The proposed PS3251 would replace existing Section PS 3250 and Section PS 3255. This proposed section would result in organizations recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. Organizations would also assess the funding status of their post-employment benefit plans to determine the appropriate rate for discounting post-employment benefit obligations.</li> </ul>

## Appendix 3: Upcoming changes to accounting standards (continued)

Standard	Summary and implications
Public Private Partnerships (“P3”)	<ul style="list-style-type: none"> <li>– PSAB has introduced Section PS3160, which includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. The standard has an effective date of April 1, 2023, and may be applied retroactively or prospectively.</li> <li>– The standard notes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the P3 ends.</li> <li>– The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure.</li> <li>– The infrastructure would be valued at cost, which represents fair value at the date of recognition with a liability of the same amount if one exists. Cost would be measured in reference to the public private partnership process and agreement, or by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project.</li> </ul>
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> <li>– PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards.</li> <li>– PSAB released four exposure drafts in early 2021 for the proposed conceptual framework and proposed revised reporting model, and their related consequential amendments. The Board is in the process of considering stakeholder comments received.</li> <li>– PSAB is proposing a revised, ten chapter conceptual framework intended to replace PS 1000 <i>Financial Statement Concepts</i> and PS 1100 <i>Financial Statement Objectives</i>. The revised conceptual framework would be defined and elaborate on the characteristics of public sector entities and their financial reporting objectives. Additional information would be provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts would be introduced</li> </ul>

## Appendix 3: Upcoming changes to accounting standards (continued)

Standard	Summary and implications
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> <li>– In addition, PSAB is proposing: <ul style="list-style-type: none"> <li>• Relocation of the net debt indicator to its own statement and the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.</li> <li>• Separating liabilities into financial liabilities and non-financial liabilities.</li> <li>• Restructuring the statement of financial position to present non-financial assets before liabilities.</li> <li>• Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).</li> <li>• Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”.</li> <li>• A new provision whereby an entity can use an amended budget in certain circumstances.</li> <li>• Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.</li> </ul> </li> </ul>
Purchased Intangibles	<ul style="list-style-type: none"> <li>– In October 2019, PSAB approved a proposal to allow public sector entities to recognize intangibles purchased through an exchange transaction. Practitioners are expected to use the definition of an asset, the general recognition criteria and the GAAP hierarchy to account for purchased intangibles.</li> <li>– PSAB has approved Public Sector Guideline 8 which allows recognition of intangibles purchased through an exchange transaction. Narrow-scope amendments were made to Section PS 1000 Financial statement concepts to remove prohibition on recognition of intangibles purchased through exchange transactions and PS 1201 Financial statement presentation to remove the requirement to disclose that purchased intangibles are not recognized.</li> <li>– The effective date is April 1, 2023 with early adoption permitted. Application may be retroactive or prospective.</li> </ul>



## Appendix 3: Upcoming changes to accounting standards (continued)

Standard	Summary and implications
Government Not-for-Profit Strategy	<ul style="list-style-type: none"> <li>– PSAB is in the process of reviewing its strategy for government not-for-profit (“GNFP”) organizations. PSAB intends to understand GNFPs’ fiscal and regulatory environment, and stakeholders’ financial reporting needs.</li> <li>– PSAB released a second consultation paper in January 2021 which summarizes the feedback received to the first consultation paper. It also describes options for the GNFP strategy and the decision-making criteria used to evaluate the options. PSAB recommends incorporating the PS4200 series with potential customizations into PSAS. This means reviewing the existing PS4200 series to determine if they should be retained and added to PSAS. Incorporating the updated or amended PS4200 series standards in PSAS would make the guidance available to any public sector entity. Accounting and/or reporting customizations may be permitted if PSAB determines there are substantive and distinct accountabilities that warrant modification from PSAS.</li> <li>– PSAB is in the process of considering stakeholder comments.</li> </ul>
2022 – 2027 Strategic Plan	<ul style="list-style-type: none"> <li>– PSAB’s Draft 2022 – 2027 Strategic Plan was issued for public comment in May 2021. Comments were requested for October 6, 2021.</li> <li>– The Strategic Plan sets out broad strategic objectives that help guide PSAB in achieving its public interest mandate over a multi-year period, and determining standard-setting priorities</li> <li>– The Strategic Plan emphasizes four key priorities:</li> <li>– Develop relevant and high-quality accounting standards - Continue to develop relevant and high-quality accounting standards in line with PSAB’s due process, including implementation of the international strategy (focused on adapting International Public Sector Accounting Standards for new standards) and completion of the Conceptual Framework and Reporting Model project.</li> <li>– Enhance and strengthen relationships with stakeholders - Includes increased engagement with Indigenous Governments and exploring the use of customized reporting.</li> <li>– Enhance and strengthen relationships with other standard setters – In addition to continued collaboration with other standard setters, this emphasizes strengthened relationship with the IPSASB.</li> <li>– Support forward-looking accounting and reporting initiatives – Supporting and encouraging ESG reporting, and consideration of the development of ESG reporting guidance for the Canadian public sector.</li> </ul>

## Appendix 4: Upcoming changes to auditing standards

The following changes to auditing standards applicable to our 2022 audit are listed below.

Standard	Key observations
<b>Revised CAS 315, <i>Identifying and Assessing the Risks of Material Misstatement</i></b>	<p>Revised CAS 315, <i>Identifying and Assessing the Risks of Material Misstatement</i> has been released and is effective for audits of financial statements for periods beginning on or after December 15, 2021.</p> <p>The standard has been significantly revised, reorganized and enhanced to require a more robust risk identification and assessment in order to promote better responses to the identified risks. Key changes include:</p> <ul style="list-style-type: none"><li>— Enhanced requirements relating to exercising professional skepticism</li><li>— Distinguishing the nature of, and clarifying the extent of, work needed for indirect and direct controls</li><li>— Clarification of which controls need to be identified for the purpose of evaluating the design and implementation of controls</li><li>— Introduction of scalability</li><li>— Incorporation of considerations for using automated tools and techniques</li><li>— New and revised concepts and definitions related to identification and assessment of risk</li><li>— Strengthened documentation requirements</li></ul> <p>CPA Canada plans to publish a Client Briefing document in early 2022 to help you better understand the changes you can expect on your 2022 audit.</p>

# Appendix 5: Audit and assurance insights

Our latest thinking on the issues that matter most to audit committees, Boards and Management.

Featured insight	Summary	Reference
<b>Accelerate 2022</b>	The key issues driving the audit committee agenda in 2022	<a href="#">Learn more</a>
<b>Audit Committee Guide – Canadian Edition</b>	A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada	<a href="#">Learn more</a>
<b>Unleashing the positive in net zero</b>	Real solutions for a sustainable and responsible future	<a href="#">Learn more</a>
<b>KPMG Audit &amp; Assurance Insights</b>	Curated research and insights for audit committees and boards.	<a href="#">Learn more</a>
<b>Board Leadership Centre</b>	Leading insights to help board members maximize boardroom opportunities.	<a href="#">Learn more</a>
<b>KPMG Climate Change Financial Reporting Resource Centre</b>	Our climate change resource centre provides insights to help you identify the potential financial statement impacts to your business.	<a href="#">Learn more</a>
<b>The business implications of coronavirus (COVID 19)</b>	Resources to help you understand your exposure to COVID-19, and more importantly, position your business to be resilient in the face of this and the next global threat.	<a href="#">Learn more</a>
	KPMG Global IFRS Institute - COVID-19 financial reporting resource center.	<a href="#">Learn more</a>
<b>Momentum</b>	A quarterly Canadian newsletter which provides a snapshot of KPMG's latest thought leadership, audit and assurance insights and information on upcoming and past audit events – keeping management and board members abreast on current issues and emerging challenges within audit.	<a href="#">Sign-up now</a>
<b>Current Developments</b>	Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.	<a href="#">Learn more</a>
<b>KPMG Learning Academy</b>	Technical accounting and finance courses designed to arm you with leading-edge skills needed in today's disruptive environment.	<a href="#">Learn more</a>



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KPMG member firms around the world have 227,000 professionals, in 146 countries.



2021 Financial Statements Comparison with Operations Statements

	Audited Statements of Operations	Capital Funding & Amortization	PSAS vs. Internal Capitalization Policy	Adj. (Surplus)/ Deficit	Net Bad Debt Reclass	Extraordinary Losses Reclass	CMHC Capitalized Labour Cost	COVID 19 related expenses	Interim Statements of Operations
<b>Revenue:</b>									
Rental revenue	12,217,135				(384,087)				11,833,048
The Corporation of the City of London:									-
Rental subsidy	11,690,441								11,690,441
Funding adjustment	(158,265)			158,265					-
Business Case 19	1,494,000								1,494,000
Capital funding	2,866,758	(2,866,758)							-
Business Case 18 Co-investment funding	449,443	(449,443)							-
CMHC revenue	37,891	(37,891)							-
Other	391,418								391,418
	<b>28,988,820</b>	<b>(3,354,091)</b>	<b>-</b>	<b>158,265</b>	<b>(384,087)</b>	<b>-</b>		<b>-</b>	<b>25,408,907</b>
<b>Salaries</b>	<b>6,367,014</b>						(55,304)		<b>6,311,710</b>
<b>Maintenance, materials and services</b>	<b>7,340,822</b>		(262,450)			(10,724)		(148,481)	<b>6,919,167</b>
<b>Utilities</b>	<b>3,966,258</b>								<b>3,966,258</b>
<b>Amortization</b>	<b>2,345,568</b>	(2,345,568)							<b>-</b>
<b>Property</b>	<b>5,973,689</b>								<b>5,973,689</b>
<b>Administration</b>	<b>2,176,939</b>		127,761		(384,087)			148,481	<b>2,069,095</b>
	<b>28,170,290</b>	<b>(2,345,568)</b>	<b>(134,689)</b>	<b>-</b>	<b>(384,087)</b>	<b>(10,724)</b>	<b>(55,304)</b>	<b>-</b>	<b>25,239,918</b>
<b>Extraordinary Losses</b>						10,724			<b>10,724</b>
	<b>818,530</b>	<b>(1,008,523)</b>	<b>134,689</b>	<b>158,265</b>	<b>-</b>	<b>(0)</b>	<b>55,304</b>	<b>-</b>	<b>158,265</b>

**DRAFT** Financial Statements of

**LONDON & MIDDLESEX  
COMMUNITY HOUSING INC.**

And Independent Auditors' Report thereon

Year ended December 31, 2021

# INDEPENDENT AUDITORS' REPORT

To the Board of Directors of London & Middlesex Community Housing Inc

## ***Opinion***

We have audited the financial statements of London & Middlesex Community Housing Inc. (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations for the year then ended
- the statement of change in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations, its change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**“DRAFT”**

Chartered Professional Accountants, Licensed Public Accountants

May 20, 2022

London, Canada

# LONDON & MIDDLESEX COMMUNITY HOUSING INC.

## Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial Assets</b>		
Cash	\$ 2,924,769	\$ 1,755,302
Accounts receivable (note 3)	1,040,638	1,286,192
Due from The Corporation of the City of London	994,867	693,761
	4,960,274	3,735,255
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	4,388,588	3,551,271
Tenant advances	867,371	809,468
Unearned miscellaneous revenue	61,686	70,382
CMHC loan (note 8)	59,267	—
	5,376,912	4,431,121
Net debt	(416,638)	(695,866)
<b>Non-Financial Assets</b>		
Tangible capital assets (note 7)	62,391,137	61,962,783
Prepaid expenses	806,814	695,866
	63,197,951	62,658,649
Commitments (note 5)		
<b>Accumulated surplus (note 9)</b>	\$ 62,781,313	\$ 61,962,783

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# LONDON & MIDDLESEX COMMUNITY HOUSING INC.

## Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget	2021 Actual	2020 Actual
<b>Revenue:</b>			
Rental revenue	\$ 12,228,555	\$ 12,217,135	\$ 12,364,052
The Corporation of the City of London:			
Rental subsidy	11,690,441	11,690,441	11,195,047
Funding adjustment	—	(158,265)	(629,910)
Business Case 19	1,494,000	1,494,000	1,194,000
Capital funding	—	2,866,758	5,463,825
Business Case 18 Co-investment funding	—	449,442	50,557
CMHC revenue	—	37,891	—
Other	270,281	391,418	325,127
	25,683,277	28,988,820	29,962,698
<b>Expenses:</b>			
Salaries, wages and employee benefits	6,793,346	6,367,014	5,974,889
Maintenance, materials and services:			
Building, general	4,636,841	5,560,180	5,123,475
Grounds	1,309,000	1,306,839	1,070,619
Painting	372,000	351,828	335,828
Other	176,680	121,975	96,666
	6,494,521	7,340,822	6,626,588
Utilities:			
Electricity	1,985,653	1,938,019	1,946,718
Water	1,405,906	1,392,732	1,378,339
Natural gas	964,869	942,303	945,950
Energy saving project rebates	—	(306,796)	(250,285)
	4,356,428	3,966,258	4,020,722
Amortization	—	2,345,568	2,243,494
Property:			
Municipal taxes	5,127,480	5,117,741	5,022,251
Insurance	805,710	800,296	702,332
Mortgage payments (note 5)	55,652	55,652	35,907
	5,988,842	5,973,689	5,760,490
Administration	2,050,140	2,176,939	2,252,370
Total expenses	25,683,277	28,170,290	26,878,553
Annual surplus	—	818,530	3,084,145
Accumulated surplus, beginning of year	61,962,784	61,962,784	58,878,639
Accumulated surplus, end of year	61,962,784	62,781,314	61,962,784

See accompanying notes to financial statements.

# LONDON & MIDDLESEX COMMUNITY HOUSING INC.

## Statement of Changes in Net Debt

Year ended December 31, 2021, with comparative information for 2020

		2021 Budget	2021 Actual	2020 Actual
Annual surplus	\$	–	\$ 818,530	\$ 3,084,145
Acquisition of tangible capital assets		–	(2,773,922)	(5,327,640)
Amortization of tangible capital assets		–	2,345,568	2,243,494
		–	(428,354)	(3,084,146)
Acquisition of prepaid expenses		–	(7,575,428)	(6,700,076)
Use of prepaid expenses		–	7,464,480	6,513,795
Change in net debt		–	279,229	(186,282)
Net debt, beginning of year		(695,866)	(695,866)	(509,584)
Net debt, end of year	\$	(695,866)	\$ (416,637)	\$ (695,866)

See accompanying notes to financial statements.

# LONDON & MIDDLESEX COMMUNITY HOUSING INC.

## Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 818,530	\$ 3,084,145
Items not involving cash:		
Amortization	2,345,568	2,243,494
Changes in non-cash items:		
Accounts receivable	245,554	246,771
Prepaid expenses	(110,949)	(186,282)
Due from The Corporation of the City of London	(301,106)	2,212,438
Accounts payable and accrued liabilities	837,318	(508,369)
Tenant advances	57,903	68,397
Unearned miscellaneous revenue	(8,696)	21,985
	3,884,122	7,182,579
Capital activities:		
Acquisition of tangible capital assets	(2,773,922)	(5,327,640)
Financing activities:		
Issuance of CMHC loan	59,267	—
Net increase in cash	1,169,467	1,854,939
Cash (bank indebtedness), beginning of year	1,755,302	(99,637)
Cash, end of year	\$ 2,924,769	\$ 1,755,302

See accompanying notes to financial statements.

# LONDON & MIDDLESEX COMMUNITY HOUSING INC.

## Notes to Financial Statements

Year ended December 31, 2021

### 1. Incorporation:

London & Middlesex Community Housing Inc. (formerly London & Middlesex Housing Corporation) (the "Corporation") operates housing accommodation primarily for persons of low and moderate income. The Corporation operates 3,282 units throughout The City of London and the County of Middlesex and is 100% owned by The Corporation of the City of London.

### 2. Significant accounting policies:

The financial statements of the Corporation are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Corporation are as follows:

#### (a) Tangible capital assets:

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

Asset	Useful Life - Years
Site improvements	25 - 30
Buildings and improvements	25 - 40
Technology and communications	3
Vehicles	10
Furniture and fixtures	10
Machinery and equipment	25
Appliances	10

One half-year's amortization is charged in the year of acquisition.

#### ii) Contributions of Capital Assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt.

#### (b) Revenue recognition:

Rental revenue is recognized at the time the service is provided. Other revenues are recognized when the services are earned.

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

# LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 2. Significant accounting policies (continued):

(c) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying value of tangible capital assets and the valuation allowances for receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(d) Budget data:

Budget Figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

(e) Pension contributions:

The Corporation has a pension agreement with the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer defined contribution benefit plan. The Corporation's costs are the contributions due to the plan in the period.

(f) Contaminated sites:

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

## 3. Accounts receivable:

Accounts receivable recorded on the statement of financial position are composed of the following:

	2021	2020
Rent	\$ 866,432	\$ 902,424
Allowance for doubtful accounts	(433,746)	(411,283)
Harmonized Sales Tax	430,837	429,554
Sundry	177,115	365,497
	<u>\$ 1,040,638</u>	<u>\$ 1,286,192</u>

# LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 4. Income producing properties:

The income producing properties held by London & Middlesex Housing Authority and passed through to the Corporation were originally financed by the Province of Ontario through general obligation provincial debentures. At the time of the transfer of ownership the Province did not transfer the responsibility for repayment of these debentures. Accordingly, the value of the provincial debentures associated with them have not been recorded on the Corporation's financial statements.

## 5. Commitments:

### (a) Debt service payment:

The Corporation is responsible for the debt service payments on one of its properties located on Bella Street in Strathroy, Ontario. These payments of both principal and interest are made directly to the mortgagee and are expensed when incurred. A total of \$55,652 was expensed and paid in 2021 (2020 - \$35,907). The Ontario government is considered to be the holder of this debt, thus no provision has been made in the Corporation's financial statements for the mortgage.

### (b) Contractual obligations:

The Corporation is committed to the following minimum annual operating lease payments for premises and equipment

2022	\$	606,562
2023		606,562
2024		606,562
2025		598,235
2026		153,881

## 6. Pension agreement:

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. In 2021 contribution rates are 9.0% for employee earnings below the year's maximum pensionable earnings and 14.6% thereafter. Employee contributions match these rates.

Contributions to OMERS by the Corporation are recognized as an expense in the period they are incurred. A total of \$442,278 was incurred as pension expense in 2021 (2020 - \$385,370).

The last available report for the OMERS plan was on December 31, 2021. At that time, the plan reported a \$3.1 billion actuarial deficit (2020 - \$3.2 billion), based on actuarial liabilities for \$117.7 billion (2020 - \$109.8 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.



# LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 7. Tangible capital assets:

<b>Cost</b>	<b>Balance at December 31, 2020</b>	<b>2021 Additions</b>	<b>2021 Disposals</b>	<b>Balance at December 31, 2021</b>
Land	\$ 24,605,751	\$ —	\$ —	\$ 24,605,751
Site improvements	3,577,427	94,971	—	3,672,398
Buildings and improvements	98,492,981	2,327,925	—	100,820,906
Technology and communications	1,586,913	184,522	45,202	1,726,233
Vehicles	48,297	—	—	48,297
Furniture and fixtures	269,666	22,719	—	292,385
Machinery and equipment	3,522,396	27,409	—	3,549,805
Appliances	2,269,889	116,375	—	2,386,264
<b>Total</b>	<b>\$134,373,320</b>	<b>\$ 2,773,921</b>	<b>\$ 45,202</b>	<b>\$137,102,039</b>

<b>Accumulated amortization</b>	<b>Balance at December 31, 2020</b>	<b>2021 Disposals</b>	<b>2021 Amortization</b>	<b>Balance at December 31, 2021</b>
Land	\$ —	\$ —	\$ —	\$ —
Site improvements	1,899,500	—	81,828	1,981,328
Buildings and improvements	65,803,638	—	1,685,513	67,489,151
Technology and communications	975,073	45,202	351,671	1,281,542
Vehicles	41,053	—	4,829	45,882
Furniture and fixtures	146,134	—	28,429	174,563
Machinery and equipment	1,789,610	—	110,413	1,900,023
Appliances	1,755,526	—	82,885	1,838,411
<b>Total</b>	<b>\$ 72,410,534</b>	<b>\$ 45,202</b>	<b>\$ 2,345,568</b>	<b>\$ 74,710,900</b>

	<b>Net book value December 31, 2020</b>	<b>Net book value December 31, 2021</b>
Land	\$ 24,605,751	\$ 24,605,751
Site improvements	1,677,927	1,691,070
Buildings and improvements	32,689,343	33,331,755
Technology and communications	611,840	444,691
Vehicles	7,244	2,415
Furniture and fixtures	123,532	117,822
Machinery and equipment	1,732,786	1,649,782
Appliances	514,363	547,853
<b>Total</b>	<b>\$ 61,962,786</b>	<b>\$ 62,391,139</b>

# LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 8. CMHC credit agreement:

On November 25, 2021, together with the City of London as a guarantor, LMCH entered into a ten-year credit agreement with Canada Mortgage and Housing Corporation (CMHC) to finance repairs and renewal of designated housing units at thirteen sites owned and operated by LMCH. Under the agreement, LMCH will make quarterly drawdowns up to a maximum of \$40,136,090. LMCH plans to draw the full amount by the end of 2027, 39% of the loan will be Forgivable. LMCH will be receiving funds in seven tranches each with its specific interest rate. The first Loan Facility was received on December 9, 2021 with the applicable interest rate for a Repayable Loan of 1.84% for the first tranche. LMCH has an option to extend the term of any of the Repayable Loans for an additional ten years. At this time the intention is to pay each tranche back to CMHC after the first ten years and waive the option to extend.

	2021	2020
Opening balance	\$ –	\$ –
Forgivable loan	37,891	–
Repayable loan	59,267	–
	\$ 97,158	\$ –

## 9. Capital allotment:

	2021	2020
Opening balance	\$ 3,856,956	\$ 2,110,656
Contributions during the year	5,614,000	4,361,000
Capital expenditures	(3,162,046)	(2,614,700)
	\$ 6,308,910	\$ 3,856,956

## 10. Accumulated surplus:

	2021	2020
Surplus:		
Business Case 18 Co-investment Funding	\$ 390,176	\$ –
Invested in tangible capital assets	62,391,137	61,962,783
	\$ 62,781,313	\$ 61,962,783

# LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 11. Contingencies:

The Corporation is subject to certain actual and potential legal claims, which have arisen in the normal course of operations. It has been determined by management that the outcome of these claims is not determinable at this point and as such no amount has been included in these financial statements.

DRAFT

# LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2021

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DRAFT

## STAFF REPORT 2022-35

**TO:** LMCH Board of Directors

**FROM:** Paul Chisholm, Chief Executive Officer

**SUBJECT:** HDC Property Services Reports

**DATE:** May 13, 2022

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### PURPOSE:

The purpose of the report is to provide an update to the Board on the status of the Property Services Agreement between the Housing Development Corporation and LMCH for 122 Baseline Road West.

### RECOMMENDATION:

That the report **BE RECEIVED** for information.

### BACKGROUND:

The City of London is the sole shareholder for both the Housing Development Corporation (HDC) and London and Middlesex Community Housing (LMCH). HDC has received funding to build affordable housing buildings through the Rapid Housing Initiative of CMHC. HDC will maintain ownership of the buildings and has requested that LMCH provide property management services for these sites.

The Provision of Property Management Services for HDC at these sites is with the shareholder direction which authorizes LMCH to “own, operate or have an ownership interest in rental housing and affordable-ownership housing and provide related services”.

The Provision of Property Management Services will allow LMCH to support the success of the collaboration, provide experience to LMCH staff in the operation of modern building systems and explore new operating models to support tenant centred service delivery.

The work to put a Property Management Services Agreement (PMSA) in place was initiated in late 2021 and LMCH is pleased to report that a finalized agreement was signed by the Board Chair in May 2022. With the agreement in place LMCH and HDC are working together to develop the reporting and oversight mechanisms to support this agreement. This agreement is specific to the 122 Base Line Road West site and with anticipation of adding additional sites to the contract in the future.

The PMSA sets out roles and responsibilities, key services, reporting, insurance and indemnities, term/termination, and related clauses. Both HDC and LMCH have had the contract reviewed by legal representatives.

## OPERATIONAL IMPACT

LMCH has mobilized staff from across the organization to support the Ramp up and Rent up of this building. We are leveraging existing systems and processes where it makes sense and working closely with HDC, the City of London and community agency partners to identify when new approaches may be required.

The focus of the work is Property Management Services and the role for supporting tenants is quite narrow. The engagement and support of the City of London staff and community agencies/partners with the tenants referred to this property, reduces the need for LMCH to provide tenant supports at this site.

After the initial transition of the building and ramp up we are now assessing the need to adjust our operating model to consider the addition of the next HDC site in Q1 2023.

## FINANCIAL IMPACT

LMCH receives direct reimbursement for approved costs for the delivery of property management services on site based on the operating budget approved by HDC. These costs include expenses from vendors, service agreements, cleaning, snow removal, allocated staff time, etc. In addition to the direct operating costs LMCH also receives a property management fee for managing the site. These funds offset the additional costs and time allocation of staff to support this work which includes Property Management Insurance, financial management, reporting, lease administration, etc.

LMCH will continue to monitor the expenses related to the agreement to ensure that costs are reimbursed, and fees cover costs associated with this work.

## CONCLUSION:

LMCH has provided property management services for over 50 years. We have an experienced staff who are passionate about the work they do and are here to support the success of tenancies. This collaboration will support the successful management of these properties while providing new experiences for staff at LMCH.

## Appendix A: Property Management Services Contract HDC - FINAL

PREPARED BY:
PAUL CHISHOLM CHIEF EXECUTIVE OFFICER

# PROPERTY MANAGEMENT SERVICES CONTRACT

This Contract made the \_\_\_\_\_ day of April, 2022

## BETWEEN:

HOUSING DEVELOPMENT CORPORATION, LONDON  
(hereinafter called "HDC")

- and -

LONDON & MIDDLESEX COMMUNITY HOUSING  
(hereinafter called the "Property Manager")

## WHEREAS:

- A. HDC is the registered owner of the lands municipally known as 122 Baseline Road West, London (the "Premises") and further described in Schedule "A";
- B. The City of London (the "City"), through By-law A-7862-176, delegated to HDC its responsibilities for the administration and development of activities for capital development within the Rental Housing Component of the Ontario Transfer Payment Agreement for the Ontario Priorities Housing Initiatives between the City and the Ministry of Municipal Affairs and Housing, as approved under By-law A-7861-175;
- C. HDC is in the process of completing the construction of an affordable housing development on the Premises which shall be managed in accordance with HDC's role as the City's delegated authority under By-law A-7862-176;
- D. HDC agrees to retain the Property Manager and the Property Manager agrees to serve HDC, as its agent, and to provide the Property Management Services (the "Management Services") as described in this Contract.

**IN CONSIDERATION OF** the mutual covenants and agreements contained herein and subject to the terms and conditions contained herein, the parties agree as follows:

## 1. INTERPRETATION

1.1. In this Agreement, unless the subject matter or context is inconsistent therewith:

- "Applicable Law" means all statutes, laws, regulations, ordinances, rules, codes, policies, orders, and by-laws of any authority having jurisdiction with respect to the Management Services, the Premises, HDC or the Property Manager.
- "Approved Operating Budget" means the operating budget approved by HDC for operating expenditures for the Premises.
- "Business Day" means any day except a Saturday, Sunday or statutory holiday observed in Ontario.
- "Contract" means this Management Services contract and any other document expressly attached to or incorporated in this Contract.
- "Contribution Agreement" means an agreement to be entered into between a Successful Proponent, the City and/or HDC setting out the terms and conditions under which any

financial assistance will be provided to the Proponent under the Ontario Priorities Housing Initiative (OPHI) Rental Housing Component and Social Services Relief Fund (SSRF) Component Phase 2.

- “Lease” means any lease, offer to lease or like agreement made by a prospective Tenant and accepted by the Property Manager as agent for HDC for the use and occupancy of space in the Premises.
- “Management Fee” means the fee payable by HDC to the Property Manager for Management Services rendered in accordance with this Contract and attached as Schedule “B.”
- “Management Services” means the scope of Management Services specified in Section 2 herein.
- “Manager, Homeless Prevention” means the position held within the City of London.
- “Parties” means HDC and the Property Manager collectively and “Party” means either one of them.
- “Premises” means the residential building and respective residential units set out in Schedule “A” hereto to which this Contract applies and includes all buildings and improvements on the land, and the equipment and other assets of HDC used in connection with them.
- “Tenant” means any individual or other person that has entered into or assumed a Lease for space in the Premises.
- “Tenant Placement Agreement” means the agreement attached herein as Schedule “D”.
- “Term” means the term of this Contract as set out in Section 6.

#### 1.2. Governing Law

This Contract shall be governed by, interpreted, and enforced in accordance with the laws in force in the Province of Ontario and the laws of Canada applicable therein. Subject to Section 8.1, each Party irrevocably submits to the non-exclusive jurisdiction of the Courts of Ontario with respect to any matter arising under this Contract or related thereto.

#### 1.3. Entire Contract

This Property Management Services Contract and all schedules annexed thereto constitutes the entire agreement between the Parties pertaining to the subject matter hereof, and supersedes all prior agreements, negotiations, discussions, and understandings, written or oral. There are no representations, warranties, conditions, other agreements, or acknowledgements, whether direct or collateral or express or implied, that form part of or affect the Contract or which induced any Party to enter into the Contract or on which reliance is placed by any Party, except as specifically set forth in the Contract.

In the event of a conflict or inconsistency between the provisions of this Contract and the provisions of a Schedule, the provisions of this Contract shall prevail.

#### 1.4. The following Schedules are attached to and form part of this Contract.

- Schedule “A” – Legal Description of Premises
- Schedule “B” – Management Fee
- Schedule “C” – Approved Operating Budget
- Schedule “D” – Tenant Placement Agreement



## 2. MANAGEMENT SERVICES

### 2.1. Scope of Management Services

The Property Manager covenants and agrees that, in consideration of the fees provided for in Section 4 and in addition to its other covenants, agreements, duties and obligations hereunder, it will perform the following duties in connection with the Premises:

- 2.1.1. Manage the Premises on behalf of HDC in a professional, faithful, diligent, efficient, and honest manner using its best skill and judgement, subject always to the direction of HDC. The Property Manager shall take all reasonable steps to maintain a high standard of management and maintenance. The Property Manager agrees generally to do and perform all things desirable or necessary for the proper, cost effective and efficient management of the Premises and to perform every other act in or about the Premises to fulfill the intent of this Contract.
- 2.1.2. Comply promptly with all applicable restrictions and obligations, statutory, municipal, or otherwise made by any governmental authority or agency having authority therefore with respect to the Premises and imposed upon HDC or for which HDC may be liable at law. If the Property Manager becomes aware of any non-compliance, it will promptly notify HDC in writing and advise in such notice of the actions taken to rectify any non-compliance. If, after examining the actions taken by the Property Manager, HDC, in its sole discretion, determines that the actions of the Property Manager were insufficient, the Property Manager shall comply with any instructions received from HDC to rectify any outstanding non-compliance.
- 2.1.3. Perform and supervise all clerical, accounting, and administrative duties in connection with the Premises.
- 2.1.4. Perform and supervise all direct routine maintenance, preventive maintenance, and cleaning.
- 2.1.5. Provide all necessary personnel for management and operation of the Premises. The Property Manager agrees to provide, or cause to be provided, qualified and competent personnel for operating, administering, leasing, controlling, and managing the Premises as would a reasonable and prudent owner of residential properties comparable in age, type, and class to the Premises. The Property Manager agrees that such employees, servants, agents, or subcontractors, as the case may be, engaged in the performance of this Contract are hired and dismissed solely by the Property Manager and shall be the employees, servants, agents, or subcontractors of the Property Manager and not of HDC. All costs, damages and/or expenses related to such hiring, dismissal, discipline and/or severance shall be the Property Manager's responsibility.
- 2.1.6. Prior to commencing employment of any individual(s) with respect to the Premises, where the compensation and related employment expenses of such individual(s) are to be charged as an operating expense that is not provided for in the Approved Operating Budget, the Property Manager shall obtain prior written approval of HDC as to the estimated related expenses and increases thereto.
- 2.1.7. In accordance with the *Employment Standards Act*, as amended, be deemed the employer of every employee of the former building Management Services provider of the

Premises, as applicable. The Property Manager shall indemnify and save harmless HDC from and against all losses, costs, claims, expenses, penalties, obligations and/or damages suffered by HDC arising from the failure of the Property Manager or any subcontractors to comply with the *Employment Standards Act*, as amended.

- 2.1.8. Cause its employees, servants, agents, and subcontractors to, at all times act professionally and ethically in their performance of the Management Services under this Contract, including in their dealings with HDC's employees and Tenants. The Property Manager shall be responsible at all times for the conduct of all of its employees, servants, agents and subcontractors in the carriage and performance of its duties under this Contract. HDC shall have, at all times, the right to inspect the work performed by the Property Manager and its employees, servants, agents, and subcontractors, as it deems necessary. The Property Manager shall promptly notify HDC when it becomes aware of any actions or omissions on the part of such employees, servants, agents, or subcontractors that may involve financial loss or liability to HDC.
- 2.1.9. Perform leasing functions at the Premises on behalf of HDC as follows:
  - a. Show units and provide information on unit features, lease requirements and similar
  - b. Communicate information required of applicants to complete leasing process
  - c. Review lease agreement and key tenancy requirements with applicants at time of lease signing
  - d. Collect required payments and issue receipts prior to move in
  - e. Provide information package for tenants – lease agreement, contact sheets, rent payment details, RTA requirements, etc.
  - f. Confirm next steps for tenant in terms of accessing unit, picking up keys, move in details and similar

and use best efforts in accordance with reasonable and prudent property management industry standards and subject to the provisions of the Housing Management Services Act, 2011 as well as rules and regulations made thereunder by the Ministry of Municipal Affairs and Housing and/or the City of London as Service Manager.
- 2.1.10. Familiarize itself with all terms and conditions of the Leases and do or cause to be done all such things as are necessary to enable compliance by HDC, as landlord, with all terms and conditions of the Leases.
- 2.1.11. From the date of occupancy of the Tenants, establish and maintain any and all necessary correspondence with Tenants on behalf of HDC, subject to the limitations imposed by or pursuant to this Contract.
- 2.1.12. Give all notices and statements required to be sent to the Tenants under all Leases affecting the Premises and give all other notices necessary for the good management of the Premises.
- 2.1.13. Receive complaints of Tenants and attend to such complaints, subject to the limitations imposed by or pursuant to this Contract.
- 2.1.14. Take prudent action under the circumstances as identified in Schedule "D" attached hereto, in respect of the default by any Tenant of its obligations contained in such Tenant's Lease, providing the Manager, Homeless Prevention with such information or recommendations as may be required by the Manager, Homeless Prevention with respect to the actions to be taken.
- 2.1.15. Notify HDC in writing with as much specificity as HDC shall reasonably require (which shall,

at a minimum, include a copy of the notice or claim and a written report setting out reasonable details of the events giving rise to the injury) as soon as possible after receipt of notice of any injury occurring in, on or about the Premises or any of them, or of any claim against HDC and/or the Property Manager or which involves the Premises. The Property Manager shall take no steps (such as the admission of liability) which would operate to bar HDC from obtaining the protection afforded by any policies of insurance it may hold or which would operate to prejudice the defense in any legal proceedings involving HDC or the Premises, or otherwise prevent HDC from protecting itself against any such claim, demand, or legal proceeding. The Property Manager agrees to cooperate fully in the defense of any claim, demand, or legal proceeding. Notwithstanding the above, the Property Manager has a duty to defend where allegations made in the pleadings, if true, are related to the Property Manager's responsibilities under this Contract.

- 2.1.16. Take prudent action to collect rent payments and all other sums required to be paid by Tenants of the Premises and any other sums of any nature or kind which may be receipts due and payable in connection with or incidental to the Premises. This includes, without limiting the generality of the foregoing, any security deposits, compensation, and rent which the Property Manager shall deposit into a segregated bank account held by LMCH on behalf of HDC and provide such bank receipts as required. All such sums received are deemed to be held in trust and are the property of HDC. The Property Manager shall reimburse HDC for any loss suffered by HDC by reason of the Property Manager's failure to implement and carry out banking controls.
- 2.1.17. Ensure the correct rent determination for the Tenants of the Premises. The Property Manager shall reimburse HDC for any revenue loss suffered by HDC by reason of incorrect rent determination on the part of the Property Manager.
- 2.1.18. Monitor the rental accounts of Tenants and adhere to the standard eviction protocols with respect to collection of rental arrears.
- 2.1.19. Plan the timing and moving into and moving out of the Premises by all Tenants and supervise such activities so that there will be a minimum of disturbance to and disruption of the normal operations of the Premises and the activities of other Tenants.
- 2.1.20. Arrange for, supervise and be responsible for the operation of the housekeeping and cleaning of the Premises and maintenance of landscaping and parking areas appurtenant thereto, including snow removal.
- 2.1.21. Arrange for and supervise (whether by on-site staff or third party contractors retained by the Property Manager under a contract permitted by this Contract) the making of all building and equipment repairs, replacements and enhancements (including the maintenance, repair and replacement of the heating, air conditioning, plumbing and electrical equipment, appliances, alterations and redecoration in or about the Premises) as may be necessary or desirable for the efficient and lawful management or operation of the Premises or to improve the reliability thereof, including those repairs or alterations necessary so as to comply with any and all regulations and requirements of any insurance insuring the Premises or any of them, the applicable municipal health, police and fire departments or any other municipal, provincial or federal authority relating to the Premises or any of them.
- 2.1.22. Cause its property management staff to carry out at monthly intervals, such physical inspections of the Premises as would be undertaken by a reasonable and prudent property manager to confirm conformity to normal maintenance standards, and submit

a report of such inspections to HDC, as it requires from time to time.

- 2.1.23. Review and approve all expenses, record, and track expenses with respect to the Premises, and enter such data into a computer system. Original invoices shall be retained as an e-file, held by LMCH on behalf of HDC. Upon written request by HDC, copies of records shall be provided by LMCH within fifteen (15) Business Days of the request.
- 2.1.24. Arrange for and provide a base unit scope of work for each turnover (move-out), assistance with renovation scheduling, notice to Tenants, and access for Contractors to facilitate all in-unit renovations, as directed by HDC. and HDC's Approved Operating Budget. The Property Manager shall issue payment upon receipt of invoices through the Approved Operating Budget and handle all communications with Tenants to minimize the impact of in-unit renovations on building operations during any improvement period.
- 2.1.25. Assist and cooperate with HDC where HDC conducts and effects any capital repairs and improvements.
- 2.1.26. Subject to the terms of this Contract, enter into and execute as agent for HDC, third party contracts for the maintenance, operation and repair of the Premises as the Property Manager deems appropriate, so long as the costs in connection with such contracts do not exceed the costs of similar contracts, or the income from such contracts is not less than the income from similar contracts, for residential properties of a similar type, age, and condition as the Premises.
- 2.1.27. Expend no funds, undertake no works nor engage any contractors for maintenance or capital expenditure unless the same are set forth and approved in the Approved Operating Budget or unless the Property Manager obtains the prior written approval of HDC.
- 2.1.28. Provide HDC, on at least a monthly basis with an income and expense statement, balance sheet, and rent report. Provide property management/operational reports and/or any other relevant information on an as needed basis, determined by the Property Manager, acting prudently, or as may be request by HDC, from time to time.
- 2.1.29. Maintain appropriate books of accounts, financial records, operating receipts and expenditures and disbursement records with respect to all operations of the Premises in accordance with generally accepted accounting principles and shall be in acceptable form and content as requested by HDC.
- 2.1.30. Provide to HDC (or as it may otherwise direct) for the Premises, within fifteen (15) Business Days following the end of each calendar quarter, in a form satisfactory to HDC, acting reasonably:
  - a. a revenue and expense statement, which shall include dollar comparisons to both the quarter and year-to-date figures;
  - b. a variance analysis explaining the variance to budget for each line item where the year-to-date figure exceeds the budget by greater than 5%;
  - c. an aged receivables report showing rental arrears by Tenant for all amounts outstanding;
  - d. a current rent roll;
  - e. a report showing the quarter and year-to-date in-unit turnover expenses as compared to budget and the latest full year estimate; and
  - f. an in-unit report indicating the quarter and year-to-date amounts spent on each

defined turnover unit type.

2.1.31. Immediately report any change of control within the Property Manager, and any contracts and/or transactions entered into between the Property Manager with any of its subsidiaries or affiliates related to the Management Services.

2.1.32. The Property Manager, its employees, agents, and/or subcontractors engaged in providing all or any part of the Management Services shall adhere to and comply to the Contribution Agreements, attached hereto as Schedules "E" and "F" to this Contract at all times and agrees not to undertake any action on behalf of HDC that would be in conflict with Schedules "E" and "F".

## 2.2. Changes in Management Services

HDC may, in its discretion and without invalidating this Contract, make changes to the nature of the Management Services or the scope thereof, by altering, adding, or deducting from the Management Services and residential building that comprises the Premises subject to this Contract, provided that the Management Fee and Approved Operating Budget shall be adjusted accordingly due to the increase or decrease in Management Services. For any change in the number of units managed, the Management Fee shall be adjusted on a pro-rated basis. The Property Manager shall keep and present, in such form as HDC may require, an itemized accounting of all applicable and related costs and expenditures or savings in respect of any such changes, together with supporting data.

## 3. STATUS OF PROPERTY MANAGER

### 3.1. Independent Contractor

The Property Manager is and shall remain an independent contractor and not an employee of HDC, and the Property Manager and its employees, representatives, agents, and subcontractors will not be entitled to any benefits which would ordinarily accrue to any employee of HDC by virtue of their status as an employee. Except for the Property Manager's limited authority to act as agent of HDC for certain purposes as described in this Contract, this Contract does not constitute the parties as partners, joint venturers or agents of each other and no party may so represent itself in this manner.

### 3.2. Deductions and Remittances

The Property Manager shall be solely responsible for any and all payments, deductions and remittances required to be made by law in respect of any payments received by the Property Manager for the Management Services or payments made by the Property Manager to any of its employees, representatives, agents and subcontractors, including, without limitation, any such payments, deductions or remittances in respect of Canada or Ontario pension plans, employment insurance, WSIB, income tax, health premiums, HST tax or other sales or transfer taxes.

## 4. MANAGEMENT FEE AND OPERATING BUDGET

### 4.1. Management Fee

4.1.1. HDC agrees to pay the Property Manager a fixed annual Management Fee as described in Schedule "B" for all Management Services rendered in accordance with this Contract, exclusive of salaries of on-site maintenance personnel, inclusive of all taxes except HST. The Management Fee shall be payable in equal monthly instalments, the first of which shall be made one calendar month following the commencement date of this Contract.

4.1.2. Notwithstanding any other term in this Contract including Section 8, HDC reserves the right to withhold the monthly Management Fee payments, or any part thereof, where in

the sole opinion of HDC, the Property Manager has breached the terms of this Contract or is not fulfilling the terms of this Contract to HDC's satisfaction.

#### 4.2. Operating Budget

4.2.1. The Property Manager shall provide all reports, data and information to HDC as may be reasonably required by HDC, from time to time, during the Term in light of industry practice, having regard to the character of the Premises, including:

- a. not less than 105 days before the commencement of each calendar year, prepare and submit to HDC, for approval by HDC, a draft operating budget for the Premises for the next calendar year, identifying revenues and expenses, including working capital reserves, and setting out on a monthly basis estimated revenues and expenditures, in each case in sufficient detail to permit informed analysis and including the assumptions used in its preparation; and,
- b. assist HDC and its consultants in preparing a draft capital budget setting out on a monthly basis, both specific or designated Capital Expenditures and allocated Capital Expenditures (including advice concerning necessary repairs and/or capital improvements to the Premises) for both the next calendar year and, to the extent that Capital Expenditures are foreseeable, ensuing calendar years, if appropriate, which, when reviewed and adopted (with or without modifications) by HDC, the draft operating budget shall then become the Approved Operating Budget.

4.2.2 During the first eight months of the Term, the Property Manager shall maintain and operate the Premises within the Approved Operating Budget.

### 5. INSURANCE, CONTRACT SECURITY AND INDEMNITIES

#### 5.1. General Liability Insurance

The Property Manager shall, at its own expense, obtain and maintain throughout the term of this Contract and provide HDC with evidence of General Liability Insurance for an amount of not less than **TEN MILLION DOLLARS (\$10,000,000)** inclusive per occurrence for bodily injury and property damage, including loss of use thereof, with a deductible of not more than \$1,000.00. The Property Manager shall ensure that Housing Development Corporation, London is named as an additional insured under such policy. Further, such policy must state, by endorsement or otherwise, that all insurers waive their rights of subrogation against HDC, except with respect to any liability arising from an intentional or negligent act by HDC. The Property Manager shall not commence the Management Services until such time as the required evidence of insurance has been filed with and approved by HDC. The Property Manager shall further provide evidence of the continuance of said insurance is filed at each policy renewal date during the term of this Contract.

#### 5.2. Automobile Insurance

The Property Manager shall, at its own expense, obtain and maintain throughout the term of this Contract and provide HDC with evidence of automobile liability insurance for an amount not less than **TWO MILLION DOLLARS (\$2,000,000)** per occurrence on forms meeting statutory requirements covering all vehicles used in any manner in connection with the provision and performance of the Management Services. The Property Manager shall not commence the Management Services until such time as the required evidence of insurance has been filed with and approved by HDC. The Property Manager shall further provide that evidence of the continuance of said insurance is filed at each policy renewal date during the term of this Contract.

### 5.3. Fidelity Insurance

The Property Manager shall, at its own expense, obtain and maintain throughout the term of this Contract and provide HDC with evidence of a certificate of insurance that it carries a Fidelity Bond or Employee Dishonesty Insurance coverage for all staff employed by the Property Manager in an amount not less than **TWENTY-FIVE THOUSAND DOLLARS (\$25,000)** per occurrence for indemnifying the Property Manager against loss by theft, embezzlement, employee dishonesty or other fraudulent acts on the part of the Property Manager's employees who are engaged in carrying out the Management Services. The Property Manager shall not commence the Management Services until such time as the required evidence of insurance has been filed with and approved by HDC. The Property Manager shall further provide evidence of the continuance of said insurance is filed at each policy renewal date during the term of this Contract.

### 5.4. Contractors and Subcontractors Insurance

The Property Manager must ensure that all contractors engaged on behalf of HDC and all of the Property Manager's contractors, subcontractors and consultants have the benefit of or effect and maintain equal insurance coverage as required to be affected by the Property Manager. Any deviation from this Section requires the prior written consent of HDC.

### 5.5. Indemnities

- 5.5.1 HDC shall and does hereby indemnify and save harmless the Property Manager, its directors, officers, appointees, employees, representatives and agents of and from all actions, causes of action, suits, claims, costs, damages, liabilities, losses and expenses paid, suffered or incurred by the Property Manager in respect of (directly or indirectly) the physical condition of the Premises (and including, without limitation, the exercise of its powers and authority hereunder), other than those caused by the breach of this Contract by the Property Manager, or negligence of the Property Manager or by any action taken by the Property Manager outside the scope of authority set out in this Contract, and provided that the Property Manager is acting in good faith in furtherance of HDC's interests at all material times.
- 5.5.2 The Property Manager agrees that it shall, at all times, indemnify, defend and save harmless HDC, its directors, officers, appointees, employees, representatives and agents (other than the Property Manager) (the "Indemnitees") from and against any and all liabilities that the Indemnitees may suffer, sustain or incur, and any claims (including without limitation, legal fees incurred in defending any claim on a full indemnity basis actions, causes of actions, suits, judgements, liens, awards, damages and other proceedings) against the Indemnitees, arising out of, directly or indirectly, in whole or in part, to any act or omission by the Property Manager or any of its partners, directors, officers, appointees, employees, agents, contractors, representatives, subcontractors or volunteers in the performance of the Management Services.
- 5.5.3 HDC shall and does hereby indemnify and save harmless the Property Manager, its directors, officers, appointees, employees, representatives and agents of and from all actions, causes of action, suits, claims, costs, damages, liabilities, losses and expenses paid, suffered or incurred by the Property Manager in respect of (directly or indirectly) the Premises (and including, without limitation, the exercise of its powers and authority hereunder), other than those caused by the breach of this Contract by the Property Manager, or negligence of the Property Manager, or by any action taken by the Property Manager outside the scope of authority set out in this Contract.
- 5.5.4 The Property Manager must ensure that all agreements with contractors engaged on behalf of HDC and all agreements with Property Manager's contractors, subcontractors and consultants include an indemnification in favour of HDC as set forth above.

- 5.5.5 The indemnities in this section shall survive the termination or the expiry of the term of this Contract.

## **6. TERM AND TERMINATION**

### **6.1. Term**

This Contract shall commence on February 15, 2022, and shall end on January 31, 2023, renewable for five (5) years and again renewable for an additional five (5) years, both renewals at the sole discretion of the parties, subject to any event to the provisions of section 6.2 regarding termination.

### **6.2. Termination of Contract**

The Parties may terminate this Contract by written notice in any of the following circumstances:

- a. without cause, and upon such conditions as may require, by sixty (60) days written notice;
- b. where the Parties have failed to observe or perform any of the provisions of this Contract and have been given notice thereof and such breach is not remedied within thirty (30) days after such notice is communicated. In the event a Party fails to remedy the breach within the thirty (30) day period, either Party may:
  - i. carry out the Management Services the Property Manager failed to observe and/or perform, including but not limited to repair work utilizing HDC's resources. The Property Manager shall reimburse HDC in full for the costs incurred, including legal costs for the Management Services undertaken by HDC.
- c. in the event that HDC sells, leases, or in any way disposes of the Premises covered by this Contract or any part thereof during the term of this Contract, or if HDC decides at any time during the term to demolish and redevelop the Premises or any part thereof, or if the Premises or any part of it are expropriated, this Contract shall automatically terminate. HDC shall give the Property Manager sixty (60) days written notice and the Property Manager agrees to treat this Contract at an end. In the event only part of the Premises is sold, leased, redeveloped, demolished, expropriated or in any way disposed of, this Contract shall, as determined by HDC in its sole discretion and such determination made in writing to the Property Manager, continue to operate with respect to the remaining portion of the Premises owned or controlled by HDC with such adjustments on a pro-rated basis to the Management Fee and Approved Operating Budget due to the decrease in Management Services for the Premises;
- d. where either Party has abandoned performance under this Contract;
- e. where either Party has become insolvent;
- f. where either Party has committed an act of bankruptcy, has been declared bankrupt or has made an assignment in bankruptcy;
- g. where the Property Manager has assigned the Contract or any part thereof without prior written consent.

### **6.3. Obligations of Property Manager Upon Termination**

- 6.3.1. Upon termination of this Contract, the Property Manager shall immediately return to



HDC: all keys, files, invoices, books of account, leases, operating contracts, working papers, records, documents, data, equipment, computer programs/software and any other information and property which the Property Manager may have in its possession pertaining to the Premises and as well as in electronic format. The Property Manager acknowledges and agrees that these are the sole and exclusive property of HDC. Immediately after termination of this Contract, the Property Manager shall prepare, at its sole expense, a final report reporting all information that would normally be submitted to HDC under this Contract. The Property Manager shall cooperate fully with HDC's accountants and representatives in performing any audit or investigation with respect to any period prior to and up to the date of termination of this Contract.

- 6.3.2. The Property Manager will be held legally responsible by HDC for any deterioration of site conditions through neglect, deliberate action, or mismanagement during the term of this Contract. The Property Manager shall be responsible for any outstanding invoices after the termination of this Contract, unless the invoices have been properly accrued within the limits of the Approved Operating Budget and HDC is satisfied that the work contracted for was completed properly and/or materials delivered in full.
- 6.3.3. The remedies provided herein are in addition to the rights and remedies available to HDC at law and in equity.

## **7. CONFIDENTIALITY**

### **7.1. Confidentiality**

- 7.1.1. The Property Manager acknowledges that, during the term of this Contract, HDC may disclose to the Property Manager or the Property Manager may otherwise obtain as a result of this Contract, confidential information and/or trade secrets concerning HDC, including without limitation, information of or relating to HDC's finances, business, purchasing information, mailing lists, Tenant identification and related information, employees and other information regarding or relating to HDC and its undertakings (collectively "Confidential Information"). The Property Manager agrees to keep confidential and will not, without HDC's express consent, disclose or communicate the Confidential Information, directly or indirectly, and will not use for any purpose other than to perform its obligations under this Contract. The Property Manager may only disclose the Confidential Information to the Property Manager's employees, agents and subcontractors and its affiliates' employees who have a need to know the Confidential Information and who agree to comply in all respects with this provision. The Property Manager shall indemnify and hold harmless HDC from and against any and all claims, proceedings, actions, damages, costs, expenses, losses, obligations, and liabilities whatsoever arising out of or relating to a breach of this provision by the Property Manager, its affiliates, employees, agents, or subcontractors. This term shall survive the termination or the expiry of the term of this Contract.
- 7.1.2. The Property Manager shall ensure that all of its employees, appointees, agents, representatives and subcontractors having access, by virtue of this Contract, to materials and information regarding the individual Tenants of HDC shall treat such materials and information as personal information not to be disclosed to third parties or used in any unauthorized way, without the prior and written consent and knowledge of the individual Tenants, and the said employees, appointees, agents, representatives and subcontractors shall treat such personal information in accordance with the Municipal Freedom of Information and Protection of Privacy Act. The Property Manager shall indemnify and hold harmless HDC from and against any and all claims, proceedings, actions, damages, costs, expenses, losses, obligations, and liabilities

whatsoever arising out of or relating to a breach of this provision by the Property Manager, its affiliates, employees, appointees, agents, representatives, or subcontractors. This term shall survive the termination or the expiry of the term of this Contract.

## **8. DISPUTE RESOLUTION**

### **8.1. Dispute Resolution**

In the case of disputes between the Parties arising out of this Contract, the dispute shall be referred to binding arbitration pursuant to the *Arbitration Act* (Ontario) in accordance with the following procedures:

- a. A Party may commence arbitration by delivering a written notice of arbitration to the other Party specifying the dispute and the relief or remedy sought.
- b. The arbitration shall be conducted by a single arbitrator. The arbitrator shall be appointed from a roster to be agreed to by the Parties, failing which, by a Judge of the Superior Court of Justice sitting in London, upon application of any of the Parties.
- c. The arbitration shall be held in the City of London. The procedure to be followed shall be agreed to by the Parties or, in default of Contract, determined by the arbitrator. The arbitration shall proceed in accordance with the provisions of the *Arbitration Act, 1991* (Ontario).
- d. The arbitrator shall have the power to proceed with the arbitration and to deliver the award notwithstanding the default by any party in respect of any procedural order made by the arbitrator. The arbitrator may make an award of costs upon the conclusion of the arbitration making one or more parties to the dispute liable to pay the costs of another party to the dispute. The decision arrived at by the arbitrator shall be final and binding and no appeal shall lie from it. Judgement upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

### **8.2. Interim Relief**

- 8.2.1. Prior to the appointment of the arbitrator, the Parties may apply to the courts for interim relief. A request for interim relief by a Party to a court will not be considered to be incompatible with Section 8.1 of the Contract or as a waiver of that provision.
- 8.2.2. At the request of any Party, the arbitrator may take any interim measures that the arbitrator considers necessary in respect of the dispute, including measures for the preservation of assets, the conservation of goods or the sale of perishable goods. The arbitrator may require security for the costs of those measures.

## **9. AUDIT**

- 9.1. The Property Manager shall prepare and maintain books and records of account respecting its business with HDC under this Contract.
- 9.2. Upon reasonable demand, the Property Manager shall give HDC, or any person designated by HDC, full and free access to the Premises, and to all books, documents, papers and records of the Property Manager that are pertinent to the operations under the terms of this Contract, and permit HDC, or any person designated by HDC, to examine, audit and copy any invoices, accounts, receipts, time sheets, travel statements or other records or materials relating to its business with HDC under this Contract or to the payment of fees or transfer of funds.

- 9.3. Such examination or audit shall take place during ordinary business hours at a place to be agreed upon by the parties.
- 9.4. This section shall survive for a period of three (3) years after expiration or termination of this Contract.

## **10. GENERAL PROVISIONS**

### **10.1. Relationship of the Parties**

Nothing in this Contract shall create any partnership, joint venture, trust, or other relationship between the Parties. The relations between the Parties are entirely contractual as set out in this Contract. Neither of the Parties has the authority to bind the other or to commit it in any way, except as specifically stated in this Contract.

### **10.2. Amendment**

No change to or modification of this Contract will be valid unless it is in writing and signed by HDC and the Property Manager.

### **10.3. Further Assurances**

The Parties to this Contract shall sign such further and other documents, cause such meetings to be held, do, and perform and cause to be done and performed such further and other acts and things as may be necessary and desirable in order to give full effect to this Contract throughout the term of this Contract.

### **10.4. Time is of the Essence**

Time shall be of the essence of this Contract and every part thereof and no extension or variation of this Contract shall operate as a waiver of this provision. All dates or deadlines are to be strictly adhered to.

### **10.5. Severability**

If any provision or provisions of this Contract or application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Contract, or the application of such provision or provisions to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Contract shall be valid and be enforced to the fullest extent permitted by law and be independent of every other provision of this Contract.

### **10.6. Assignment & Subcontract**

The Property Manager may not assign this Contract or any part thereof or subcontract its obligations without the prior written approval of HDC. HDC reserves the right to approve or reject any proposed assignment or subcontract.

### **10.7. Waiver**

The failure by HDC to insist in one or more instances upon the performance by the Property Manager of any of the terms or conditions of this Contract shall not be construed as a waiver of HDC's rights to require future performance of any such terms or conditions, and the obligations of the Property Manager with respect to such future performances shall continue in full force and effect. A waiver is binding on HDC only if it is in writing.

### **10.8. Representatives and Notices**

- 10.8.1. Any notice required or contemplated by any provision of this Contract shall be given in writing and shall be deemed to be validly given if delivered:

i. In the case of HDC:

Housing Development Corporation, London  
7-520 Wellington Street  
London, ON N6A 3R2  
Email: [info@hdclondon.ca](mailto:info@hdclondon.ca)

ii. In the case of the Property Manager:

London and Middlesex Community Housing  
1299 Oxford Street East, Unit 5c5  
London, ON N5Y 4W5  
Email: [care@lmch.ca](mailto:care@lmch.ca)

10.8.2. All communications shall be given by or to the respective Parties through the above individuals provided that representatives of each Party may be changed or substituted by notice to the other Party of the name and address of the substitute representative.

10.8.3. Notices may only be transmitted by email, regular mail, fax, or courier. Notices received outside business hours (8:30 AM to 4:30 PM) and during statutory holidays in the province where the representatives of the parties are located, will be deemed to have been received at 8:30 AM of the first business day immediately following the date on which the notice was actually received.

10.9. Enurement

This Contract and the provisions thereof shall enure to the benefit of and will be binding upon the Parties hereto and their respective successors and permitted assigns.

10.10. *Municipal Freedom of Information and Protection of Privacy Act*

The Property Manager acknowledges that HDC is bound by the *Municipal Freedom of Information and Protection of Privacy Act* (MFIPPA) and this Contract is subject to the confidentiality and disclosure obligations under MFIPPA.

10.11. Authority

Each Party stipulates that it has full authority to enter into and perform this Contract, and the person signing this Contract on behalf of the named Party is properly authorized to sign it, and each Party further acknowledges that it has read this Contract, understands it and agrees to be bound by it.

**IN WITNESS WHEREOF** this Contract has been executed by the Parties.

**HOUSING DEVELOPMENT CORPORATION, LONDON**

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Craig Cooper  
HDC Board – Sole Director

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Melissa Espinoza  
President & CEO

I/We have the authority to bind the Corporation.

**LONDON & MIDDLESEX COMMUNITY HOUSING**

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Board Chair

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Paul Chisholm  
Executive Director

I/We have the authority to bind the Corporation.

## **SCHEDULE “A”**

### **LEGAL DESCRIPTION OF PREMISES**

**Number of Units:** sixty-one (61)

**Property Address:** 122 Baseline Road West, London

**PIN:** 08397-0006 LT

**Legal Description:** PT LT 8, PL 29, PART 4, 33R2538; LONDON/WESTMINSTER

## **SCHEDULE “B”**

### **MANAGEMENT FEE**

The fixed annual Management Fee provided for under this Contract covers the period from February 1, 2022 to January 31, 2023, broken down as follows:

<b>Contract Year</b>	<b>Management Fee Per Unit</b>	<b>Total Units</b>	<b>Total Management Fee</b>
Year 1	\$480.78	61	\$29,328
Year 2-6	Rental increases as per Schedule “E” and “F”.	61	Increase is based on maintaining the management fee at 7% of total gross revenue.

If HDC determines, in its sole discretion, to renew the Contract, the fixed annual Management Fee shall follow the same increases as noted above.

## SCHEDULE C

### APPROVED OPERATING BUDGET

Annual Revenue	Affordable	Notes
Rental Income		
10 one bed @ \$450 (52% MMR)	\$54,000	\$865 MMR
16 one bed @ \$550 (64% MMR)	\$105,600	
15 one bed @ \$692 (80% MMR)	\$124,560	
8 two bed @ \$692 (65% MMR)	\$66,432	\$1,064 MMR
8 two bed @ \$850 (80% MMR)	\$81,600	
2 three bed @ \$762 (65% MMR)	\$18,288	\$1,172 MMR
2 three bed @ \$937 (80% MMR)	\$22,488	
<b>Subtotal</b>	<b>\$472,968</b>	
Government funding		
Laundry income	\$11,712	\$4/load
<b>Total Revenue</b>	<b>\$484,680</b>	
Vacancy Loss	\$24,234	5%
<b>NET REVENUE</b>	<b>\$460,446</b>	

Annual Expenses	Affordable	Notes
Building administration costs	\$32,231	7% gross revenue
Building operating costs	\$54,900	\$900/unit
Utilities (common area and unit heat)	\$62,400	\$60/unit/month
Municipal taxes	\$100,000	
Insurance	\$40,000	
Replacement Reserves	\$110,000	
Mortgage Payment	\$0	
Full-time Superintendent	\$40,000	
Pre-deposit Reserve	\$5,000	
<b>TOTAL EXPENSES</b>	<b>\$444,531</b>	

<b>Annual Surplus (Shortfall)</b>	<b>\$15,915</b>	
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## SCHEDULE D

### TENANT PLACEMENT AGREEMENT

THIS IS A STANDARD FORM AGREEMENT - TERMS CANNOT BE ALTERED WITHOUT THE APPROVAL OF MUNICIPAL COUNCIL

**AGREEMENT for Tenant Placement**, with effect as of February 15, 2022.

BETWEEN

HOUSING DEVELOPMENT CORPORATION, LONDON  
(the "Proponent")

- and -

THE CORPORATION OF THE CITY OF LONDON  
(the "City")

WHEREAS the Proponent is a municipal business corporation that facilitates affordable housing opportunities;

AND WHEREAS the Proponent intends to construct a residential apartment building at 122 Baseline Road West, London, Ontario, (the "Lands");

AND WHEREAS the Proponent intends to construct sixty-one (61) units of which all the units will qualify as affordable rental housing as identified under the Canada Mortgage Housing Corporation (CMHC) Rapid Housing Initiative;

AND WHEREAS the City is a municipal corporation with a plan to address housing and homelessness pursuant to the *Housing Services Act, 2011*;

AND WHEREAS there are individuals in need of housing that the City maintains a record of ("City Client");

AND WHEREAS the Proponent agrees to provide a total of sixty-one (61) one-two- and three-bedroom units available for referrals to City Clients;

NOW THEREFORE IN CONSIDERATION OF the sum of \$2.00 (the receipt and sufficiency of which is acknowledged), the Proponent and the City agree as follows:

#### 1. Proponent Responsibilities

1.1 The Proponent will provide a total of sixty-one (61) one-two- and three-bedroom units (the "designated units") available as follows:

- (1) the Proponent will set the rent for each designated unit using the Canada Mortgage & Housing Corporation (CMHC) average market rent based on unit type as follows:
  - ten (10) one-bedroom Units not to exceed 50%
  - sixteen (16) one-bedroom Units not to exceed 60%

- fifteen (15) one-bedroom Units not to exceed 75%
  - eight (8) two-bedroom Units not to exceed 61%
  - eight (8) two-bedroom Units not to exceed 76%
  - two (2) three-bedroom Units not to exceed 60%
  - two (2) three-bedroom Units not to exceed 70%
- (2) the Proponent will use best efforts to fill vacancies for the designated units based on referrals of City Clients;
  - (3) the Proponent will seek signed consent from the City Client to authorize the Proponent to communicate with the City regarding the City Client, for the purpose of service delivery planning, where necessary;
  - (4) the Proponent will maintain the City Client's confidentiality, in accordance with legislative requirements;
  - (5) the Proponent will provide the City Client with service information including emergency contact numbers of the Proponent's staff (i.e. superintendent or property manager), as part of the orientation that the Proponent provides to the City Client; and
  - (6) the Proponent will ensure that the designated units comply with all applicable laws and by-laws.

1.2 The Proponent shall indemnify and save harmless the City from and against all third-party claims, actions, losses, expenses, costs or damages of every nature and kind whatsoever which the City, its employees, officers, or agents may suffer, to the extent the Proponent is legally liable as a result of the negligent acts of the Proponent, its employees, officers, or agents in the performance of this Agreement. The Proponent further agrees that this indemnification and hold harmless shall survive the termination of this Agreement for claims arising from or out of incidents occurring during the term of this Agreement.

The Proponent will retain at their expense Comprehensive general liability insurance on an occurrence basis for an amount not less than Two Million (\$2,000,000) dollars and shall include the City as an additional insured with respect to the operations, acts and omissions relating to its obligations under this Agreement, such policy to include non-owned automobile liability, personal injury, broad form property damage, contractual liability, owners' and contractors' protective, products and completed operations, contingent employers liability, cross liability and severability of interest clauses;

The Proponent shall submit to the City evidence of insurance satisfactory to the City prior to the effective date of this Agreement and thereafter on renewal date of the insurance, the Proponent shall further provide that evidence of the continuation of said insurance is filed at each policy renewal date for the duration of the contract.

## **2. City Responsibilities**

2.1 The City will refer City Clients for the designated units to the Proponent, after the Proponent notifies the City of a vacant unit.

2.2 The City will use reasonable best efforts to maintain ongoing contact with City Clients who are tenants of designated units, which may include contact regarding any informal support services that assist in daily living to City Clients. It is intended that City Clients would otherwise be considered to be able to live independently.

2.3 The City agrees to ensure that the following are provided to the City Client (and either provided by the City or by another agency):

- (1) describe the housing application process to the City Client;
- (2) seek signed consent from the City Client to communicate with the Proponent regarding the City Client, where necessary;
- (3) assist City Client in completing the housing application;
- (4) provide information about housing units to the City Client;
- (5) assist City Client in gathering required documentation;
- (6) provide the City Client with a support letter, if deemed appropriate by the City;
- (7) provide information to the City Client regarding community resources/supports (i.e. schools, healthcare, public transit, moving needs, etc.);
- (8) assist the City Client with securing funds to access the housing unit, if applicable (i.e. Ontario Works, community start-up);
- (9) subject to section 2.5, make reasonable efforts to assist the City Client to resolve an issue with the Proponent;
- (10) facilitate arrangements to assist the City Client with connecting utilities, where necessary (but this does not include entering into contractual arrangements for utilities on behalf of the City Client);
- (11) subject to section 2.5, provide telephone consultation between the City Client and the Proponent regarding potential concerns, as necessary.

2.4. The City will not be liable to the Proponent for any loss or damages suffered by the Proponent arising out of this Agreement.

2.5. The City will not be responsible for, or a party to, any disputes as between the Proponent and the City Client, including but not limited to disputes arising from the tenancy agreement between the Proponent and the City Client.

### **3. Procedures Upon a Vacancy**

3.1. The following are the procedures when a vacancy occurs in a designated unit(s):

- (1) As soon as the Proponent is aware of a vacancy or a notice to vacate, the Proponent will contact the City employee designated by the City, or if no person has been designated, the Manager of Homeless Prevention ("City Contact").
- (2) The City Contact then notifies the next City Client on the waiting list and provides that City Client with a referral letter, with the City Contact's card attached, indicating they are being referred for housing under this agreement.
- (3) The City Contact asks the City Client on the waiting list to contact the Proponent directly if the City Client is interested in applying.
- (4) The City Client will provide the Proponent with the referral letter.
- (5) The Proponent will verify the annual household income of City Client to ensure gross income is below the threshold of five times the monthly rent.

3.2. For greater certainty, the Proponent makes the final decision with respect to filling a vacancy in a designated unit, and, acting reasonably, the Proponent can accept or reject a referral from the City.

#### **4. Termination of Agreement**

4.1. (1) The Proponent may terminate this agreement with ninety (90) days' written notice in the event that the City is in breach of its obligations and the breach is not remedied to the reasonable satisfaction of Proponent within thirty (30) days of being notified in writing by the Proponent that they are in breach of their obligations.

(2) The City may terminate this agreement with sixty (60) days' written notice.

#### **5. Term**

5.1. The term of this agreement shall be for five (5) years commencing from the effective date set out on the first page of this agreement unless it is terminated or replaced by another agreement. This agreement shall automatically renew itself, on the same terms and conditions, for five (5) year periods including this provision for automatic renewal unless the agreement has been terminated by either party in accordance with this agreement.

N WITNESS WHEREOF this Agreement has been executed by the Parties.

#### **SIGNED, SEALED AND DELIVERED**

#### **The Corporation of the City of London**

---

Kevin Dickins  
Deputy City Manager  
Social and Health Development

#### **Housing Development Corporation, London**

---

Melissa Espinoza  
President and CEO

I/We have authority to bind the corporation.

## **SCHEDULE E**

### **CONTRIBUTION AGREEMENT**

Ontario Priorities Housing Initiative  
Rental Housing Component

## **SCHEDULE F**

### **CONTRIBUTION AGREEMENT**

Community Homelessness Prevention Initiative Program  
Social Services Relief Fund Component Phase 2

## Staff Report 2022- 36

**TO:** LMCH Board of Directors

**FROM:** Paul Chisholm

**SUBJECT:** Board Committee Membership

**DATE OF SUBMISSION:** May 10, 2022

---

**PURPOSE:**

The purpose of the report is to provide an update to the Board of Directors on the status of the Board Subcommittees.

**RECOMMENDATION:**

That the Board of Directors receives this report for information.

**BACKGROUND:**

Currently there are three Subcommittees under the LMCH Board of Directors, these Committees are, the Finance Committee, Human Resources & Governance Committee and the Property and Tenant Services Committee. The role and responsibilities of the Subcommittees are at the direction of the Board. The Subcommittees assist the Board in its oversight and management responsibilities respecting financials, employer oversight and management, and management responsibilities associated with providing Tenants with a healthy, safe, and supportive and sustainable environment. These Subcommittees ensure Board compliance within its structure and processes, as set out in their individual Subcommittee Terms of References.

The Committee Structure:

- Four assigned Board members with one being selected Chair
- Board Chair is an ex-officer member
- Any other Board member can attend the Subcommittee meetings
- Committee members, Board Chair and other Board members in attendance are voting members
- Quorum for a meeting is 3 voting members

#### Meetings

- Meeting schedule based on Subcommittees Workplan for the year
- Meetings expected to be four times a year at a minimum, although may vary given the items in the Workplan
- Meetings to be held two weeks before scheduled Board Meetings

With Board Membership terms ending at the end of June 2022, the Finance Committee and the Human Resources & Governance Committees will each have one vacant spot needing to be filled. New Board Members joining LMCH Board of Directors will be required to fill the open positions on the Finance or Human Resources Committees. Members can elect the Subcommittee they would like to sit on, and the Board Chair will make the final decision based on the needs of the Subcommittees and competencies of the Board Member that are best able to support that Subcommittee.

**Appendix A:** Finance Committee Terms of Reference - Approved August 19, 2021

**Appendix B:** Human Resources & Governance Committee Terms of Reference - Approved 19 August 2021

**Appendix C:** Tenant Services Committee Terms of Reference - Approved 19 August 2021

**Appendix D:** Current Subcommittees Table

#### SIGNATURE:

PREPARED and SUBMITTED BY:
PAUL CHISHOLM CHIEF EXECUTIVE OFFICER
REVIEWED and CONCURRED BY:
PAUL CHISHOLM CHIEF EXECUTIVE OFFICER



## **London Middlesex Community Housing Board Handbook**

### **FINANCE AND AUDIT COMMITTEE TERMS OF REFERENCE**

#### **COMMITTEE ROLE:**

The Committee assists the Board in its oversight and management responsibilities respecting financial management and reporting evidencing fiscal accountability, sustainability, and fiduciary compliance. The role and responsibilities of the Committee are at the direction of the Board.

#### **COMMITTEE RESPONSIBILITIES:**

The Committee's responsibilities are to:

- Establish, on an annual basis the Committee's work plan setting out the Committee's prioritized activities and scheduling of same for the year, which is to be reconciled with the respective work plans of the Board, other Board Committees and Administration;
- Receive and review from time-to-time established accounting standards (e.g. PSAP), financial policies (e.g. purchasing policy/guidelines), and reporting requirements (both internal and external) making recommendations as appropriate;
- Receive and review LMCH's multi-year operating and capital budget programs making recommendations as appropriate;
- Receive and review LMCH's annual operating and capital budget programs (consistent with the multi-year operating and capital budget programs) making recommendations as appropriate;
- Receive and review from time-to-time information respecting senior government sponsored capital (infrastructure) investment programs and potential application to LMCH making recommendations as appropriate;
- Receive and review LMCH's Financial and Asset Management Plans making recommendations as appropriate;
- Receive and review from time-to-time LMCH's general insurance program (re: property, automobile, and comprehensive liability etc.) ensuring same is consistent with legislative requirements and reflective of LMCH operating environment and needs making recommendations as appropriate;
- Receive and review all recommended tenders, quotations and bids awards as prescribed under LMCH purchasing policy/guidelines making recommendations as appropriate. This includes review of any subsequent material changes to same;
- Receive and review, on a quarterly basis, LMCH Statement of Operations (operating budget performance); Capital Program Summary (capital budget performance) and Balance Sheet making recommendations as appropriate;
- Receive and review semi-annual and annual performance management reports respecting key financial performance indicators making recommendations as appropriate;
- Receive and review the External Auditor's annual audit plans making recommendations as appropriate;
- Receive and review the External Auditor's annual audit report, audited financial statements and audit findings report making recommendations as appropriate; and

- Other related duties that may be assigned by the Board of Directors from time-to-time.

**COMMITTEE STRUCTURE:**

The Committee has as a minimum four (4) assigned Board members, one of which will be the Committee Chair. The four (4) assigned Board members exclude the Board Chair who is an ex-officio member of the Committee. The four (4) Board assigned members, the Board Chair and any other Board Member in attendance are voting members of the Committee. The Administration – Board Secretary, Chief Executive Officer, Director of Finance & Corporate Services, and other administrative staff as may be required.

**COMMITTEE MEETINGS:**

Meetings are held consistent with the requirements of the Committee's annual work plan. The expectation is that the Committee would meet four (4) times a year. The meetings, as appropriate are expected to be set two weeks before a scheduled Board meeting. The quorum for a meeting to be held is three (3) voting members of the Committee.

Meetings are conducted pursuant to LMCH's Procedural Guidelines for Board and Committee Meetings. Actions/directions and approvals by the Committee must be approved -ratified by the Board of Directors. The communication, to the Board on Committee actions, directions and approvals is as prescribed in the Procedural Guidelines for Board and Committee Meetings.

**DOCUMENT CONTROL:**

Replaces – Finance Committee Terms of Reference – effective March 1, 2018

Approved – November 23, 2017

Amended – Drafted August 2021

Approved by Board of Directors – August 19, 2021

**London Middlesex Community Housing  
Board Handbook**

**HUMAN RESOURCES & GOVERNANCE COMMITTEE  
TERMS OF REFERENCE**

**COMMITTEE ROLE:**

The Committee assists the Board in its employer oversight and management responsibilities in managing the direction of all labour and employee matters and ensuring Board compliance within its structure and processes. The role and responsibilities of the Committee are at the direction of the Board.

**COMMITTEE RESPONSIBILITIES:**

The Committee's responsibilities are to:

- Establish, on an annual basis the Committee's work plan setting out the Committee's prioritized activities and scheduling of same for the year, which is to be reconciled with the respective work plans of the Board, other Board Committees and Administration;
- Oversee recruitment, supervision and evaluation of the CEO including establishment of the CEO employment contract making recommendations as appropriate;
- Receive and review from time-to-time policies, policy programs and processes relating to employee recruitment, training, retention, advancement and performance evaluation making recommendations as appropriate;
- Receive and assess from time-to-time Board governance policies and related policy programs ensuring same are current;
- Receive and review from time-to-time personnel policies, policy programs and processes relating to salary and employment benefits program for non-union employees making recommendations as appropriate;
- Receive and review as appropriate the mandate for negotiating changes to the Collective Agreement for unionized employees, negotiation updates, and the related negotiated Memorandum of Agreement making recommendations as appropriate;
- Receive and review as required workplace policies, policy programs and processes including those relating to Occupational Health and Safety, Human Rights, Workplace Violence and Sexual Harassment (including in the review as necessary assessment of any changes to related legislation) making recommendations as appropriate;
- Receive and review, on an annual basis, summary analysis of findings and disposition, of grievances, complaints and incidences filed under various employment workplace policies including human rights, workplace safety, violence and sexual harassment and the Collective Agreement making recommendations as appropriate;
- Oversee assessment and disposition of matters relating to non-compliance with the Board & Employee Code of Conduct and the Board & Employee Conflict of Interest policies making recommendations as appropriate;
- Oversee the development and review of the succession plan for the CEO and Senior Management positions making recommendations as appropriate;

- Review and assess Board succession plans, including establishing desired skill set and expertise of appointees to the Board, making recommendations as appropriate;
- Receive and review from time the management (organizational) structure ensuring same is and remains dynamic supporting LMCH strategic objectives and goals and compliance with the Shareholder Declaration and Service Agreement making recommendations as appropriate;
- Oversee Board and Committee performance evaluations, making recommendations as appropriate;
- Oversee the development, review and delivery of Board orientation and education program(s);
- Receive and consider, In Camera matters pertaining to an identifiable individual or group relating to employment matters where such matters present significant exposure to LMCH or are proceeding to arbitration or public hearing;
- Hear, In Camera, formal complaints/grievances against the CEO, including undertaking investigation as may be required making recommendations as appropriate; and
- Other related duties that may be assigned by the Board of Directors from time-to-time.

#### **COMMITTEE STRUCTURE:**

The Committee has as a minimum four (4) assigned Board members, one of which will be the Committee Chair. The four (4) assigned Board members exclude the Board Chair who is an ex-officio member of the Committee. The four (4) Board assigned members, the Board Chair and any other Board Member in attendance are voting members of the Committee. The Administration – Board Secretary, Chief Executive Officer, Human Resources Manager, and other administrative staff as maybe required.

#### **COMMITTEE MEETINGS:**

Meetings are held consistent with the requirements of the Committee's annual work plan. The expectation is that the Committee would meet four (4) times a year. The meetings, as appropriate are expected to be set two weeks before a scheduled Board meeting. The quorum for a meeting to be held is three (3) voting members of the Committee.

Meetings are conducted pursuant to LMCH's Procedural Guidelines for Board and Committee Meetings. Actions/directions and approvals by the Committee must be approved -ratified by the Board of Directors. The communication, to the Board on Committee actions, directions and approvals is as prescribed in the LMCH Procedural Guidelines for Board and Committee Meetings.

#### **DOCUMENT CONTROL:**

Replaces – HR & Governance Committee Terms of Reference – effective March 1, 2018

Approved – November 23, 2018

Revised – Drafted August 2021

Approved by Board of Directors – August 19, 2021

**TENANT SERVICES – FACILITY AND SUPPORT PROGRAM COMMITTEE  
TERMS OF REFERENCE**

**COMMITTEE ROLE:**

The Committee assists the Board in its oversight and management responsibilities associated with providing Tenants with a healthy, safe, and supportive and sustainable environment, ensuring LMHC assets are used for their intended purpose. The role and responsibilities of the Committee are at the direction of the Board.

**COMMITTEE RESPONSIBILITIES:**

The Committee's responsibilities are to:

- Establish, on an annual basis the Committee's work plan setting out the Committee's prioritized activities and scheduling of same for the year, which is to be reconciled with the respective work plans of the Board, other Board Committees and Administration;
- Receive and review the annual and multi-year facility work plan setting out maintenance, major repair, upgrade projects timing and investment requirements, including any related update reports making recommendations as appropriate;
- Engage with tenants to understand their priorities as it related to Capital Regeneration; and
- Attend as appropriate tenant/LMCH information sessions, held from time to time relating to matters supporting a healthy, safe, supportive and sustainable environment;
- Attend as appropriate LMCH/Community Partners meetings in respect of providing social support programs;
- Receive and review as required policies, related policy programs and processes relating to such matters as Health and Safety, Human Rights and advocacy. as they apply to tenants making recommendations as appropriate;
- Receive and review from time-to-time tenant specific policies, related policy programs and processes making recommendations as appropriate;
- Receive and review semi-annual and annual reports concerning key performance indicator findings relating tenant services making recommendations as appropriate;
- Receive and review from time-to-time summary report on the nature and extent of tenant review/appeals handled by the Administration and the Service Manager as appropriate;
- Receive and review from time-to-time tenant onboarding programs, making recommendations as appropriate;
- Other related duties that may be assigned by the Board of Directors from time-to-time.

**COMMITTEE STRUCTURE:**

The Committee has as a minimum four (4) assigned Board members, one of which will be the Committee Chair. The four (4) assigned Board members exclude the Board Chair who is an ex-officio member of the Committee. The four (4) Board assigned members, the Board Chair and any other Board Member in attendance are voting members of the Committee

The Administration – Board Secretary, Chief Executive Officer, Director of Assets & Property Services or the Director of Tenant Administration and other administrative staff as maybe required.

**TENANT SERVICES – FACILITY AND SUPPORT PROGRAM COMMITTEE  
TERMS OF REFERENCE**

**COMMITTEE MEETINGS**

Meetings are held consistent with the requirements of the Committee's annual work plan. The expectation is that the Committee would meet four (4) times a year. The meetings, as appropriate are expected to be set two weeks before a scheduled Board meeting. The quorum for a meeting to be held is three (3) voting members of the Committee.

Meetings are conducted pursuant to LMCH's Procedural Guidelines for Board and Committee Meetings. Actions/directions and approvals by the Committee must be approved -ratified by the Board of Directors. The communication to the Board on Committee actions, directions and approvals is as prescribed in LMCH Procedural Guidelines for Board and Committee Meetings.

**DOCUMENT CONTROL**

Replaces – Asset and Property Service Committee – effective March 1, 2018

Amended – March 22, 2018

Amended – Drafted August 2021

Approved by Board of Directors – August 19, 2021

**Appendix D - Current Subcommittees Table**

2022 Board Subcommittees

Finance Committee Members	Tenant Services Committee	Human Resources Committee
Josh Morgan Anne Marie Mitchell Shellie Chowns John Milson ( Term ending June 2022)	Tammy Brooks Gary Bezaire Adrian Cornelissen Anne Marie Mitchell	Gary Bezaire Tammy Brooks Adrian Cornelissen Aynsley Anderson ( Term ending June 2022)

## STAFF REPORT 2022 – 37

**TO:** Board of Directors

**FROM:** Paul Chisholm, Chief Executive Officer

**SUBJECT:** Update on Selection Process for Community Director

**DATE:** May 13, 2022

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### PURPOSE:

To provide an update to the Board on the selection process for two new Community Directors for the LMCH Board of Directors.

### RECOMMENDATION:

That the Board **APPROVE** the following Recommendations:

1. Approve the recommendation of the subcommittee to request that the City of London permit LMCH to reopen a focused recruitment effort for Community Directors.
2. Authorize the Board Chair and the Chief Executive Officer to work with the City Clerk's Office to facilitate this request.
3. Delegate the authority to make the recommendation on the new Community Directors to the Subcommittee.
4. Direct the Subcommittee to make recommendations to the City of London in accordance with any deadlines established by the Shareholder.
5. Authorize LMCH staff to take the necessary steps to give effect to the above recommendation(s).

### BACKGROUND:

The City of London is the sole Shareholder of LMCH. LMCH receives direction from the Shareholder through several ways, including, the Shareholder Direction and By-Laws



passed by the Shareholder. **Attachment 1** is the “Recruitment Process for Director Appointment” established by the Shareholder for LMCH.

The Shareholder takes a lead in Board recruitment for LMCH and conducts outreach for upcoming Director vacancies on the City of London website, newspapers, and social media. They also conducted outreach to previous applicants for the LMCH Board. LMCH conducted additional outreach through social media.

Applications for Community Directors were received from the City Clerk on April 5, 2022. At the April 21, 2022, meeting of the Board, a subcommittee of the Board was established that was directed to report back at the May 19, 2022, meeting of the Board with recommended candidates.

Members of the Subcommittee (Aynsley Anderson, Tammy Brooks and Anne-Marie Mitchell) met on May 19th to review the process for the subcommittee and to elect Anne-Maria Mitchell as the Chair of the subcommittee.

On April 26th the subcommittee met to review the applications provided by the City Clerk. The Board Chair Shawn Lewis was in attendance, as was community representative Cathy Urquhart and CEO, Paul Chisholm. At this meeting the subcommittee had expressed reservations that the two Community Directors being replaced had significant financial and legal knowledge and that the applications received did not appear to have the same skills and expertise. The sub-committee requested that the City Clerk be asked to reopen the application process to do specific outreach for these skills and experience.

Communications with the City Clerk’s office identified that submitting a letter requesting this action to the Strategic Planning and Priorities Committee was the most transparent approach to reopening the application process.

## **ATTACHMENTS:**

**Appendix A: City By-Law A-8135-201**

<b>RECOMMENDED BY:</b>
<b>PAUL CHISHOLM, CHIEF EXECUTIVE OFFICER</b>

Bill No. 293  
2021

By-law No. A.-8135-201

A by-law to ratify and confirm the Annual  
Resolutions of the Shareholder of London &  
Middlesex Community Housing Inc.

WHEREAS London & Middlesex Community Housing Inc. is incorporated  
under the *Business Corporations Act* R.S.O. 1990, c.B.16 (the “BCA”);

AND WHEREAS subsection 104(1)(b) of the BCA provides that a  
resolution in writing dealing with all matters required by the BCA to be dealt with at a  
meeting of shareholders, and signed by all the shareholders or their attorney authorized  
in writing entitled to vote at the meeting, satisfies all the requirements of the BCA  
relating to that meeting of shareholders;

AND WHEREAS The Corporation of the City of London is the sole  
shareholder of London & Middlesex Community Housing Inc.;

AND WHEREAS Subsection 9 of the *Municipal Act, 2001* provides that a  
municipality has the capacity, rights, powers and privileges of a natural person for the  
purpose of exercising its authority under this or any other Act;

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

NOW THEREFORE the Municipal Council of The Corporation of the City  
of London enacts as follows:

1. The Annual Resolutions of the Shareholder of London & Middlesex  
Community Housing Inc. for the fiscal year ended December 31, 2020, attached as  
Schedule “1” are ratified and confirmed.
2. The Mayor and the City Clerk are authorized to execute the Annual  
Resolutions of the Shareholder ratified and confirmed under section 1 of this by-law.
3. This by-law comes into force and effect on the day it is passed.

PASSED in Open Council on July 6, 2021.



Ed Holder  
Mayor



Barb Westlake-Power  
Deputy City Clerk

First Reading – July 6, 2021  
Second Reading – July 6, 2021  
Third Reading – July 6, 2021

## **SCHEDULE “1”**

### **LONDON & MIDDLESEX COMMUNITY HOUSING INC. (the “Corporation”)**

WHEREAS subsection 104(1)(b) of the *Business Corporations Act* (Ontario) (the “Act”) provides that a resolution in writing dealing with all matters required by the Act to be dealt with at a meeting of shareholders, and signed by all the shareholders or their attorney authorized in writing entitled to vote at the meeting, satisfies all the requirements of the Act relating to that meeting of shareholders;

The following special resolution, signed by the sole shareholder of the Corporation entitled to vote thereon, is hereby passed pursuant to the Act:

#### **FINANCIAL STATEMENTS**

It is hereby acknowledged that the balance sheet of the Corporation as at December 31, 2020, and the other audited financial statements, together with Auditors’ Report, of the Corporation for the financial year ended on such date have been received by the undersigned shareholder of the Corporation.

#### **ELECTION OF DIRECTORS**

WHEREAS the articles of the Corporation provide that the Corporation shall have a nine (9) directors;

NOW THEREFORE BE IT RESOLVED AS A RESOLUTION THAT:

1. The composition of the Board of Directors of the Corporation be set at nine (9) members appointed by the City of London Municipal Council as follows: two (2) members of City of London Municipal Council; one (1) member of the County of Middlesex Council; four (4) members of the community-at-large; and two (2) tenants of London Middlesex & Community Housing Inc;

2. In appointing members to the Board of Directors, consideration should be given to reflecting the diversity of the community that the London & Middlesex Community Housing Inc. serves and due regard should be given to the following qualifications of applicants to ensure that the Board collectively represents a range of relevant skills and expertise including with respect to:

- Knowledge of the field of social housing, including the legislative and regulatory environment governing social housing
- Financial and legal knowledge
- Experience in asset management, building sciences, construction, land development
- Property management
- Community development
- Labour relations
- Lived experience
- Corporate governance, including strategic planning, human resources
- Tenant support for individuals with unique needs (e.g. mental health, addictions, accessibility, violence, trauma, etc.)

The skillsets noted above set out an inventory of the ideal skills, experiences, expertise, and leadership characteristics that will help to guide the board recruitment and move the organization forward. The listing of qualifications reflects the spectrum of desired knowledge, experience and skillsets and should not be interpreted as a listing of priorities or primacy of importance.

3. The term of appointment of Board Directors reflects staggered appointments by class in order to support board and organization continuity, stability and knowledge transfer. The Directors shall hold office until their successor is elected. The following outlines the Directors terms:

Class	Director	Term
First	Aynsley Anderson	The close of the annual meeting of the shareholders to be held in 2022 for the financial year ending December 31, 2021
First	John Millson	The close of the annual meeting of the shareholders to be held in 2022 for the financial year ending December 31, 2021
Second	Tammy Brooks (Tenant)	The close of the annual meeting of the shareholders to be held in 2025 for the financial year ending December 31, 2024
Second	Shellie Chowns	The close of the annual meeting of the shareholders to be held in 2025 for the financial year ending December 31, 2024
Third	Maria Manno (Tenant)	The close of the annual meeting of the shareholders to be held in 2026 for the financial year ending December 31, 2025
Third	Gary Bezaire	The close of the annual meeting of the shareholders to be held in 2026 for the financial year ending December 31, 2025
Fourth	Adrian Cornelissen County of Middlesex	The term of Municipal Council – November 15, 2022
Fourth	TBD	The term of Municipal Council – November 15, 2022
Fourth	Councillor Phil Squire	The term of Municipal Council – November 15, 2022

Notwithstanding the Terms set out above for the period of one year from the date of appointment two (2) members of the Interim Board of Directors shall be appointed as First Class Directors.

Tenant and community-at-large directors shall serve staggered terms with a maximum number of reappointments of eight consecutive years in total. Reappointments for another term may be submitted to the Shareholder for consideration.

**APPOINTMENT OF AUDITORS**

4. KPMG LLP are hereby appointed auditors of the Corporation to hold office until the close of the next annual meeting of the shareholders or until a successor is appointed by the shareholder at such remuneration as may be fixed by the directors and the directors are hereby authorized to fix such remuneration.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

**The Corporation of the City of London**

By: \_\_\_\_\_  
 Name: Ed Holder  
 Title: Mayor

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