7
APPROVAL OF HOUSING YORK INC. BY-LAWS

The Community Services and Housing Committee recommends the adoption of the recommendations contained in the following report, October 2, 2007, from the Regional Solicitor:

1. RECOMMENDATIONS

It is recommended that:

1. By-law No. 1 – 07 and By-law No. 2 – 07 , be approved in the form or substantially in the form set out in *Attachments 1* and *2,* respectively.

2. Housing York Inc.'s Solicitor be authorized to make any further changes to the By-laws, as may be directed by Regional Council.

3. By special resolution, that until otherwise determined, the number of directors of Housing York Inc. shall be seven (7), of whom four (4) shall constitute a quorum of the transaction of business of any meeting of the Board of Directors.

4. By special resolution, the Board of Directors of Housing York Inc. shall have the power to determine the number of directors of the corporation, from time to time.

5. The Region enact the two (2) abovementioned resolutions as set out in *Attachment 3* to this report.

6. The Regional Chair be authorized to sign the aforementioned by-laws and resolutions, on behalf of the Region, as shareholder.

2. PURPOSE

Following its amalgamation on January 1, 2003, Housing York Inc. (HYI) has continued to provide housing throughout the Region of York. It is timely to update its operating by-laws to reflect regional procedures and practices as it carries on business as a local housing corporation under the *Social Housing Reform Act, 2000* (SHRA). As well, the Board of Directors of HYI must be set in accordance with the requirements of the Ontario *Business Corporations Act* (OBCA).

At its meeting on September 12, 2007, the Board of Directors enacted the attached General and Borrowing By-laws. The Region, as sole shareholder, must approve the by-laws in order for them to take effect under the OBCA.

3. BACKGROUND

3.1 Housing York Inc.'s current general by-law was provided by Ministry of Municipal Affairs and Housing

The Region is the sole shareholder of HYI, which is an amalgamated corporation governed by the OBCA. Its predecessor corporation, York Regional Housing Corporation (YRHC), was incorporated by the Minister of Municipal Affairs and Housing (MMAH) as a local housing corporation governed by the SHRA. At the same time, the MMAH enacted a general by-law governing the conduct of the business and affairs of YRHC, which by-law was adopted without amendment when HYI was amalgamated.

3.2 Housing York Inc.'s current borrowing by-law is from the predecessor corporation

Its other predecessor corporation, Region of York Housing Corporation, was the Region's municipal non-profit housing corporation. It also had by-laws in place, of which the borrowing by-law was adopted without amendment by HYI upon amalgamation.

3.3 Directors may make, amend or repeal by-laws but must submit to shareholder for approval

In accordance with the provisions of the OBCA, the directors may, by resolution, make, amend or repeal any by-laws that regulate the business and affairs of the corporation. Where the directors do so, section 116(2) of the OBCA requires that they submit the by-law, amendment or repeal to the shareholders at the next meeting of shareholders, and the shareholders may confirm, reject or amend the by-law, amendment or repeal. The effective date of any new by-law will be the date the directors enact it provided that the shareholders approve it. At its meeting on September 12th, 2007, the Board of Directors of HYI enacted the general by-law and borrowing by-law in the forms attached as *Attachments 1* and *2* respectively. This report submits the by-laws to the Region as shareholder for approval.

3.4 Delegating the authority to set the Housing York Inc. Board

The Articles of Arrangement of HYI set a minimum/maximum board of 2 to 13 directors. Currently there are seven (7) directors who are the same persons as the members of the Community Services and Housing Committee. The OBCA requires that the Region, as shareholder, determine the number of directors, by special resolution. The shareholder is also permitted, through special resolution, to delegate to the board of directors the power to determine the number of directors. Since the composition of the Board may change from time to time depending on the composition of the Committee, it is advisable to delegate this power to the Board.

4. ANALYSIS AND OPTIONS

4.1 Summary of new general by-law provisions as compared to current by-law

Since its amalgamation on January 1, 2003, HYI has had an opportunity to review its by-laws and procedures. It is recommended that it enact a new general by-law governing its business and affairs which will improve its corporate governance pertaining to matters such as meetings, duties and responsibilities of officers and directors, and more closely align with policy and procedures currently in place at the Region.

The proposed new form of HYI's general by-law is set out in *Attachment 1*, attached to this Report. Table 1 summarizes the important changes that are proposed as compared with the general by-law currently in place:

Table 1

Section in New By-law	Proposed New/amended Provision	Provision in Current By-law
	3. DIRECTORS	
3.01	New: Requires that a director be a member of Regional Council.	No requirement currently. It has been established practice that directors were the same persons as Community Services and Housing Committee members.
3.02	New: Director may be elected for a term of up to 4 years.	Currently term is 3 years. Mirrors recent changes to the term of municipal councillors.
3.03	New: Requires Board to appoint each year both a Chair and a Vice-Chair.	Only required Board to appoint a Chair each year.
3.06	Amended: Provides that a director shall remain in office until his successor is appointed even though he has ceased to be a Regional Councillor.	This provision will avoid quorum issues during election transition periods as well as avoid having to call a meeting of the shareholder prior to the meeting when the Region appoints members to each Committee.

Section in New By-law	Proposed New/amended Provision	Provision in Current By-law
	4. <u>MEETINGS OF DIRECTORS</u>	
4.02	<u>Amended</u>: Allows Chair to call a Board meeting (outside of the regular meetings). <u>New</u>: Allows Chair if there is an emergency to call meeting without the 48 hours' notice requirement.	Requires two directors to call a meeting (outside of the regular meetings). No provision currently.
4.03	<u>New</u>: Requires that the Board hold at least 4 meetings per year.	No provision currently, but it was prescribed by the SHRA.
4.05	<u>New</u>: Where Board consists of an equal number of directors the quorum shall be one-half.	Requires a majority of directors. Proposed provision mirrors Region's Procedure By-law.
4.12	<u>New</u>: Permits Chair to exclude any person for improper conduct.	No provision currently. Proposed provision mirrors Procedure By-law.
4.13	<u>New</u>: Municipal rules of procedure to be followed so long as they don't conflict.	Preferable to follow Procedure By-law for consistency.
4.15	<u>New</u>: Conflict of interest provisions pertaining to the SHRA have been added to the existing OBCA conflict of interest provisions which are set out in section 4.14.	Provision currently includes OBCA conflict of interest only. New provision will recognize that directors also have duty under the SHRA.
4.16	<u>New</u>: Delineates reporting requirement if conflict of interest arises.	Substantially mirrors duties of Regional Councillors regarding procedure to be followed if a conflict of interest arises.
	6. <u>OFFICERS AND PERSONNEL</u>	
6.01	<u>Amended</u>: Adds requirement to appoint a General Manager and a Solicitor.	Only required Board to appoint CEO, Secretary, Treasurer or a Secretary/Treasurer.

Section in New By-law	Proposed New/amended Provision	Provision in Current By-law
	New: Requires that officers also be employees of the Region and if they cease to be an employee they cease automatically to hold the office.	Currently, when an officer ceased to be a Regional employee, they would be asked to sign a resignation.
6.03	Amended: Gives the CEO the ability to delegate the day-to-day business and affairs of the corporation.	Reflects the current delegation of these duties to the General Manager.
6.04	Amended: Secretary's duties remain basically unchanged save that the holder of the corporate seal and minute book has been changed to the Solicitor.	Current provision requires the Secretary to be the holder of the corporate seal and minute book. Proposed provision accords with current practice.
6.06	New: The office of General Manager has been delineated in terms of duties and responsibilities.	No provision currently. Proposed provision accords with current practice.
6.11	Amended: Requires officers to be bound by conflict of interest provisions under the OBCA and the SHRA.	Current provision requires them to be bound by only OBCA conflict of interest provisions.
	9. MEETINGS OF SHAREHOLDERS	
9.07	Amended: Provides that where the one shareholder is the Region, a person duly authorized by the Region to represent it constitutes a meeting, or alternatively, a quorum of Regional Council constitutes a meeting.	Current provision provides that where the corporation has only one shareholder then a person duly authorized to represent the shareholder constitutes a meeting. These amendments mirror actual practice.
9.12	Amended: Provides that where shareholder wishes to do a resolution in lieu of a meeting, it can authorize a person to sign the resolution on its behalf.	Current provision requires all shareholders entitled to vote to sign the resolution and does not specifically address the shareholder as being represented by Regional Council.
	10. SHARES AND TRANSFERS	
	Deletions: Previous provisions pertaining to issuance of common shares, restrictions on	These provisions are set out in the Articles of

Section in New By-law	Proposed New/amended Provision	Provision in Current By-law
	share issuance and share transfers, restrictions on amalgamation, voluntary dissolution and winding-up have been deleted.	Arrangement and therefore do not need to be in the By-law. These provisions reflect the restrictions contained in the SHRA.
	11. EXECUTION OF DOCUMENTS	
11.03	New: Provides that either of the CEO or the Chair together with the Secretary shall sign the by-laws of the corporation.	No provision currently.
	13. BANKING AND FISCAL	
13.02	Amended: Provides that all cheques and other negotiable instruments shall be signed by any one of the Chair, Vice-Chair or General Manager, together with the Treasurer, or Assistant-Treasurer, in the Treasurer's absence.	Currently the Chair or Vice-Chair, together with the Treasurer, or Assistant-Treasurer, in the Treasurer's absence, have authority to sign cheques and other negotiable instruments.
	14. BOOKS AND RECORDS	
14.01	New: Requires directors to ensure that books and records are properly kept.	Reflects obligations under both OBCA and SHRA.
	15. REPEAL AND AMENDMENT	
15.02	New: Repeals current general by-law no. 1.	
	16. EFFECTIVE DATE	
16.01	New: Provides that by-law shall come into force upon confirmation by the shareholder.	Reflects OBCA requirement that shareholder must approve new by-laws.

4.2 New borrowing by-law substantially same as current by-law

The proposed new form of HYI's borrowing by-law is set out in *Attachment 2*, attached to this report, and save for minor edits is substantially the same as the current borrowing by-law.

5. FINANCIAL IMPLICATIONS

Operating by-laws which reflect Regional practices provide a framework within which sound fiscal management can occur.

6. LOCAL MUNICIPAL IMPACT

A well-managed housing corporation provides affordable housing across the Region.

7. CONCLUSION

It is recommended that the Region approve a new general by-law and borrowing by-law for Housing York Inc., for corporate governance purposes. The Region, as shareholder, must set the Board of Directors of HYI at seven (7) to reflect its current composition, and for administrative reasons, should empower the Board to set its composition in the future.

For more information on this report, contact Janis Vanderburgh, Senior Counsel, in the Corporate Services Department.

The Senior Management Group has reviewed this report.

(The attachments referred to in this clause are attached to this report.)