

**Peterborough Housing Municipal Services Corporation
Shareholder Direction and Declaration
October 20, 2025**

From: The Corporation of the City of Peterborough

To: Peterborough Housing Municipal Services Corporation

Recitals

1. The Peterborough Housing Municipal Services Corporation (the “Corporation”) is a corporation existing under the Business Corporations Act (Ontario) (the “OBCA”);
2. The Corporation of the City of Peterborough (the “Shareholder”) is the sole shareholder and beneficial owner of all issued shares of the Corporation;
3. The Corporation agrees to be bound by the terms and conditions of this agreement, which is intended by the Shareholder to be a Shareholder Direction and Declaration (the “Direction”) pursuant to the OBCA;
4. A portion of the Corporation’s Housing Portfolio is subject to the provisions of the Housing Services Act (“HSA”) and its Regulations as they may be amended or re-enacted from time-to-time;
5. The Shareholder and the Corporation wish to establish certain principles of governance relating to the Corporation;
6. The Shareholder and the Corporation wish to enter into this Direction in order to set forth those matters which may be undertaken by the Corporation only with the approval of the Shareholder;

Now Therefore this Direction and Declaration Witnesses:

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ARTICLE 1 – DEFINITIONS

1.1 Definitions:

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

- a. **Affordable Housing** and **Affordable-ownership Housing** – means housing built in accordance with federal, provincial and/or municipal programs, or with the Corporation’s own resources, which is not housing governed by the HSA;
- b. **Annual Information Return** – means a summary of the Corporation’s financial, operating and statistical information for the fiscal year;
- c. **Arm’s Length** – shall have the same meaning as defined in Section 251(1) of the Income Tax Act (Canada);
- d. **Auditor** – means a person appointed by the Shareholder in compliance with the OBCA;
- e. **Board** – means the Board of Directors of the Corporation;
- f. **Business Plan** – means a written document containing all the relevant internal and external elements for operating the Corporation or a Subsidiary;
- g. **Catchment Area** – means the area contained within the City of Peterborough’s geographic boundary
- h. **City Council** or **Council** – means the duly elected Council of the City of Peterborough;
- i. **Corporation** – means the Peterborough Housing Municipal Services Corporation, or any Subsidiary or successor corporation thereto;
- j. **Direction** – means this Shareholder Direction;
- k. **Directive** – means an approval or decision of the Shareholder required under this Direction or the OBCA and presented to the Board in the form of a duly passed resolution or By-law of City Council and shall be given in writing signed by the Shareholder Representative;
- l. **Extraordinary Event** – shall include, but not be limited to, any legal settlement, minutes of settlement arrived at through mediation, arbitration, negotiation, or litigation and also any floods, fires or lawsuits;
- m. **Financial Assistance** – means assistance by loan, guarantee or otherwise;

- n. **Financial Statements** – means, for any particular period, audited or un-audited (as stipulated in the Direction), consolidated or unconsolidated (as stipulated in the Direction), comparative financial statements of the Corporation consisting of not less than a statement of financial position, statement of revenue and expenses, statement of change in net debt, statement of change in financial position, a report or opinion of the Auditor (in the case of audited Financial Statements) and such other statements, reports, notes and information prepared in accordance with generally accepted accounting principles (consistently applied) and as required in accordance with the applicable housing legislation and the Public Sector Accounting Board Standards, as amended from time to time;
- o. **Fiscal Year** - means the calendar year;
- p. **Housing Division** – means the Housing Division of the Social Services Department of The Corporation of the City of Peterborough;
- q. **Housing Portfolio** – means all housing projects managed or owned by the Corporation;
- r. **Housing Portfolio Asset** – means any housing project owned, in whole or in part, by the Corporation;
- s. **HSA** – means the Housing Services Act, as amended from time to time.
- t. **Joint Venture** – means an investment in: (a) a general or limited partnership; (b) a joint venture; or (c) any other form of business enterprise with a Third Party, which investment is held for active operating business purposes and not as a passive or portfolio investment;
- u. **Market Housing** – means rental housing that is geared at rental rates that the market will bear;
- v. **Material Variances** – means expenditures that exceed the original price by more than 10 percent or \$100,000;
- w. **Operational Review** – means a review undertaken by the Service Manager to confirm compliance by the Corporation with housing legislation and local directives, funding agreements and provide a detailed analysis of the management, finances and general operation of the Corporation that the Service Manager subsidizes;
- x. **Other Activities** – means all activities of the Corporation that are not social housing activities as set out in HSA;
- y. **Project in Difficulty ("PID")** – means an affordable housing-related project that may be at risk or considered in difficulty;

- z. **Recorded Excess Revenue** – means any revenues that exceed the Corporation’s expenses for a fiscal year;
- aa. **Regulations** – means Ontario Regulations made under the HSA and other Regulations that may be proclaimed from time to time;
- bb. **Service Area** - means the area within the geographic boundaries of the City of Peterborough and the County of Peterborough;
- cc. **Shareholder** – means The Corporation of the City of Peterborough, as represented by Council;
- dd. **Shareholder Representative** – means the person or persons chosen by Council to sign a Shareholder Direction and Declaration;
- ee. **Social Housing** – means housing governed by Provincial housing legislation;
- ff. **Subsidiary / Subsidiaries** – means any body corporate of which more than 50% of the outstanding securities of any class carrying exercisable voting rights are beneficially owned, directly or indirectly, by the Corporation and includes any body corporate in like relation to a Subsidiary;
- gg. **Tenant** – means a current tenant of the Corporation and shall have the same meaning as defined in the Residential Tenancies Act, 2006 or any successor legislation;
- hh. **Third Party** – means a person who deals at Arm’s Length with the Corporation.

1.2 Calculation of Time

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

1.3 Paramountcy and Interpretation

- a. In the event of any inconsistency between the terms of this Direction and the terms of the articles or By-laws of the Corporation, the terms of this Direction shall prevail to the extent of the conflict.
- b. The defined terms “Affordable Housing”, “Affordable-ownership Housing”, “Social Housing” and the undefined term “housing” are to be given a generous and broad interpretation and read in such a way that the

Corporation may manage and administer its Housing Portfolio in accordance with Article 2 below.

ARTICLE 2 – OBJECTIVES AND PRINCIPLES

2.1 Purposes

The purposes of this Direction are:

- a. To recognize the Board’s authority to manage, or supervise the management of, the business and affairs of the Corporation in accordance with this Direction;
- b. To provide the Board with the Shareholder’s fundamental principles concerning the Corporation;
- c. To establish certain principles of governance for the Corporation and any Subsidiaries;
- d. To inform the residents of the Catchment Area, including Tenants of the Corporation, about the Shareholder’s fundamental principles regarding the operation of the Corporation;
- e. To set out the accountability, responsibility and relationship between the Board and the Shareholder.

Except as provided in Article [5](#) below, this Direction is not intended to constitute a unanimous shareholder declaration under the OBCA or to formally restrict the exercise of the powers of the Board.

2.2 Shareholder Objectives

The Shareholder’s objectives for the Corporation are:

- a. That the Corporation is subject to the terms of the Direction and shall be responsible for the management of its Housing Portfolio;
- b. That the Corporation is the City’s housing development company and resource to the City for the purposes of increasing affordability of units;
- c. That the Corporation will work collaboratively with the City to both expand affordable housing opportunities and to support broader community revitalization objectives;
- d. That the Corporation seeks to maximize its assets to provide Affordable Housing for the residents of the Service Area;
- e. That the Corporation will meet the financial performance standards from time to time set by the Shareholder and the Board;

- f. That the Corporation develops a long-range strategic plan which is consistent with its mission statement, respects the input of the Tenants, and preserves the value of the assets of the Corporation;
- g. That the Corporation ensures that the assets of the Corporation will be maintained in good repair and, where reasonably possible, the value of the assets will be maintained and/or increased;
- h. That the Corporation strives to maintain and improve the current standards and levels of its operations and services while balancing risks and outcomes to the Shareholder;
- i. That the Corporation strives to provide a safe, healthy and sustainable community for Tenants; and
- j. That the Corporation may be a resource to the City to provide services for a PID or other such events or emergency with a housing provider, as the City may determine.

2.3 Principles

The following principles shall govern the operation of the Corporation:

- a. The business of the Corporation is integral to the well being of the residents of the Service Area. The Corporation recognizes that it is in the best interests of the Corporation, Tenants, and the community of stakeholders whom the business of the Corporation affects that the Corporation conduct its affairs in a manner consistent with the following principles:
 - i. Provide accountable quality service at an affordable cost, on a sustainable basis, while acting in accordance with its status as a provider of affordable and/or non-profit housing;
 - ii. Operate in a manner consistent with the Shareholder's policies, concerning homelessness and Affordable Housing, that may be established or amended from time to time and collaborate in policy development with the Shareholder;
 - iii. Operate in a manner that provides equitable access to housing;
 - iv. Operate in a manner that preserves housing for Tenants, and, where appropriate to the greatest degree possible, allows Tenants to live independently in a barrier-free environment;
 - v. Operate in accordance with HSA and any Regulations enacted thereunder, as amended from time to time; and

- vi. Operate in accordance with the provisions of applicable legislation concerning human rights, freedom from harassment and discrimination;
- b. The Corporation shall operate in a safe and environmentally responsible manner;
- c. The Corporation's purchasing policies will be consistent with the following purposes, goals and objectives:
 - i. Ensure openness, accountability and transparency while protecting the financial best interests of the Corporation;
 - ii. Minimize expenses;
 - iii. Ensure service and product delivery, quality, efficiency and effectiveness;
 - iv. Encourage competitive bidding for the acquisition and disposal of goods and services where practicable;
 - v. Ensure fairness among bidders;
 - vi. Encourage the procurement of goods and services with due regard to the preservation of the natural environment; and
 - vii. Provide Corporation staff having purchasing responsibilities, clear direction on policy to be followed.
- d. The Board is responsible for determining and implementing the appropriate balance among the foregoing principles and for causing the Corporation to conduct its affairs in accordance with the purposes, objectives and principles set out in Article [2](#).

ARTICLE 3 – MANDATE OF THE CORPORATION

3.1 Business of the Corporation

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

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

- d. The provision of additional services to their Tenants, including but not limited to laundry facilities, parking etc.;
- e. Entering into commercial leases with commercial tenants and/or entering a commercial lease as a tenant;
- f. Entering into partnership agreements or other agreements that promote or increase the availability of Affordable Housing in the Service Area;
- g. Purchasing and/or developing land or re-developing existing buildings in order to provide Affordable and Market Housing to the residents of the Service Area with the goal of creating increased affordability;
- h. The provision of housing-related services to eligible persons;
- i. Delivery of program-related services on behalf of the Service Manager, including but not limited to, management of waiting lists and rent supplement program; and
- j. Such further and Other Activities undertaken with the approval of the Board and which promote the purposes, objectives, principles and/or goals of the Corporation.

3.2 Joint Ventures

- a. The Corporation may from time to time, invest in one or more Joint Ventures to meet its goals and shall consult with the Shareholder regarding the business purpose, financing, governance structure and reporting requirements of any proposed Joint Venture prior to its creation.
- b. Each Joint Venture will provide the Shareholder with such reporting as the Corporation considers appropriate but at a minimum includes the Joint Venture's annual Financial Statements, the achievement of financial and service targets or other performance indicators and such explanations, notes and information as is required to explain and account for any variances between actual results from operations and the targets set out in its annual business plan or budget.
- c. When a Joint Venture is created, the Corporation will so inform the Shareholder at the earliest possible opportunity, and include information related to the purpose, governance structure, board composition, operations, financing and such other information as may be requested by the Shareholder.
- d. The Corporation will not invest in a Joint Venture that will undertake actions that the Corporation would otherwise be prohibited from doing by the terms of this Shareholder Direction.

- e. If a member nominated by or representing the interests of the Corporation on any board of Directors or other governing body of any Joint Venture ceases to be a member for any reason, the Corporation will cause the vacancy to be filled by another director or officer of the Corporation as soon as reasonably possible.

ARTICLE 4 – OPERATION AND CONTROL

4.1 The Board of Directors and Responsibilities:

- a. The Board shall supervise the management of the business and affairs of the Corporation and shall ensure that, in fulfilling its responsibilities that the Corporation acts in accordance with applicable legislation, including the HSA, related Regulations and any directives issued by either the Shareholder or the Province of Ontario from time to time.
- b. With respect to operational matters, the Board shall use its reasonable efforts to:
 - i. Ensure that the Corporation meets the financial performance standards set out in Article [7](#);
 - ii. Ensure that the Auditor delivers the audited Financial Statements of the Corporation for acceptance by the Shareholder within one hundred and twenty (120) days after the end of each fiscal year;
 - iii. Ensure that the Shareholder receives reports on any internal control or operational deficiencies reported by the Corporation's Auditors or as may otherwise come to the Board's attention;
 - iv. Ensure that the Shareholder receives such further and other financial information as reasonably required by the Shareholder, which may include, but is not limited to an Annual Information Return;
 - v. Ensure that Officers of the Corporation are appointed;
 - vi. Manage and direct all labour and employee relation matters; and
 - vii. Ensure the Corporation participates in any Service Manager Operational Review and ensure the Corporation responds to any operational deficiencies identified in the Operational Review.

4.2 Board of Directors

- a. The Board will be comprised of five persons, being:
 - i. The Mayor;

- ii. The Deputy Mayor;
 - iii. The Housing Committee Chair;
 - iv. The Housing Committee Co-Chair; and
 - v. The Finance Committee Chair.
- b. The choice of each director by reference to the Council member's position or portfolio responsibility on Council will ensure that the board composition is automatically consistent with Council's determinations from time-to-time respecting Councillors' positions and portfolios.
- c. If a position or portfolio position changes, Council will correspondingly cause the Board composition to change via a shareholder declaration.

4.4 Vacancies

In the event the Board has one or more mid-term vacancies for any reason, the Shareholder shall, in accordance with Section 4.2c, appoint a person to fill the vacancy created as soon as possible but in no event later than the end of the next Annual General Meeting.

4.5 Term

- a. The term of office for a director, will be equal to the term of Council or until his or her successor is appointed.
- b. Notwithstanding Section 4.5a, the Shareholder may appoint any director for a period of less than three years or remove a Director prior to end of the term of Council.

4.6 Annual General Meeting

The directors of the Corporation shall call an annual general meeting of the Corporation not later than five months after the end of the Corporation's fiscal year. The Shareholder, sitting as City Council, will receive an annual report as set out in Section [6.3](#), accept and approve the audited financial statements of the Board and its subsidiary corporations, appoint the auditor and approve the slate of Directors.

4.7 Committees

The Board may establish committees of the Board at the discretion of the Board.

4.8 Conflict of Interest Policy and Fiduciary Responsibilities

The directors and officers of the Board shall strictly abide by the requirements of the **Ontario Business Corporations Act** concerning the avoidance of conflicts of interest, including any requirements concerning disclosure and abstaining from

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

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

4.9 Confidentiality

- a. The Shareholder and the directors and officers of the Corporation shall ensure that no confidential information of the Shareholder or Corporation is disclosed or otherwise made available to any person, except to the extent that:
 - i. Disclosure is required in the course of a judicial proceeding or pursuant to law;
 - ii. Disclosure to an agent or employee of the Shareholder or the Corporation is necessary for the performance of such a person's duties or obligations under this Direction; or
 - iii. The confidential information has become part of the public domain (other than through the unauthorized disclosure of the Shareholder or the Corporation).
- b. The Corporation shall establish a detailed confidentiality policy consistent with the practices of corporate governance within twelve (12) months of the date of this Direction and that policy shall form part of the By-laws of the Corporation.

4.10 Board of Directors – Subsidiary Corporation

Subject to any matters requiring the approval of the Shareholder pursuant to this Direction, the business and affairs of any Subsidiary shall be managed and supervised by its Board. The Corporation will appoint the directors of each Subsidiary from among the directors of the Corporation or as directed by Council via a shareholder declaration.

4.11 Remuneration

No Board member shall receive remuneration from the Corporation for their respective services as a director or officer save and except for reimbursement of out-of-pocket expenses as approved by Council

ARTICLE 5 – SHAREHOLDER MATTERS

5.1 Approvals Sought by Corporation

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

5.2 Matters Requiring Shareholder Approval under the OBCA

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

- a. Amend its articles or make, amend or repeal any by-law;
- b. Amalgamate, apply to continue as a body corporate under the laws of another jurisdiction, merge, consolidate or re-organize or approve or effect any plan of arrangement, in each case whether statutory or otherwise;
- c. Take or institute proceedings for any winding up, arrangement reorganization or dissolution;
- d. Create new classes of shares or reorganize, consolidate, subdivide or otherwise change its outstanding securities;
- e. Sell, or otherwise dispose of, all or substantially all of its assets or undertakings;
- f. Change the Auditor who shall be licensed under the Public Accountancy Act;
- g. Make any change to the number of directors comprising the Board;
- h. Enter into any other transaction or take any other action that requires shareholder approval pursuant to the OBCA.

5.3 Other Matters Requiring Shareholder Approval

Subject to City Council's approval of the Corporation's Business Plan and subject to updates provided by the Corporation to the City through its Annual Report, the Corporation or any Subsidiary shall not, without the prior approval of the Shareholder:

- a. Dispose of or acquire any Housing Portfolio Asset of the Corporation, including any acquisition or disposition of lands, unless such matters have been addressed by a comprehensive plan already approved by Council;

- b. Issue, or enter into any agreement to issue, any shares of any class, or any securities convertible into any shares of any class, of the Corporation;
- c. Establish any requirement for additional capital contributions to the Corporation by the Shareholder, noting that the Corporation's Capital Reserve has been transferred by the Shareholder to the Corporation for management oversight and in keeping with the business practices for all other housing providers under the responsibility of the Service Manager;
- d. Take on or assume any financial obligation secured against any Housing Portfolio Asset of the Corporation, including the issuance of debt;
- e. Make any decision that would materially or adversely affect the tax or regulatory status of the Corporation;
- f. Enter into a Joint Venture, including a venture in respect of the creation or purchase of Affordable Housing units, which would require a capital investment equal to or greater than \$100,000.00 (One Hundred Thousand Dollars), except as already authorized by the Corporation's approved annual budget or any further allocation of funds provided by the Shareholder or approved Business Plan or Annual Report;
- g. Enter into any business activity not permitted under Section [3.1](#);
- h. Provide any Financial Assistance, whether by loan, guarantee or otherwise, to any director, or officer of the Corporation, save and except for any computer purchase assistance plan which are or may be generally available to all employees. For the purpose of this sub-section, the term "Financial Assistance" does not include remuneration paid in the normal course of business to employees, including honoraria, wages, salaries and bonuses, or any reimbursement for expenses arising from such person's duties; and
- i. Invest funds in publicly traded securities, unless permitted to do so by the HSA.

5.4 Approval of the Shareholder

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

ARTICLE 6 – REPORTING

6.1 Business Plan

- a. Commencing not later than one hundred and eighty days (180) after the end of each fiscal year, the Board shall approve and submit to the Shareholder's

Housing Division an updated Business Plan for the Corporation for the next five (5) fiscal years.

- b. The Business Plan shall be prepared in a form consistent with the Business Plan then in effect. The Corporation shall carry on its business and operations in accordance with the Business Plan, in a format developed by the Shareholder, which shall include, in respect of the period covered by such plan:
 - i. The strategic direction and any new business initiatives which the Corporation will undertake;
 - ii. Annual operating and capital expenditure and revenue forecasts for the period covered by the Business Plan;
 - iii. The capital expenditure forecast containing explanations of the nature and type of anticipated major capital expenditures;
 - iv. Any material variances in the projected ability of the Corporation to meet or continue to meet the financial objectives of the Shareholder; and
 - v. Any material variances from the previous Business Plan.

6.2 Annual Report

- a. Within 120 days after the end of the fourth fiscal quarter, the Corporation will prepare an annual report and submit this report to the Shareholder, at a regular meeting of City Council. This report will include:
 - i. audited consolidated Financial Statements;
 - ii. such explanations, notes and information as is required to explain and account for any variances between the actual results from operations and the budgeted amounts set forth in the current Business Plan, including any Material Variances in the projected ability of the Corporation to meet or continue to meet the financial objectives of the Shareholder;
 - iii. information that is likely to materially affect the Shareholder's financial objectives or ability to fulfill its Affordable Housing policies, including, but not limited to, forecasted deficits;
 - iv. Information that is likely to materially affect the Tenants' perceptions or opinions concerning the Corporation;

- v. Information concerning any matter, occurrence or other event that is a material breach or violation of any law;
 - vi. Any such additional information as the Shareholder may specify from time to time;
 - vii. information on progress and accomplishments relative to the strategic business plan in place and information regarding the performance of the Corporation such that the Shareholder can determine that the strategic business plan has been respected; and
 - viii. information regarding the performance of the Corporation such that the Shareholder can determine that this Direction has been respected.
- b. The Corporation shall report forthwith any Material Variances in the projected ability of the Corporation to meet or continue to meet the financial objectives of the Shareholder.

6.3 Access to Records

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

6.4 Audit and Accounting

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

6.5 Auditors

The Corporation shall utilize the same Auditor as that of the Shareholder, commencing with the 2024 fiscal year.

6.6 Accounting Principles

The Corporation shall, in consultation with the Auditor, adopt and use accounting policies, practices and procedures which may be approved by the Board from time to time and all such policies, practices and procedures shall be in accordance with applicable law and regulatory requirements as amended from time-to-time,

including the HSA. The standards shall be those established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

6.7 Annual Financial Statements

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

6.8 Reporting on Major Developments and Extraordinary Events

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

ARTICLE 7 – FINANCIAL PERFORMANCE

7.1 Financial Performance

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

7.2 Recorded Excess Revenue (Surplus) Policy

a. Regarding Social Housing:

In the event the Corporation, or any Subsidiary of the Corporation, or any portion of the Corporation's business, records revenues from its Social Housing activities that exceed its expenses for a fiscal year ("Recorded Excess Revenue"), such excess revenue shall remain within the Corporation. Notwithstanding any other portion of Sections [7.2](#) and [7.4](#), the Shareholder retains the sole discretion to adjust its subsidy to the Corporation for any fiscal year.

b. Regarding Other Activities:

If the Corporation, or any Subsidiary of the Corporation, or any portion of the Corporation's business, records revenues from activities, other than from its Other Activities, that exceed its expenses derived from its Other Activities for a fiscal year ("Recorded Excess Revenue"), such excess revenue shall remain within the Corporation and shall be used to achieve the objectives

and purposes of the Corporation. If expenses exceed revenues the Corporation, or any Subsidiary, shall be solely responsible for the net loss.

7.3 Operation Policy

The Corporation shall ensure that policies are in place to:

- a. Implement the most efficient cost structure available for like businesses;
- b. Mandate the creation and implementation of the cost reduction programs to ensure that costs are minimized;
- c. Protect the Shareholder's equity; and
- d. Protect and enhance the value of the Corporation's stock of Affordable and Social Housing and other capital assets.

7.4 Amount of Annual Subsidy

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

7.5 Feasibility Study

The Shareholder will undertake a feasibility study to examine whether the Corporation's Social Housing program can implement a phased transition to a 100% Rent Geared to Income (RGI) model for Social Housing.

ARTICLE 8 – GROUP INSURANCE OF HOUSING PROJECTS

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

ARTICLE 9 – LEGISLATIVE COMPLIANCE REQUIREMENT

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

ARTICLE 10 – AMENDMENTS TO THE DIRECTION

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

DATED at Peterborough this 20 day of October 2025.

The Corporation of the City of Peterborough,
as sole Shareholder of the Corporation

Jeff Leal, Mayor

John Kennedy, Clerk

Addendum # 1
City Council Resolution