



**STAFF REPORT
ACTION REQUIRED**

Toronto Community Housing Corporation – Annual Shareholder Meeting, Audited Annual Financial Statements and Special Shareholder Meeting

Date:	January 10, 2012
To:	Executive Committee
From:	City Manager
Wards:	City-wide
Reference Number:	

SUMMARY

This report recommends the actions necessary to comply with the requirements of the Business Corporations Act (Ontario) ("OBCA") for holding an annual shareholder meeting for Toronto Community Housing Corporation (TCHC), including receipt of the 2010 financial statements and auditor's report and appointment of the auditor.

This report also contains an attachment which summarizes information in response to a Council request about certain TCHC subsidiaries.

RECOMMENDATIONS

The City Manager recommends that:

1. City Council treat the part of the Council meeting at which Recommendations 1, 2 and 3 of this report are considered as the annual shareholder meeting for Toronto Community Housing Corporation (TCHC) and:
 - (a) receive TCHC's 2010 Audited Annual Consolidated Financial Statements for the period ending December 31, 2010, and the auditor's report thereon dated January 9, 2012, forming Appendix A to Attachment 1 to this report and forward a copy to the City's Audit Committee for information;

- (b) reappoint PriceWaterhouseCoopers LLP, Chartered Accountants, as TCHC's auditor until the next annual shareholder meeting at the fee provided therefor in the City's agreement with that firm;
2. City Council receive the report of the Deputy City Manager and Chief Financial Officer, dated January 10, 2012 "Toronto Community Housing Corporation - Financial Statements", forming Attachment 1 to this report;
 3. City Council receive Toronto Community Housing Corporation's 2009 Annual Report and 2010 Annual Report (included as Attachment 2 and 3 to this report) comprising the letters from the Corporation's Chief Executive Officer dated January 5, 2012 and January 6, 2012, respectively, and related attachments; and
 4. As part of the special business to be considered as part of the Special Shareholder Meeting for Toronto Community Housing Corporation, Council receive the report of the City Manager dated January 10, 2012 entitled "Toronto Community Housing's Subsidiary Investments", forming Attachment 4 to this report.

Financial Impact

There will be no financial impacts to the City or TCHC as a result of adoption of the recommendations in this report.

The Deputy City Manager and Chief Financial Officer has reviewed TCHC's 2010 financial statements and his summary and comments are contained in Attachment 1 to this report.

Equity Impact Statement

There are no equity considerations in conducting the annual shareholder meeting.

ISSUE BACKGROUND

The City's Shareholder Direction to TCHC sets out the shareholder's objectives, establishes governance principles for TCHC and its subsidiaries and the powers of the Board of Directors, and details the accountability and reporting requirements for TCHC to the City. City Council requires that TCHC's annual report to the City include identification of:

- any material variances between the TCHC's budget and actuals;
- any variances that may have a financial impact on the shareholder;
- anything that is likely to materially affect tenants' views of TCHC;
- any major findings of audits;
- performance of Toronto Community Housing such that the Shareholder can determine that the Shareholder Direction has been respected; and
- the number of evictions each year, the cost and the rationale.

The Shareholder Direction requires that TCHC prepare an annual report and audited consolidated financial statements and submit them to Council through the Executive

Committee. TCHC's Board of Directors approved its 2010 audited annual financial statements at its meeting held on December 13, 2011.

At its meeting on June 14, 2011 City Council adopted with amendments report EX6.3 titled "Toronto Community Housing Corporation – Annual Shareholder Meeting, Audited Financial Statement and Related Matters". Council requested, among other things, the City Manager to report to the Executive Committee on:

- Toronto Community Housing Enterprises' interest in Regent Park Energy Inc. (RPEI), including the current and projected financial profit or loss of RPEI and recommend whether TCHC should continue to maintain its ownership in RPEI, and
- the loans and financial arrangements with Regent Park Development Corporation and Don Mount Park Development Corporation, including the source of TCHC funding, the annual interest and/or lost earnings of the funds advanced to these corporations.

ANNUAL SHAREHOLDER MEETING

The OBCA requires that a corporation's annual shareholder meeting be held not later than 15 months after the date of the last preceding annual meeting. TCHC's previous annual shareholder meeting, at which its 2009 financial statements were considered, was held by City Council at its meeting held on June 14 and 15, 2011 as Item EX6.3.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX6.3>

TCHC's Board of Directors approved its 2010 Audited Annual Consolidated Financial Statements at its meeting held on December 13, 2011. The Deputy City Manager and Chief Financial Officer has reviewed TCHC's 2010 financial statements and the associated auditor's report from PriceWaterhouseCoopers LLP, and his summary and comments are contained in Attachment 1 to this report.

Highlights of TCHC's key achievements during 2009 and 2010 under each of four strategic focus areas – buildings, communities, tenants and organization – as well as additional information concerning finances and eviction statistics, are set out in the attached reports to the shareholder forming Attachment 2 and 3 to this report.

Council also requested that the City Manager review the Shareholder Direction for TCHC. A draft has been developed by City staff in consultation with SSHA, Legal, and Finance. It is intended that this document will be discussed with TCHC staff and the new Board of Directors and reported to the Executive Committee and City Council following that dialogue. While TCHC's concurrence is not required for changes to the Direction, consultation on the matter will provide an opportunity to consider amendments that address any issues that TCHC may have and ensure the resulting document is workable within the TCHC operating environment.

SPECIAL SHAREHOLDER MEETING

In response to Council's request for information arising from the last annual general meeting, the City Manager is submitting a report titled "Toronto Community Housing's Subsidiary Investments" dated January 10, 2012 as contained in Attachment 4 of this report.

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SIGNATURE

Joseph P. Pennachetti, City Manager

ATTACHMENTS

- Attachment 1: Report of the Deputy City Manager and Chief Financial Officer dated January 10, 2011 entitled "Toronto Community Housing Corporation – Financial Statements"
Appendix A: 2010 TCHC Audited Annual Consolidated Annual Financial Statements and Auditor's Report
- Attachment 2: Letter dated January 5, 2012 from TCHC Chief Executive Officer comprising TCHC's 2009 Annual Report to the Shareholder
- Attachment 3: Letter dated January 6, 2012 from TCHC Chief Executive Officer comprising TCHC's 2010 Annual Report to the Shareholder
- Attachment 4: Report of the City Manager dated January 10, 2012 titled "Toronto Community Housing's Subsidiary Investments"
Appendix A: Toronto Community Housing's Subsidiary and Nominee Corporations