



BOARD REPORT

REPORT No.: 2024-20

MEETING DATE: MAY 16, 2024

SUBJECT: REQUEST FOR SERVICE MANAGER CONSENT - REMOVAL OF
SHAREHOLDER OF THE CORPORATION, MANITOUWADGE MUNICIPAL
HOUSING CORPORATION

RECOMMENDATION

THAT with respect to Report No. 2024-20 (Integrated Social Services Division) we, The District of Thunder Bay Social Services Administration Board, consent to the request from the Township of Manitouwadge Council that the Corporation of the Township of Manitouwadge be removed as sole shareholder of the Manitouwadge Municipal Housing Corporation as stated in its Articles of Incorporation;

AND THAT Manitouwadge Municipal Housing Corporation provide The District of Thunder Bay Social Services Administration Board with revised Articles of Incorporation stating the corporation is a non-profit corporation without share capital, once completed.

REPORT SUMMARY

To provide The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with information related to the request from the Township of Manitouwadge regarding the Manitouwadge Municipal Housing Corporation.

BACKGROUND

Manitouwadge Municipal Housing Corporation (MMHC) owns and manages 76 community housing units in the Township of Manitouwadge. The MMHC was incorporated in 1986 with the Corporation of the Township of Manitouwadge (the Township) as the sole shareholder. The units were developed in four stages between 1987 and 1991 and have mortgage expiries between 2022 and 2026. Phase I housing expired in 2022 and Phase II housing expired March 1, 2024. All housing units are supported by TBDSSAB and are listed in *O.Reg. 368/11* as Designated Housing Projects.

On August 1, 2023, MMHC provided TBDSSAB with a letter requesting TBDSSAB consent that the Township be removed as the sole shareholder for the corporation.

The Township is the sole shareholder for MMHC. The share capital is non-transferable and there are no dividends paid to the Township. There is currently one Manitowadge Council member holding a seat on the MMHC Board.

Any change to the shareholder of MMHC would require an amendment to the existing articles of incorporation and bylaws, and registration of the revised articles, resulting in a non-profit corporation without share capital.

COMMENTS

Currently, MMHC is bound by its articles of incorporation stating that the Township is its sole shareholder. The Township Council is seeking to formally remove the Township as a shareholder and so that the MMHC can become a non-profit corporation without share capital. To pursue this change, consent from the Service Manager is required under the *Housing Services Act, 2011*.

Under an amendment to the *Housing Services Act, 2011*, Service Managers have the authority to make specific consent decisions that were formerly the purview of the Minister of Municipal Affairs and Housing. These legislative amendments came into effect on January 1, 2017 and support and enhance the ability of Service Managers to make decisions to better meet local housing needs in a more timely and efficient manner.

On June 21, 2023, MMHC made a request to the Township of Manitowadge to have the Township removed as the sole shareholder in order to realign its corporate structure. The Township Council reviewed this matter at its July 5, 2023, council meeting and supported the removal of the Township as the sole shareholder of MMHC through a resolution. In further discussions between the Township Administration and TBDSSAB Administration, it was made clear that the Township does not intend to become a member of the realigned MMHC and would not require dedicated Council representation on the new Board of Directors.

After reviewing requirements under the *Housing Services Act, 2011*, Administration sought a legal opinion on the potential implications of this change on MMHC's operations. The opinion states that, provided that the corporate objects of MMHC remain substantively unchanged, the proposed transactions do not prejudice TBDSSAB or the Township and should be approved.

As a result of this review, Administration is supportive of the request made by the Township and presents this report for consideration.

STRATEGIC PLAN IMPACT

There are no direct correlations with the current Strategic Plan with this report.

FINANCIAL IMPLICATIONS



There are no immediate financial implications related to this report. Upon approval of this recommendation for consent, Administration will communicate to the Township that any expenses incurred by TBDSSAB in relation to offering its consent would be the responsibility of the M MHC.

CONCLUSION

It is recommended that the Board consent to the request from the Corporation of the Township of Manitowadge that it be removed as the sole shareholder of Manitowadge Municipal Housing Corporation and that the MMHC become a corporation without share capital. It is understood that this would then require an alteration of the corporation's articles of incorporation and that these revised articles must be provided to TBDSSAB.

REFERENCE MATERIALS

- Attachment #1 Manitowadge Municipal Housing Letter, dated August 1, 2023
- #2 Corporation of the Township of Manitowadge Resolution, dated July 2, 2024

PREPARED BY:	Aaron Park, Manager, Housing and Homelessness Programs
SIGNATURE	
APPROVED BY	Ken Ranta, Director, Integrated Social Services Division
SIGNATURE	
SUBMITTED BY:	William (Bill) Bradica, Chief Executive Officer

MANITOUWADGE MUNICIPAL HOUSING CORPORATION

PO Box 147
Manitouwadge, Ontario P0T 2C0
Ph. # (807) 826-3601 Fax # (807) 826-1432

Rita Labbee
Property Manager
Manitouwadge Municipal Housing Corporation
PO Box 147
Manitouwadge, ON
P0T 2C0
rlabbee.mmhc@shaw.ca

August 1st, 2023

Thunder Bay District Social Services Administration Board
Thunder Bay, ON

Subject: Request for Severing Municipality as Shareholder and Autonomy

Dear TBDSSAB I am writing to formally explain the reasons behind our decision to seek the removal of the Municipality as a shareholder in our organization. We believe this decision is essential to ensure autonomy, adhere to non-profit regulations, and streamline our accounting practices effectively.

"To provide further context, I would like to highlight that since our incorporation in 1986, our organization has remained financially independent and has not received any form of financial assistance from the shareholder. We have always strived to maintain our self-sufficiency and financial autonomy throughout our journey, which has been fundamental to our sustainable growth and success."

First and foremost, it is crucial to clarify that the Municipality, as a shareholder, does not possess any rights, privileges, restrictions, or conditions over our organization. The share held by the Municipality does not grant them voting rights or any influence in the decision-making process. Additionally, the share is non-transferable, and no dividends can be paid on it. Our intention is to maintain full control and autonomy over our organization's operations and future developments.

To ensure compliance with non-profit regulations and best accounting practices, we firmly believe that severing the common share held by the Municipality is a necessary step. This will streamline our accounting procedures, enhance financial transparency, and enable us to meet the specific requirements outlined for non-profit organizations more efficiently.

To further support our position, we have attached a letter from our Lawyer, Evan Juurakko, Ericksons LLP affirming the importance and benefits of severing the Municipality as a shareholder from a legal perspective.

We kindly request your understanding and support in this matter. We believe that severing the Municipality as a shareholder is in the best interest of both parties and will foster a more efficient and focused organizational structure.

If you have any questions or require additional information, please do not hesitate to contact us. We value your expertise and input and are open to discussing any concerns or suggestions related to this decision.

Thank you for your attention to this matter. We look forward to a positive response and the continued growth and success of our organization.

MANITOUWADGE MUNICIPAL HOUSING CORPORATION

PO Box 147
Manitouwadge, Ontario P0T 2C0
Ph. # (807) 826-3601 Fax # (807) 826-1432

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Jaunzarins", written in a cursive style.

Donna Jaunzarins
Chairperson
Manitouwadge Municipal Housing

Enclosure: Letter from Lawyer, Ericksons LLP supporting the decision to sever the Municipality as a shareholder.

THE CORPORATION OF THE TOWNSHIP OF MANITOUWADGE

July 5, 2023

Session No. 2023-176

Moved by: Kathy H

Seconded by: B. B...

RESOLVED THAT: Council is in receipt of Administration Report ADM2023-21 submitted by Florence MacLean, CAO regarding Manitowadge Municipal Housing Corporation – Remove Township as Sole Shareholder; and further,

THAT Council is in support of removing the Corporation of the Township of Manitowadge as the sole Shareholder of the Manitowadge Municipal Housing Corporation; and further,

THAT Council directs staff to initiate the legal process of removing the Corporation of the Township of Manitowadge as the sole Shareholder of the Manitowadge Municipal Housing Corporation.

Recorded Vote	FOR	AGAINST
Councillor Kathy Hudson		
Councillor Coady Keough		
Councillor Braden Kotyk		
Councillor <u>Tomlynn Ruff</u>		
Mayor Jim Moffat		

CARRIED DEFEATED

Jim Moffat
Mayor Jim Moffat