

SHAREHOLDERS' AGREEMENT

THIS AGREEMENT MADE IN TRIPLICATE THIS _____ DAY OF _____, 2020

BETWEEN:

THE CORPORATION OF NORFOLK COUNTY
(Hereinafter, "**Norfolk**")

OF THE FIRST PART

-AND-

THE CORPORATION OF HALDIMAND COUNTY
(Hereinafter, "**Haldimand**")

OF THE SECOND PART

WHEREAS the Corporation was incorporated pursuant to the *Social Housing Reform Act, 2000*.

AND WHEREAS each of the Shareholders is the registered and beneficial owner of the number and class of shares in the Corporation set out opposite such Shareholder's name below:

Name	Number	Class of Shares
Haldimand	40	common
Norfolk	60	common

AND WHEREAS the said shares in the aggregate represent all of the issued and outstanding shares of the Corporation as at the date of this Agreement.

AND WHEREAS the Parties to this Agreement desire to set out various matters relating to, among other things, their shareholdings in the Corporation, their rights and duties as Shareholders of the Corporation and the management and operation of the Corporation.

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and the sum of \$2.00 and other good and valuable consideration, the sufficiency of which is hereby agreed and acknowledged by the Parties, the Parties to this Agreement covenant and agree as follows:

ARTICLE I INTERPRETATION

1.1 Defined Terms

In addition to the terms otherwise defined in this Agreement, the following terms shall have the meanings set out below:

“*Act*” means the *Housing Services Act, 2011*, and any regulation proclaimed pursuant to such act, as same may be amended or replaced from time to time;

“Agreement” means this shareholders’ agreement and all schedules and appendices attached to this agreement, all as may be supplemented or amended from time to time;

“Affordable Housing” means housing that is provided to Tenants that are selected by the landlord, that is not subject to the *Housing Services Act*, and that has rent rates that are at a level equivalent to no greater than 80% of the average market rent for the area;

“Annual Information Return” means a summary of the Corporation’s financial, operating, capital and statistical information for the fiscal year, subject to the conditions of this Agreement;

“Articles” means the articles of incorporation of the Corporation, as amended from time to time;

“Audited Financial Statements” means annual audited financial statements, prepared in accordance with Generally Accepted Accounting Principles for public sector entities;

“Auditor” means a person and/or firm appointed by the Shareholders in compliance with the *Act*;

“Board” means the board of directors of the Corporation;

“Business Day” means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario;

“By-law” means each by-law of the Corporation (collectively the “By-laws”), including without limitation, general By-law No. 1;

“Community Housing” means the collective Affordable Housing and Social Housing as herein defined;

“Corporation” means Haldimand-Norfolk Housing Corporation;

“Directors” mean the directors of the Corporation;

“Directive” means a statement in writing that directs the Corporation to do or omit doing a thing or act;

“Governmental Entity” means any (i) governmental or public department, central bank, court, commission, board, bureau, agency, commissioner, minister, governor-in-council, cabinet, tribunal or instrumentality whether local, provincial, federal, multinational or other, (ii) subdivision or authority of any of the above, or (iii) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above;

“Haldimand Housing Portfolio” means all Community Housing programs and services and all tangible housing and other assets that are located or situated within the geographic jurisdiction and boundaries of Haldimand;

“Landlord” means a person who grants the right to occupy residential premises under a residential tenancy agreement and has the same meaning as in the *Residential Tenancies Act, 2006* as same may be amended or replaced from time to time;

“Lien” means any mortgage, assignment, encumbrance, lien or security interest, regardless of form, that secures the payment of any indebtedness or liability or the observance or performance of any obligation;

“Nonaligned Housing Portfolio” means all Community Housing programs and services and all tangible and other housing assets managed by the Corporation that are outside the geographic jurisdictions of Norfolk and Haldimand or that are managed by the Corporation on behalf of other organizations;

“Norfolk Housing Portfolio” means all Community Housing programs and services and all tangible housing and other assets that are located or situated within the geographic jurisdiction and boundaries of Norfolk;

“Parties” means Norfolk and Haldimand and “Party” means any of the Parties described above;

“Person” means an individual, person, partnership, corporation, limited liability company, unlimited liability company, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Entity, and pronouns have a similarly extended meaning;

“Proportionate Share” means, in relation to Haldimand, 40%, and in relation to Norfolk, 60%;

“Service Manager” means a municipality as designated by the Province of Ontario that administers the delivery of Social Housing and related services and programs under the *Act*, and which has such powers as delegated to it, which, at the time of the execution of this Agreement, shall mean Norfolk;

“Shareholder(s)” means any Person who from time to time holds Shares and is bound by the provisions of this Agreement which, at the time of execution of this Agreement, shall mean Norfolk County and Haldimand County;

“Shares” means the common shares of the Corporation, the rights, privileges, restrictions and conditions attaching to which are described in the Articles;

“Social Housing” means rent-geared-to-income housing that was built with federal and provincial funding and that is administered through the Haldimand and Norfolk Social Services & Housing Department as Consolidated Municipal Services Manager (CMSM);

“Tenant” has the same meaning as in the *Residential Tenancies Act, 2006* as same may be amended or replaced from time to time; and

“Third Party” means a Person who deals at arm’s length with the Corporation (where arm’s length is determined by the criteria set out in Subsection 251(1) of the *Income Tax Act* (Canada)).

1.2 Computation of Time Periods

In this Agreement, in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding” and all references to “day” or “days” shall mean calendar days unless designated as “Business Days”.

1.3 Schedules

Schedule “A” attached hereto sets out the entire housing portfolio that is managed by the Corporation, sorted by Haldimand Housing Portfolio, Norfolk Housing Portfolio and Nonaligned Housing Portfolio.

1.4 Miscellaneous

In this Agreement:

(a) unless the context otherwise requires, the singular shall include the plural and vice versa, and in particular the definitions of words and expressions set forth in Section 1.1 shall be applied to such words and expressions when used in either the singular or the plural form;

(b) unless the context otherwise requires, words importing a particular gender shall include all other genders;

(c) unless otherwise indicated, references to Articles, Sections, Subsections or Schedules should be construed as references to the applicable articles, sections, subsections or schedules of this Agreement;

(d) the division of this Agreement into Sections and the insertion of headings are for convenience of reference only and are not to affect the construction or interpretation of this Agreement;

(e) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted, provided that in the case of modifications or re-enactments made after the date of this Agreement, the same shall not have effective substantive change to that provision; and

(f) references to, or to any particular provision of, a document shall be construed as references to that document as amended to the extent permitted by this Agreement and in force at any time.

ARTICLE 2 BUSINESS, ORGANIZATION, MANAGEMENT, GOVERNANCE AND REPORTING OF THE CORPORATION

2.1 Business of the Corporation

The Corporation shall carry on the business of providing Community Housing programs and services within the geographic jurisdictions of Norfolk and Haldimand and in such other jurisdictions as the Corporation may from time to time determine, pursuant to the provisions contained herein and in conformance of the authority and scope of powers set out in the *Act*. More specifically, subject to the terms of this Agreement, the Corporation may be engaged in any of the following business activities to the extent permitted and intended by the *Act*:

(a) providing Social Housing;

(b) being an active participant in the wider sector that provides similar Affordable Housing and a partner in such Affordable Housing initiatives, while seeking opportunities for sector coordination and cooperation in attaining efficient use of resources and effective operations;

(c) providing additional services as authorized by the *Act* and the Board to the Tenants of Community Housing, including, for example, cable distribution and provision of laundry facilities;

(d) leasing commercial premises in buildings owned by the Corporation;

(e) joining and/or working with other organizations in providing Community Housing services to other agencies;

(f) providing property management services on a fee-for-service basis to other housing providers in Haldimand and Norfolk;

(g) developing new Community Housing or redeveloping and/or revitalizing the existing Nonaligned Housing Portfolio, Haldimand Housing Portfolio and/or Norfolk Housing Portfolio by appropriately selling or leveraging existing assets and resources, as well as obtaining new funding and participating in innovative opportunities, including partnerships and ownership interests, subject to the terms contained in this Agreement; and

(h) such further and other lawful activities as may be authorized by the Board, undertaken for the purpose of promoting the goals and objectives of the Corporation.

2.1.1 Principles

To further the business of the Corporation described in Section 2.1 above, the following principles will govern the operation of the Corporation:

(a) the Corporation, subject to the terms of this Agreement, will be responsible for the management of the Nonaligned Housing Portfolio, the Haldimand Housing Portfolio and the Norfolk Housing Portfolio;

(b) the Corporation's primary area of focus shall be the provision of Community Housing;

(c) the Corporation shall seek to maximize the use of its assets to provide Community Housing;

(d) the assets of the Corporation are to be maintained in a good state of repair and, where reasonably possible, the value of the assets shall be maintained and/or increased;

(e) the Corporation shall strive to maintain and improve the current standards and levels of its operations and services at the lowest possible financial cost and risk to the Shareholders;

(f) safe, secure and healthy environments shall be provided to the Tenants of Community Housing;

(g) the Corporation shall operate in a manner that preserves the rights of the Shareholders;

(h) the Corporation shall operate in a manner that provides full disclosure and transparency to the Shareholders;

- (i) the Corporation will adhere to Housing policies and practices that are compliant with all applicable legislation and that are approved by the Shareholders from time to time;
- (j) the Corporation will provide equitable access to Social Housing in compliance with the *Act*;
- (k) the Corporation shall conduct business in a manner that preserves Community Housing for its Tenants, allows such Tenants to live independently to the greatest degree possible, and ensures an accessible environment that at minimum meets the requirement of any applicable law;
- (l) the Corporation will comply with all applicable human rights legislation, regulations or policies;
- (m) the Corporation shall encourage input from the Tenants of Community Housing and shall be responsive to said input; and
- (n) the Shareholders shall notify and consult with each other and the Corporation on any reports, matters or proposed changes that may affect the Corporation.

2.2 Board of Directors

Subject to the terms hereof, the Shareholders recognize the Board's authority to manage and supervise the management of the day-to-day business affairs of the Corporation in accordance with this Agreement and reciprocally, the Board shall be required to consult with, communicate to and seek the Shareholders' approval for all of the matters identified in any applicable legislation or this Agreement.

The Board shall ensure that, in fulfilling its responsibilities, the Corporation shall maintain compliance with applicable legislation, including the *Business Corporations Act* and its regulations, the *Act* and any Directives and/or policies issued by the Province of Ontario or the Service Manager, from time to time.

With respect to operational matters and reporting, the Board will ensure that:

- (a) a five (5) to seven (7) year strategic plan is prepared and maintained, which includes the establishment of a statement of the mission, vision and values of the Corporation;
- (b) an annual operating budget is prepared and submitted to the Shareholders through the Service Manager;
- (c) a twenty (20) year capital asset management plan (the "**Asset Management Plan**"), and an annual ten (10) year capital plan and budget (the "**10-Year Plan and Budget**"), including an approval of the first year of capital spending and approval in principle of the following nine years (all consistent with, and prepared in accordance with, the principles adopted by the Province of Ontario) are prepared, updated and presented to the

Shareholders in accordance with a time schedule that is agreed to by all of the Shareholders;

(d) a regeneration strategy is developed regarding the existing Nonaligned Housing Portfolio (the “**Regeneration Strategy**”) prior to consideration of a proposal to redevelop the Nonaligned Housing Portfolio, in accordance with a time schedule that is directed and agreed to by all of the Shareholders;

(e) policies and procedures are established to guide the operation of the Corporation as further set out in Section 2.11, and provided to the Service Manager as requested from time-to-time;

(f) performance metrics for the Corporation are developed, monitored and reported upon, in a timely manner, regarding the Corporation’s finances, costs, quality of service, building conditions, and community building;

(g) the Corporation meets the reporting requirements set out in this Agreement and/or that are applicable under any relevant legislation or regulation;

(h) the Audited Financial Statements of the Corporation are delivered by the Auditor for consideration by the Shareholders within four (4) months after the end of each fiscal year;

(i) the Annual Information Return is completed accurately and delivered within the timeframe as may be directed by the Shareholders;

(j) a Chief Executive Officer (“**CEO**”) is recruited, supervised and evaluated as further set out in Section 2.10, and employment terms and conditions relating to such CEO are approved by the Shareholders;

(k) the Shareholders receive reports on any deficiencies in internal control or operations reported by the Auditors or as may otherwise come to the Board’s attention;

(l) any other information affecting the Corporation is provided forthwith, acting reasonably, to the Shareholders; and

(m) the Service Manager consults with and is guided by Haldimand on its decisions under the *Act* related to the sale or redevelopment of the Haldimand Housing Portfolio.

2.3 Number of Directors

The Board shall be comprised of seven (7) Directors, each of whom shall be appointed by the Shareholders as follows: Haldimand shall be entitled to appoint three (3) Directors and Norfolk shall be entitled to appoint four (4) Directors.

2.4 Filling Director Vacancies and Replacement of Nominees

If a Director ceases to be a member of the Board for any reason (including, by reason of death, resignation or retirement of such Director), the Shareholder that appointed that former Director shall forthwith notify the Corporation, the Service Manager and the other Shareholder of its new appointee to the Board, and the Corporation and the Shareholders shall execute all such resolutions or other documents and do such other acts and things as the Corporation or such appointing party, acting reasonably, may request for the purpose of appointing such appointee to the Board.

If a Shareholder wishes to replace one or more of the Directors appointed by it from time to time, the Shareholder that appointed the Director being replaced shall forthwith notify the Corporation and the other Shareholder of its new appointee to the Board, and the Corporation and each Shareholder shall execute all such resolutions or other documents and do all such other acts and things as the Corporation or such appointing party, acting reasonably, may request for the purpose of effecting any such replacement.

2.5 Appointment of Directors

The Shareholders shall each appoint four board members in accordance to this agreement.

The Shareholders can at their sole discretion remove any board member that they have appointed with notice to the Board and the other Shareholder.

2.6 Term - Directors

Each Director that is not a member of Haldimand municipal council ("**Haldimand Municipal Council**") or Norfolk municipal council ("**Norfolk Municipal Council**") shall serve on the Board for a term of five (5) years. Any such Director may stand for re-appointment to the Board at the expiry of his or her term. If the Shareholder who appointed the Director whose term is expiring wishes to re-appoint that Director to another successive term, that Shareholder shall provide written notice of same to the Corporation and the other Shareholder at least sixty (60) Business Days prior to the expiry of the Director's term. The Service Manager shall be provided with an updated list and contact information respecting the Board each year, and also at all such times as a change in the composition of the Board occurs.

The term of office for a Director who is a member of either Haldimand Municipal Council or Norfolk Municipal Council will expire on the same date that that Director's council term expires, or on the earlier date that his or her successor is appointed as provided herein.

2.7 No Casting Vote

The Chair of the Board shall be the chairperson of any meeting of the Board, or if the Chair is not available, the chairperson shall be another Director who is present at the meeting and selected by a majority of Directors who are present. The chairperson of any

meeting of the Board shall not have a second, double or casting vote if there is a tie in the votes cast at any meeting of the Board.

2.8 Conflict of Interest Policy and Fiduciary Responsibilities

Conflict of interest policy and fiduciary responsibilities generally include the following:

(a) A Director who is in any way directly or indirectly interested in a contract or proposed contract with the Corporation shall make the disclosure required by the *Business Corporations Act* (Ontario). No such Director shall participate in any discussion regarding, and no such Director shall vote on, any resolution to approve any such contract. Subject to compliance with the *Business Corporations Act* (Ontario), no contract or arrangement entered into by or on behalf of the Corporation in which any Director shall be in any way directly or indirectly interested shall be voided or voidable and no Director shall be liable to account to the Corporation or any of its members or creditors for any profit realized by or from any such contract or arrangement by reason of any fiduciary relationship;

(b) an officer or employee of the Corporation will not enter into any relationship, arrangement or contract, which may result in a conflict of interest. Officers and employees will declare a potential or actual conflict of interest to the Board at the earliest possible time and such declaration will be considered no later than the next meeting of the Board;

(c) a Director, officer or employee of the Corporation will not breach their responsibilities as they relate to their fiduciary relationship with the Corporation; and

(d) the Corporation will use its best efforts to ensure that Directors are aware and are in compliance with conflict of interest provisions of the *Business Corporations Act* and any other applicable act or regulation.

2.9 Remuneration

Remuneration for the Directors of the Board for so acting shall be determined by agreement among all of the Shareholders.

2.10 Staffing

The Corporation will hire a CEO, who shall be approved by the Board, and who will establish and maintain a labour force as required by the Corporation from time to time.

2.11 Operating Policies

The Corporation will develop and implement operational policies and procedures including, but not limited to, areas such as:

(a) systems and frameworks for measuring service and standards levels;

- (b) cost reduction and revenue enhancing programs; and
- (c) policies relating to respectful and safe workplaces, including without limitation, policy documents regarding violence, harassment and discrimination in the workplace.

2.12 Matters Requiring Unanimous Shareholder Approval

Matters requiring unanimous Shareholder approval include:

- (a) any amendment to, implementation or repealing of the By-Laws;
- (b) any amendment to the composition of the Board,
- (c) appointment of Auditors;
- (d) all changes to corporate status or amendment of the Articles;
- (e) the creation of any new shares or the sale or transfer of any existing Shares;
- (f) any significant change in the Nonaligned Housing Portfolio, where any of the Corporation, Board, Service Manager or Shareholders deem the change to be significant;
- (g) proposals that involve municipal funding for new Social Housing units that are not part of the Haldimand Housing Portfolio, the Norfolk Housing Portfolio or an approved Social Housing program, and proposals where the Corporation will be entering into a legal partnership with a party that is not a Governmental Entity or where it will have a minority ownership position;
- (h) the Regeneration Strategy and proposals that involve the redevelopment of existing assets in the Nonaligned Housing Portfolio;
- (i) the approval of the Asset Management Plan and the 10-Year Plan and Budget;
- (j) any refinancing or proposals or expenditures that would result in the Corporation having a budgetary deficit;
- (k) any acquisition of land by the Corporation, by purchase or donation, that relates to the Nonaligned Housing Portfolio, or land banking for future Community Housing development that relates to the Nonaligned Housing Portfolio;
- (l) the annual operating budget and any increase in the permanent staffing complement when such increase requires an increase in the operating budget allocated to permanent staffing;
- (m) the allocation of any municipal and/or other funding that is provided to the Corporation that is not specifically designated or earmarked for use or spending on or in relation to

the Haldimand Housing Portfolio, the Norfolk Housing Portfolio or the Nonaligned Housing Portfolio;

(n) any application or expenditure of funds from the Nonaligned Housing Portfolio capital reserve fund respecting any assets in the Nonaligned Housing Portfolio;

(o) the creation of subsidiary companies; and

(p) the following financial decisions:

i) providing any financial assistance, whether by loan, guarantee or otherwise, to any Person;

ii) making any capital expenditure for a single project that relates to the Nonaligned Housing Portfolio that in the aggregate exceeds \$500,000 in any fiscal year;

iii) acquiring any interest in any housing or undertaking operating outside the municipal boundaries of Norfolk and Haldimand;

iv) investing funds in publicly traded securities other than Canadian governmental debt, Canadian chartered bank or Canadian corporate securities with a bond rating greater than "A-", as rated by CBRS Ltd., Moody's or Standard & Poor's;

v) entering into any agreement, commitment or investment that provides recourse to the assets of the Corporation or creates any encumbrance, lien, security interest or recourse in favour of any Third Party in such assets;

vi) creating, incurring, or assuming any unsecured indebtedness that, by its terms or by any other agreement, ranks higher than the indebtedness of the Corporation held by the Shareholders;

vii) creating any Lien on its assets, other than:

a. any Lien in favour of the Shareholders;

b. Liens securing the purchase money obligations, trade debts or other liabilities incurred in the ordinary course of business (other than in relation to the borrowing money) if the aggregate principal amount of such obligations does not exceed 20% of the Corporation's total annual operating expenditures at any time;

c. Liens securing credit facilities created or incurred for the purpose of providing operating financing for day-to-day working capital requirements of the Corporation if the aggregate principal amount of such credit facilities does not exceed 20% of the Corporation's total annual operating expenditures at any time; and

viii) selling any assets of the Corporation that relate to the Nonaligned Housing Portfolio having an aggregate value in excess of \$500,000 in any financial year.

Where unanimous Shareholder approval is required in accordance with the above, the Corporation must deliver reasonable advance notice in compliance with all By-Law requirements and provide such information as is reasonably necessary to make an informed decision. Such communication will be through the Service Manager who will provide an analysis and recommendations to the Shareholders. In the event of a difference of opinion between the Shareholders, the Shareholders shall in good faith and acting reasonably attempt to resolve the matter. In the event that the disagreement cannot be resolved by the Shareholders, then the disagreement shall be resolved in accordance with the Dispute Resolution proceedings described in Article 5 herein.

2.13 Shareholder Meetings

The Corporation acknowledges the requirements of the *Municipal Act, 2001* in that each Shareholder is a municipal entity and is unable to make legal and binding decisions at a meeting of the Shareholders of the Corporation (a “**Shareholder Meeting**”), until those decisions are ratified at a municipal council meeting of that Shareholder (a “**Council Meeting**”).

In accordance with Sections 104(1) (2) of the *Business Corporations Act*, a resolution in lieu of a Shareholder Meeting signed by all the Shareholders entitled to vote on that resolution, is as valid as if it had been passed at a Shareholder Meeting.

Accordingly, the Shareholders may refrain from conducting regular Shareholder Meetings to conduct business of the Shareholders, and in that event the Board shall present via deputation identical shareholder resolutions to each Shareholder at their regular municipal Council Meetings either in open session or closed session as may be required for formal ratification.

The ratified resolutions passed during the Council Meetings of each Shareholder shall be deemed to be as valid as if the resolutions were ratified during a Shareholder Meeting.

A Shareholder will not be required to make a decision regarding the consideration of a shareholder resolution unless the Corporation has given thirty-five (35) days’ notice in writing of the need for approval and has provided such information as is reasonably necessary for the Shareholder to make an informed decision regarding the subject matter of the resolution.

Notwithstanding the foregoing, a Shareholder Meeting shall be called by the Directors at the written request of either Shareholder or the Service Manager.

2.14 Annual General Meeting

The Directors of the Corporation shall call an annual general meeting not later than fifteen (15) months after the holding of the last annual general meeting (the “**Annual General Meeting**”). The Annual General Meeting shall be attended by at least two members of each Shareholder’s municipal council.

The Annual General Meeting will be conducted as an information meeting only for the Shareholders. During the Annual General Meeting the Corporation shall present shareholder resolutions, the Audited Financial Statements, and other matters for the review of the Shareholders. There will be no voting on Shareholder matters during the Annual General Meeting by the Shareholders.

The shareholder resolutions and Audited Financial Statements reviewed during the Annual General Meeting shall be formally presented by the Corporation via deputation of the Board to each Shareholder’s municipal council meeting within thirty (30) days after the Annual General Meeting. The ratifying resolutions passed during each Shareholder’s municipal Council Meeting will be deemed to be as valid and binding as if the resolutions were ratified during the Annual General Meeting.

2.15 Shareholder Reporting

2.15.1 Reporting – General

The performance of the Corporation will be monitored by the Shareholders through semi-annual reports submitted via deputation to each Shareholder at a regular municipal Council Meeting of each Shareholder.

2.15.2 Semi-Annual Reports to Shareholders

The Corporation will prepare semi-annual financial and analytical reports for the Nonaligned Housing Portfolio, the Haldimand Housing Portfolio and the Norfolk Housing Portfolio, including:

- (a) a budget to actual report; and
- (b) a detailed capital improvements report.

2.15.3 Miscellaneous Reporting

Notwithstanding Sections 2.15.1 and 2.15.2 above, the Corporation shall provide such other reports as any Shareholder or the Service Manager may request from time to time. The Corporation will provide a written response to such a request forthwith, acting reasonably.

2.15.4 Audit

The Corporation's financial statements will be audited annually with the following requirements:

(a) the Auditor must be licensed under the *Public Accountancy Act* and shall be appointed by the Shareholders pursuant to this Agreement; and

(b) the Auditor will provide the Auditor's Report on the Annual Information Return and shall further provide the Audited Financial Statements on the Corporation's financial statements. In case of any operational or internal control weaknesses, the Auditor will prepare a report to the Board on issues identified during the audit.

2.15.5 Books and Records

The Corporation shall maintain books of account at its registered office which shall contain accurate and complete records of all transactions, receipts, expenses, assets and liabilities of the Corporation.

The Corporation shall provide all Shareholders with reasonable access to such books and records during usual business hours. Proper books of account and entries shall be made therein of all matters, transactions and things as are usually written and entered in books of account kept by corporations engaged in concerns of a similar nature together with all books, securities, letters and other things belonging to or concerning how the Corporation's business is being carried on. Each of the Shareholders shall have free access at any reasonable time during regular business hours to examine and copy them and shall at all times furnish to the other Shareholders correct information, accounts and statements of and concerning all transactions pertaining to the Corporation without any concealment or suppression. Each Shareholder shall also be entitled from time to time, during usual business hours on reasonable notice to the Corporation, to examine (or cause its representatives to examine) (i) the Articles and the By-laws, and (ii) the minute books of the Corporation.

2.15.6 Accounting

The Corporation shall, in consultation with the Auditor, adopt and use the accounting policies which may be approved by the Board from time to time, and such policies and procedures will be in accordance with generally accepted accounting principles and applicable regulatory requirements. The Shareholders may direct that a higher standard of principles be utilized.

2.15.7 Annual Report

The Corporation will produce an annual report outlining the general state of the Corporation and shall submit this report to the Shareholders within four (4) months of the Corporation's year-end.

2.16 Reporting

The Corporation shall provide to each of the Shareholders and the Service Manager in a timely manner all such reports, information, proposed budget or capital plan as may be required by each of the Shareholders and the Service Manager and within such timelines as may be designated by the Service Manager pursuant to applicable legislation.

2.17 Service Manager Authority

Except as specifically provided for herein, nothing in this Agreement shall be interpreted or construed to restrict or restrain the authority of the Service Manager under the *Act*. The Service Manager shall have exclusive authority over those matters that are delegated to the Service Manager by the Province of Ontario.

2.18 Control by each Shareholder over its own Housing Portfolio

Each shareholder recognizes that the purpose of this corporation is to provide housing services in both Norfolk County and Haldimand County and that this is a critical service for the residents of both Counties and as such a priority for the shareholders. Both shareholders will act in a manner to allow each shareholder to develop their respective housing portfolios in a manner that is consistent with their strategy and wishes. In order to allow for greater influence over the Corporation's activities with regards to the shareholders' respective housing portfolios.

- (a) Each shareholder will be required to consent (or shall have a veto) to material matters over their respective housing portfolios (the Norfolk Housing Portfolio and the Haldimand Housing Portfolio). Material matters include any purchases, acquisitions, sales, development, re-development, leveraging, land banking, or transfers of any assets, resources, land or Community Housing that form part of, or that are to form part of, the respective shareholder's Housing Portfolio.
- (b) Any municipal and/or other funding that is provided to the Corporation that is designated or earmarked for use or spending on or in relation to the Haldimand Housing Portfolio shall be used by the Corporation for the improvement of the Haldimand Housing Portfolio.
- (c) Any municipal and/or other funding that is provided to the Corporation that is designated or earmarked for use or spending on or in relation to the Norfolk Housing Portfolio shall be used by the Corporation for the improvement of the Norfolk Housing Portfolio.
- (d) Each shareholder must consent to any changes to policies relating to their respective capital reserve fund. Each shareholder can contribute funds directly to their respective Capital Reserve funds.

ARTICLE 3 FINANCE AND COSTS

3.1 Capital Reserve Funds

- (a) The Corporation will establish and maintain three separate capital reserve funds for surplus capital funding, as follows: The Nonaligned Housing Portfolio capital reserve fund, the Haldimand Housing Portfolio capital reserve fund and the Norfolk Housing Portfolio capital reserve fund, as required by the *Act*, and as outlined in the Corporation's Shareholder-approved Asset Management Plan.
- (b) The Corporation must establish specific policies related to the use and funding of the Capital Reserve Funds.
- (c) Haldimand shall fund, pay for and be responsible for the Haldimand Housing Portfolio capital reserve fund and all capital-related costs and expenses relating to the assets in the Haldimand Housing Portfolio, based on the Shareholder-approved Asset Management Plan and capital forecast. Norfolk shall fund, pay for and be responsible for the Norfolk Housing Portfolio capital reserve fund and all capital-related costs and expenses relating to the assets in the Norfolk Housing Portfolio, based on the Shareholder-approved Asset Management Plan and capital forecast.

3.2. Utilization of Capital Funds

Any funds in the Nonaligned Housing Portfolio capital reserve fund shall be applied by the Corporation to capital expenditures respecting the assets in the Nonaligned Housing Portfolio only as approved by unanimous vote of the Shareholders.

3.3 Insurance

In compliance with the *Act*, the Corporation is required to purchase and maintain comprehensive insurance coverage for the Corporation including, but not limited to, property, public liability, Director's and officer's liability, cyber liability, boiler insurance and such other insurance coverage as the Shareholders shall deem necessary or appropriate from time to time.

3.5 Financial Policies and Shareholder Financial Requirements

The Corporation will adopt appropriate financial policies and procedures to ensure strong financial controls and responsible fiscal management. Both shareholders recognize that each are responsible for providing appropriate funding to the Corporation to support the Corporation's activities and to fund the costs associated with each shareholder's

respective housing portfolio as well as the non-aligned portfolios. Notwithstanding any other provision contained herein:

(a) Haldimand shall be solely responsible and liable for the prompt and diligent payment, as and when they come due, of all costs and expenses that relate to the Haldimand Housing Portfolio, and all assets that form part of the Haldimand Housing Portfolio, which include, but are not limited to, the costs and expenses associated with operating, maintaining, managing, repairing and replacing all assets that form part of the Haldimand Housing Portfolio, any acquisitions or transfers of any assets that form part of the Haldimand Housing Portfolio, and any other costs and expenses that relate exclusively to the Haldimand Housing Portfolio and/or any assets that form part of the Haldimand Housing Portfolio;

(b) Norfolk shall be solely responsible and liable for the prompt and diligent payment, as and when they come due, of all costs and expenses that relate to the Norfolk Housing Portfolio, and all assets that form part of the Norfolk Housing Portfolio, which include, but are not limited to, the costs and expenses associated with operating, maintaining, managing, repairing and replacing all assets that form part of the Norfolk Housing Portfolio, any acquisitions or transfers of any assets that form part of the Norfolk Housing Portfolio, and any other costs and expenses that relate exclusively to the Norfolk Housing Portfolio and/or any assets that form part of the Norfolk Housing Portfolio;

(c) Each Shareholder shall be responsible and liable for the prompt and diligent payment, as and when they come due, of its Proportionate Share of all costs and expenses that relate to the Corporation generally, and to the operation, management, business, affairs and carrying on of the Corporation (other than any costs and expenses referred to in section 3.5(a) and 3.5(b) above);

(d) The Corporation shall provide to each Shareholder, within ninety (90) days after each of the Corporation's fiscal year ends, a detailed statement, together with supporting documents, respecting all of the Corporation's costs and expenses referred to in section 3.5(c) above for the preceding fiscal year; and

(e) Each Shareholder (referred to in this section as an **"Indemnifying Party"**) shall indemnify and hold harmless the other Shareholder (referred to in this section as an **"Indemnified Party"**) from and against any and all claims and losses that may be sustained or suffered by the Indemnified Party as a result of or in any way related to the Indemnifying Party's breach of any obligation or provision contained in this section.

ARTICLE 4 CONFIDENTIALITY

4.1 Confidential Information

The Parties hereby agree and acknowledge as follows:

(a) As a result of their capacity as a Shareholder or Director of the Corporation, all Parties and Directors will have access to confidential information. Further, the Corporation has a duty to protect such confidential information, which may include personal information and confidential human resource information.

(b) The *Municipal Freedom of Information and Protection of Privacy Act* provides access to certain records under municipal control and is applicable to the Parties to this Agreement.

(c) The Parties shall take every reasonable precaution, including implementing industry-standard cyber security, to prevent the disclosure of confidential information to any Person, other than the necessary professional consultants required to carry out the business of the Corporation, unless required to do so by law or an order of an authority having competent jurisdiction, which may include the Information and Privacy Commissioner of Ontario.

ARTICLE 5 DISPUTE RESOLUTION

5.1 Dispute Resolution

All disputes and questions whatsoever that shall arise between the Shareholders in connection with this Agreement, or the construction or application thereof or any Section or thing contained in this Agreement or as to any act, deed or omission of any Party or as to any other matter in any way relating to this Agreement, shall be resolved in the following manner:

- (a) the General Manager of Corporate & Social Services (Haldimand)/ General Manager of Corporate Services (Norfolk) or his or her designate, on behalf of the Shareholder raising the issue in dispute, shall provide a written statement to the other Shareholder;
- (b) the respondent Shareholder shall issue its written response within ten (10) days of receipt of the written statement;
- (c) if the respondent Shareholder's written statement does not resolve the matter, then the Chief Administrative Officer or any other individual holding a similar title ("CAO") of the Shareholder raising the issue in dispute shall arrange to meet, including an electronic or telephone meeting, with the CAO of the respondent Shareholder to attempt to resolve the matter;
- (d) if, within thirty (30) days of the meeting of the CAOs or other such longer period of time as the Shareholders may agree, the matter is not resolved then the Shareholders may refer the matter to arbitration;

- (e) a single arbitrator shall be appointed by agreement between the Shareholders or, in default of such agreement after a period of thirty (30) days, an arbitrator shall be appointed by a Judge of the Superior Court of Justice sitting in the region, upon the application of any Shareholder and such judge shall be entitled to act as the arbitrator, if he or she so desires; and
- (f) any arbitration proceedings conducted hereunder shall be conducted in accordance with, and subject to, the provisions of the *Arbitration Act, 1991* (Ontario).

ARTICLE 6 GENERAL

6.1 Record Retention

The Corporation will retain financial records for at least seven (7) years after the end of the fiscal year and non-financial records for at least five (5) years or as may be prescribed in any applicable legislation.

6.2 Conformance with Applicable Law

The Corporation will ensure it is in compliance with all applicable legislation and law whether common law, Federal or Provincial legislation or regulation, or municipal by-law.

6.3 Term of Agreement

This Agreement shall terminate on the earlier of:

- (a) the date this Agreement is terminated by written agreement of all of the Shareholders;
- (b) the date upon which the Corporation is wound-up, liquidated or dissolved, whether voluntarily or involuntarily; and
- (c) upon the transfer or disposition of Shares by either Haldimand or Norfolk such that a shareholder that is not Haldimand or Norfolk becomes a shareholder of the Corporation.

6.4 Further Assurances

The Parties shall sign such further and other documents, cause such meetings to be held, cause such resolutions to be passed and such by-laws to be enacted, exercise their vote and influence and do and perform (and cause to be done and performed) such further and other acts or things as may be necessary or desirable in order to give full effect to this Agreement, its intent, and every part of it. Any actions required to be taken pursuant

to this clause shall be undertaken at the sole cost and expense of the Party undertaking such actions.

6.5 Independent Legal Advice

Each of the Shareholders acknowledges that (i) it has been advised to obtain independent legal advice with respect to this Agreement, (ii) it has obtained independent legal advice or has expressly determined not to seek such advice, and (iii) it is entering into this Agreement of his, her or its own free will with full knowledge of the contents of this Agreement and his, her or its rights and obligations under this Agreement. The Shareholders hereby agree and acknowledge that given their equal status as municipal corporations, and the opportunity to obtain independent legal advice, the presumption under the common law of contract interpretation being held against the drafting party of a contract does not apply.

6.6 Amendment and Waiver

No amendment, discharge, modification, restatement, supplement, termination or waiver of this Agreement or any section of this Agreement is binding unless it is in writing and executed by all of the Shareholders. No waiver of, failure to exercise, or delay in exercising, any section of this Agreement constitutes a waiver of any other section (whether or not similar) nor does any waiver constitute a continuing waiver unless otherwise expressly provided.

6.7 Counterparts

This Agreement may be executed by the Parties and delivered by facsimile or PDF transmission and in one or more counterparts which when held together shall be considered one and the same Agreement.

6.8 Severability

If any provision of this Agreement or the application of such provision to any Person or circumstances shall be held illegal, invalid or unenforceable, the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those as to which it is held illegal, invalid or unenforceable shall not be affected thereby. Each provision of this Agreement is intended to be severable, and if any provision is illegal, invalid or unenforceable in any jurisdiction, this will not affect the legality, validity or enforceability of such provision in any other jurisdiction or the validity of the remainder of this Agreement.

6.9 Notices

All notices, requests, demands or other communications required or permitted to be given by one Party to another pursuant to this Agreement shall be given in writing by personal

delivery, courier service, registered mail (postage prepaid), e-mail, or facsimile transmission, addressed or delivered to such other Party as follows:

Norfolk County
50 Colborne Street
Simcoe, ON, N3Y 4H3
Attn: Clerk
(f) 519 526 8573
(e) andy.grozelle@norfolkcounty.ca
Housing Services – Attention: Director: Social Services & Housing

Haldimand County
53 Thorburn Street South
Cayuga, ON, N0A 1E0
Attn: Clerk
(p) 905-318-5932
(e) eeichenbaum@haldimandcounty.on.ca

or at such other address of which written notice is given to the other Parties. Such notices, requests, demands or other communications shall be deemed to have been received when delivered, or, if mailed, on the fifth Business Day after the mailing thereof, or, if sent by facsimile transmission, on the first Business Day after confirmed transmission. If a notice, request, demand or other communication is delivered by registered mail, and regular mail service shall be interrupted by strikes or other irregularities on or before the fifth Business Day after the mailing thereof, such notice, request, demand or other communication shall be deemed to have been received only upon personal or electronic delivery thereof.

6.10 Shareholders to Carry Out Intent of Agreement

Each of the Shareholders hereby agrees that it shall vote its Shares, otherwise exercise its influence in respect of the Corporation, take all actions, and refrain from taking any actions, as may be necessary, appropriate or required, in order to ensure that the intent of this Agreement is carried out, and to properly carry out and complete any and all terms and provisions contained herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties have hereunto set their hands and seals this on the date(s) noted below and agree that this Agreement shall be effective on the date set out at the top of page one (1) of this Agreement.

The Corporation of Norfolk County

Date: _____

Mayor Kristal Chopp

Clerk, Andrew Grozelle
We have authority to bind the Corporation

The Corporation of Haldimand County

Date: _____

Mayor Ken Hewitt

Clerk, Evelyn Eichenbaum
We have authority to bind the Corporation

SCHEDULE “A” HOUSING PORTFOLIOS

Haldimand Housing Portfolio

68 Selkirk Street, Caledonia, Ontario

400 Queen Street East, Dunnville, Ontario

503 Main Street East, Dunnville, Ontario

Queen and Main Streets, Dunnville, Ontario 16 (6 – 2 bedrooms; 8 – 3 bedrooms; 2 – 4 bedrooms)

Elizabeth Crescent, Dunnville, Ontario (25, 3 bedroom single detached homes)

109 King Street East, Hagersville, Ontario

Norfolk Housing Portfolio

243 Western Avenue, Delhi, Ontario

54 William Street, Delhi, Ontario

Banstead and Gibraltar Streets, Delhi, Ontario 22 (18 – 3 bedrooms; 4 – 4 bedrooms)

219 Regent Avenue, Port Dover, Ontario

11 Arthur Street, Simcoe, Ontario

20 Scott Avenue, Simcoe, Ontario

91 Oak Street, Simcoe, Ontario

Oakwood Avenue/Ashton Drive, Simcoe, Ontario 35 (8 – 2 bedrooms; 17 – 3 bedrooms; 6 – 4 bedrooms; 4 – 5 bedrooms)

39 Nichol Street, Waterford, Ontario

Nonaligned Portfolio

N/A