

# PEEL HOUSING CORPORATION

## BY-LAW 3-2019

**A by-law establishing financial principles to provide guidance towards the goal of ensuring the long-term financial health of the Peel Housing Corporation, and to repeal By-law No. 3 enacted May 10, 2007.**

1. Definitions: In this by-law, unless the context otherwise requires:

(a) Financial Terminology

- i) "Assets" means capital assets that are used to produce or provide goods or services. They have a useful life extending beyond one accounting period (e.g. a year), are used on a continuing basis and are not for sale in the ordinary course of operations;
- ii) "Borrow" means the act of issuing debt or other financial instruments for the purpose of raising funds;
- iii) "Capital Budget" means the annual Peel Housing Corporation Board approved plan for expenditures and financing sources to acquire or construct capital assets;
- iv) "Capital Forecast" means the projection of expenditures and financing sources for years beyond the Capital Budget approval year in which the forecast is made;
- v) "Capital Plan" means the combined Capital Budget and Capital Forecast;
- vi) "Financial Health" means the overall financial condition of Peel Housing Corporation as indicated by its Financial Flexibility, Financial Sustainability and Financial Vulnerability;
- vii) "Financial Flexibility" means the degree to which Peel Housing Corporation can change its debt to meet its financial obligations;
- viii) "Financial Principles" means the guidelines to be adopted by Peel Housing Corporation for best practice related to the investment and financing decisions of the corporation; which principles are set out in Schedule A, attached to and forming part of this by-law;
- ix) "Financial Sustainability" means the degree to which planned service and infrastructure levels can be met without resorting to disruptive cuts to services;
- x) "Financial Vulnerability" means the degree to which Peel Housing Corporation is dependent on sources of funding outside its control or influence or is exposed to risks that could impair its ability to meet existing financial obligations and

commitments;

xi) "Reserve" means the unrestricted accumulation of appropriations from net revenues. Reserves include Working Fund Reserve, Capital Financing, Capital Construction and Infrastructure Replacement;

xii) "Reserve Fund" means the accumulation of appropriations from net revenues for purposes which are restricted by law or by the direction of Council contained in the by-law establishing the Reserve Fund, or funding agreement;

xiii) "Users" means residents and businesses who use a service or services provided by Peel Housing Corporation; and

xiv) "Working Fund Reserve" means a Reserve arising from the operating surplus to minimize annual fluctuations in revenue and expenses.

(b) Organizational Structure

i) "Board" means the board of directors of Peel Housing Corporation;

ii) "Chief Administrative Officer" means the Chief Administrative Officer of The Regional Municipality of Peel and any person who has been authorized to temporarily act as the Chief Administrative Officer during the incumbent's absence or a vacancy in the office;

iii) "Chief Financial Officer" or "CFO" means the Chief Financial Officer of The Regional Municipality of Peel and any person who has been authorized to temporarily act as the Chief Financial Officer during the incumbent's absence or a vacancy in the office;

iv) "Council" means the Council of The Regional Municipality of Peel;

v) "General Manager" means the General Manager of Peel Housing Corporation or any person appointed to act in the place of that individual or their designate;

vi) "Shareholder" means The Regional Municipality of Peel acting as the sole shareholder and owner of Peel Housing Corporation;

vii) "Shareholder Direction" means the written declaration by the Shareholder dated December 13, 2018, as may be amended, revised or superseded from time to time; and

viii) "Treasurer" means the Treasurer of Peel Housing Corporation.

2. The Financial Principles for Financial Sustainability, to manage Financial Vulnerability and for Financial Flexibility set out in the first column of Schedule A to this by-law are adopted by Peel Housing Corporation as principles to provide guidance towards the goal of ensuring the long term Financial Health of Peel Housing Corporation.
3. The Meanings attributed to the principles set out in Schedule A are to be considered for purposes of interpretation but shall not be considered to be exhaustive or prescriptive.

4. The Policy Alignments identified in Schedule A refer to the policy or legal instruments which are the primary means of advancing the corresponding principle.
5. To the extent that the policies or legal instruments identified under the Policy Alignment column in Schedule A have been adopted by Peel Housing Corporation, reference in those policies or legal instruments to "Council" shall be interpreted to mean the Board, references to "Chief Administrative Officer" shall be interpreted to mean the General Manager, and references to "Chief Financial Officer" shall be interpreted to mean the Treasurer.
6. The Treasurer shall undertake a review of this by-law not less frequently than once every seven years and report to the Board results of such review.
7. The Treasurer, upon the recommendation in writing of the CFO, is authorized to create, implement, amend and revoke policies for the financial administration of Peel Housing Corporation which are consistent with the Financial Principles adopted in this by-law and those of The Regional Municipality of Peel as outlined in the Shareholder Direction.
8. Upon this By-law 3-2019 coming into force, By-law No.3 (enacted May 10, 2007) is repealed, provided that such repeal shall not affect its previous operation, or the validity of any act done, or any right, privilege, obligation or liability acquired or incurred pursuant to By-law No.3 prior to its repeal. The validity of resolutions of the Shareholder of the Board with continuing effect passed under the repealed By-law No.3 shall continue, except to the extent inconsistent with this By-law 3-2019.

Enactment

**ENACTED** by the Board this 5<sup>th</sup> day of June, 2019.

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Catherine Matheson  
Chair

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Kathryn Lockyer  
Secretary

Confirmation by the Shareholder

**CONFIRMED** by the Shareholder this 27<sup>th</sup> day of June, 2019.

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Nando Iannicca  
Regional Chair

## SCHEDULE A to By-Law 3-2019

### 1. Financial Principles for Financial Sustainability

	Financial Principle	Meaning	Policy Alignment (ROP)
1.	Ensure the Capital Plan is Sustainable	<ul style="list-style-type: none"> <li>Reserves and Reserve Funds should be funded to the levels required for their purposes</li> <li>Capital expenditures are reviewed in context of affordability</li> <li>Operating impact of capital is sustainable and affordable</li> </ul>	Reserve Policy
2.	Maintain Assets	<ul style="list-style-type: none"> <li>State of Good Repair will be maintained in alignment with infrastructure replacement plans to the extent that we are informed by the Regional Housing Master Plan.</li> <li>Infrastructure is replaced when it can be demonstrated that the replacement cost and subsequent maintenance cost are less expensive than maintaining the existing Asset in a state of good repair over the same period of time subject to funding availability.</li> </ul>	Asset Management Policy
3.	Deliver Value for Money	<ul style="list-style-type: none"> <li>Continuously find efficiency and quality improvements to manage and deliver services.</li> </ul>	Procurement By-Law

### 2. Financial Principle for Financial Vulnerability

	Financial Principle	Meaning	Policy Alignment (ROP)
1.	Make Responsible Investments	<ul style="list-style-type: none"> <li>Cash balances are invested in accordance with internal policies and regulatory requirements, in such a way to maximize returns while minimizing risk.</li> </ul>	Investment Policy  Budget Policy
2.	Work with partners, including funders, to maintain economic viability of the community	<ul style="list-style-type: none"> <li>Timing of major expenditure are aligned with Regional Plan, and recognize available funding opportunities from all available funding sources.</li> </ul>	Regional Official Plan  Housing Master Plan

### 3. Financial Principles to Manage Financial Flexibility

	Financial Principle	Meaning	Policy Alignment (ROP)
1.	Maintain Flexibility to Mitigate Volatility	<ul style="list-style-type: none"> <li>Reserves and Reserve Funds are used to fund unanticipated potential</li> </ul>	Reserve Policy

		<p>liabilities, stabilizing revenues and expenditures that are subject to cyclical fluctuations, extraordinarily large purchases, or self-financing on-going activities</p> <ul style="list-style-type: none"> <li>• Any Annual surplus is used to maintain long term financial sustainability of Peel Housing Corporation.</li> </ul>	Budget Policy
2.	Borrow only for social housing properties to ensure long-term financial flexibility.	<ul style="list-style-type: none"> <li>• Debt is issued for specified properties or capital programs.</li> <li>• Debt repayment period cannot exceed the useful life of the Asset for which the debt is incurred, not to exceed 40 years.</li> </ul>	<p>Debt Policy</p> <p>Cash Management Strategy</p>