

Corporation of the Township of Chisholm

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ADDITION TO AGENDA

COUNCIL MEETING

TUESDAY, SEPTEMBER 9th, 2025 7:00 PM

11. NEW BUSINESS

(i) Resolution regarding Castle Arms (Resolution from North Bay found in Agenda under Reports – Correspondance)

Executive Summary

The following provides a high-level overview of a matter of urgent significance concerning Castle Arms Non-Profit Apartment Corporation (“Castle Arms”) and the removal of municipal oversight from approximately \$25-30 million book value in publicly funded housing assets. The Board of Management for Cassellholme – Home for the Aged, has constituted a Committee (the “Committee”) to investigate the historical sequence of events and to determine the way the Castle Arms Board assumed control of operations under a reconstituted governance structure. This new structure excludes municipal representation and accountability to the nine member municipalities who originally held responsibility for the stewardship of Cassellholme and related public assets. Integrity and honesty, fundamental values in the governance of publicly funded organizations.

The Committee is concerned that these values, have not been observed in this process. The purpose of this report is to present the findings to the nine municipalities responsible for Cassellholme, to ensure transparency, accountability, and the protection of public interests.

On March 7, 1986, the Board of Management for Cassellholme – East Nipissing Home for the Aged (“Cassellholme”), gave direction to the then Administrator to create a separate legal entity in the form of a new public non-profit housing corporation. This new entity (Castle Arms) would be operated and governed by the same appointees as Cassellholme Board of Management. These mirrored boards provided governance for both Cassellholme and Castle Arms, ensuring municipal funding, accountability and democratic oversight. A staff report to North Bay City Council in May 2009 outlined funding for Castle Arms IV, which included \$2.86 million in Federal and Provincial funding and \$67,000 per year in municipal contributions over 30 years from the member municipalities. This amounts to approximately \$2 million in municipal funding with the City of North Bay contributing \$1.2 million of the total member municipal funding.

On October 28, 2021, the then CEO Jamie Lowery advised the Castle Arms Board of Management that due to amendments to the Ontario Not-for-Profit Corporation Act (ONCA), the Castle Arms Board and Cassellholme Board of Management could no longer have the same membership. Mr. Lowery further advised that there was a need for

governance “modernization” and that separate boards would be required within three years.

Between 2021 and 2022, a wave of municipal resignations on the Cassellholme Board of Management and the Castle Arms Board occurred due to concerns with how the organization was operating. Taking advantage of these exits, the bylaws of Castle Arms Board were strategically amended to remove municipal appointments. On April 27, 2022, Castle Arms officially amended its bylaws to reduce the Board to five members, removing municipal appointment provisions. As a result, control of assets overseen by Castle Arms, built with municipal, provincial, and federal funds, shifted from public stewardship to a self-appointed private board with no obligation to report to taxpayers or the municipalities responsible for Cassellholme.

Two months later, on June 6, 2022, *Bay Today* published an article stating that Jamie Lowery was running for City Council and had resigned from Cassellholme to avoid conflict. Subsequently, he became the Executive Director of Castle Arms, a position he was already operating in. Shortly after this, the Castle Arms Board of Directors passed a resolution to receive compensation:

“Moved by Sherry Culling and seconded by Allan Marquette that the Board approve compensations for the Castle Arms Directors and Officers, effective June 30, 2022.”

On December 13, 2022, John D’Agostino sent a legal letter to the City of North Bay’s Solicitor declaring that municipalities had no appointment authority. From 2023 onwards, Castle Arms continued to operate with no municipal representation.

On February 14, 2023, Councilor Tanya Vrebosch raised public concerns about a lack of transparency. During Castle Arms Board meeting on September 11, 2024, the minutes recorded a discussion about control of the organization. Larry Fuld was quoted as saying:

“The question becomes why does Peter Chirico want to control this organization? Why is Cassellholme so worried about how Castle Arms is running? Why do more people want to sit on this board, and what is the benefit to Castle Arms? Castle Arms is not willing to give up our assets to other politicians.”

Jamie Lowery was quoted as saying:

“It’s unreasonable for Cassellholme to ask for so much power at Castle Arms. The number one thing that has changed is that Peter Chirico is on the Cassellholme Board.”

In January 2025, a legal opinion received by the Cassellholme Board of Management confirmed that the ONCA contains no provision that would require the Cassellholme Board of Management and Castle Arms Board to be differently constituted. The justification for the change in the Board composition appears to have been baseless, yet public oversight has already been dismantled:

This governance shift happened over a four-year process, using ONCA legislation to obscure the reality of what was occurring. This is not simply a governance technicality; it represents a breach of public trust. As a result, the nine member municipalities responsible for Cassellholme lost their right to oversee assets they helped fund. There is no longer any requirement for Castle Arms Non-Profit Apartment Corporation to report to taxpayers or Municipal Councils. A transparency gap now exists, with many decisions made in-camera, the exclusion of municipal representatives, and an adversarial stance toward public partners. At present, \$25-30 million book value in housing facilities are under the control of a closed board, with no safeguards against misuse, mismanagement, or sale.

After viewing historical events dating back to the establishment of Castle Arms Non-Profit Apartment Corporation, along with meeting minutes, news articles, and correspondence, a full report inclusive of a chronological timeline has been prepared. Several red flags have been identified that cause great concern with how Castle Arms is operating, including:

- Misrepresentation of legal requirements.
- Mass coordinated resignations of municipal representatives.
- Legal counsel serving both sides during governance changes.
- Exclusionary behavior and secrecy.

Furthermore, in 2020, a Management Services Company, Castle Arms Senior Living Management Assistance Inc. (CAMS) was created as a shell company intended to serve as a shared service model for revenue generation. This entity continues to operate without financial transparency, while still generating revenue and mirrors the Castle Arms Board of Management.

The lack of transparency, honesty, and integrity demonstrated by key individuals throughout this process is deeply concerning. The overlapping relationships raise serious issues of conflict of interest and governance failure. Jamie Lowery, Executive Director of Castle Arms and concurrently a City of North Bay Councilor, reports to the Board of Management chaired by Larry Fuld, who also serves as Treasurer. Larry Fuld manages the membership, moderators, and content for VISION 2027, a public Facebook group known for publishing material about members of the City of North Bay Council.

These intertwined roles and personal affiliations raise questions regarding conflicts of interest, violations of fiduciary duty, and failures to uphold the fundamental principles of good governance. Such conflicts of interest, both real and perceived, undermine the legitimacy of Castle Arms' governance and place the stewardship of significant public assets at risk.

This, coupled with the conduct of Mark King, another City of North Bay Councilor and Board Member of Castle Arms, further illustrates the depth of concern. Councilor King circulated a confidential email on March 10, 2023, to a colleague stating "*John D'Agostino has advised the Ombudsman that he has no authority to investigate Castle Arms and/or Cassellholme.*"

This communication raises significant questions about confidentiality, the accuracy of legal advice being circulated among Board members, and the extent to which municipal officials may be complicit in undermining transparency and independent oversight.

Council must take immediate steps to restore democratic oversight. This means:

- Passing a resolution to pursue all legal and administrative remedies available.
- Rescinding motions or agreements made under false pretenses.
- Re-establishing Castle Arms Non-Profit Apartment Corporation governance to mirror Cassellholme's Board of Management as it was originally structured in 1986.

This is about more than governance, it is about protecting the integrity of publicly funded assets and ensuring that the organization, built with taxpayer dollars, remains accountable to the people it serves. We have a responsibility to act now to restore oversight and safeguard these critical housing resources for current and future residents.

This situation demands immediate action. Councils, with their respective municipalities, must pursue all available legal and administrative remedies to restore public oversight, including the reinstatement of Castle Arms Non-Profit Apartment Corporation's governance to its original 1986 structure. Regrettably, taxpayers have become the victims of these actions and will bear the consequences, if the resolution of these matters ultimately requires court intervention.

Proposed Motion

Whereas on March 7, 1986, the Board of Management for Cassellholme – East Nipissing Home for the Aged (Cassellholme), a District Home, gave direction to create a separate legal entity in the form of a new public non-profit housing corporation. This new entity (Castle Arms) would be operated and governed by the same appointees as Cassellholme Board.

Whereas the assets of Castle Arms have been built through contributions from taxpayers at the federal, provincial, and municipal levels.

Whereas at a Castle Arms meeting held on October 28, 2021, the Chief Executive Officer advised the Castle Arms Board that, due to upcoming changes to the Ontario Not-for-Profit Corporations Act (ONCA), the Cassellholme and Castle Arms Boards could no longer have identical membership.

Whereas although the Castle Arms Board was advised that it had until October 2024 to implement the upcoming changes to the ONCA, at the subsequent meeting on November 25, 2021 - when 8 of the 9 municipalities had no representation due to a wave of resignations and a lack of public consultation - the Castle Arms Board directed the CEO to alter the composition of the Castle Arms Board.

Whereas in January 2025, Cassellholme obtained a solicitor-client privileged legal opinion stating in part that "neither ONCA nor the Fixing Long-Term Care Act contain any provisions that would require Boards of Management to have a different composition than Boards of Non-Profit Housing Corporations."

Whereas the November 25, 2021 change to the composition of the Castle Arms Board was made in reliance on advice regarding the requirements of the ONCA;

Whereas the advice the former Castle Arms Board received appears to have been incorrect.

Whereas no changes to the former composition of the Castle Arms Board would have been made if not for the Boards's reliance on the incorrect advice;

Whereas the current Castle Arms Board has an obligation to the taxpayers of the nine (9) member Municipalities to restore governance of the Castle Arms Board to representatives from its member Municipalities.

Therefore Be It Resolved that the Council of The Township of Chisholm calls upon the other member Municipalities to join in pursuing all available legal and administrative remedies to restore democratic and public oversight of the Castle Arms Non-Profit Housing Corporation. This includes returning Castle Arms governance to its member Municipalities.

Further Be It Resolved that a committee, composed of the Mayors of the member Municipalities or their designates, along with Cassellholme Board representatives, be established to pursue these options.

And Further Be It Resolved that a copy of this motion be shared with the eight (8) other member Municipalities, the Cassellholme Board of Directors, the Castle Arms Board of Directors and Nipissing MPP Vic Fedeli.