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1. INTRODUCTION

The City of Calgary's Economic Development Investment Fund (EDIF) is a commitment by The City of Calgary to invest in catalyst projects to strengthen the local economy. The EDIF is a source of City funding for civic and community partners and City business units to access to address a need, outside of their budget, but within the scope of their work and aligned to the fund's principles. Similar funds exist in other jurisdictions across North America and have been successful in achieving their objectives.

1.1 Background

At the Strategic Meeting of Council on 2017 June 19, Council agreed to the \$10 million start-up of the made-in Calgary EDIF. In 2017 December 18, Council approved an additional \$90 million for a total EDIF of \$100 million.

The goals of the EDIF include, but are not limited to:

- Help create the right conditions for growth
- Diversify the local economy
- Leverage municipal funds for additional private and public sector investments
- Create employment lands and stimulate employment
- Create a return on investment (both direct and indirect)
- Support The City's downtown vacancy challenges
- Increase The City's tax assessment base

1.2 Status

On 2017 December 18, Council agreed to the \$100 million creation of the made-in Calgary EDIF.

1.3 Purpose

The purpose of this document is to define the Terms of Reference (TORs) of the EDIF. The TORs are for both applicants to the EDIF and the non-profit Wholly Owned Subsidiary that manages the EDIF (WOS).

TERMS OF REFERENCE

2.1 Mandate of the WOS

The mandate of the WOS is to manage the EDIF effectively and in a manner that creates an environment that encourages economic recovery and growth, helps reduce the impact of the economic downturn on citizens and businesses, and capitalizes on new opportunities to support Calgary's economic success into the future.

2.2 Area of Applicability

The EDIF applies to all areas and quadrants of the city of Calgary.

2.3 Purpose of the Economic Development Investment Fund

The purpose of the EDIF is to serve as a catalyst to increase the viability of projects that can facilitate economic development in Calgary in the short, medium and long term. Due to the wide variety and nature of projects that can support economic development, the EDIF's governance is arranged to be both nimble and broad, thereby facilitating a greater opportunity to capitalize on potential projects that can support Calgary's economic strategy. The EDIF represents one strategic tool at Calgary's disposal to leverage for any future circumstances that can positively impact Calgary's economic development activities.

2.4 Type of Fund

The EDIF is an interest-bearing capital and operating fund administered by the City Manager's Office Business Unit of the City of Calgary. All City of Calgary policies apply to it.

The EDIF is funded by:

1. \$10 million from the Fiscal Stability Reserve (FSR) to initiate the short-term startup of the EDIF
2. \$20M from the Calgary Building Services (CBS) and the Calgary Community Standards (CCS) – Business License Sustainment Reserve for 2017
3. \$20M from the CBS and CCS – Business License Reserve for 2018
4. \$25M from the anticipated savings in Corporate Programs for 2017
5. \$25M from the Budget Savings Account for 2018

The regulations of The City of Calgary's financing program apply to it as well as The City of Calgary's Triennial Reserve Review process performed by an Administrative Reserve Review Committee.

2.5 Acceptance of these Terms

The terms of reference are for the WOS to uphold. For applicants to the EDIF, by applying for and accepting EDIF funding, the applicant also accepts these TORs.

2.6 Idea Generation and Initial Review

2.6.1 Pre-screen/Initial Stages

Ideas that have the potential to facilitate economic development in Calgary will be triaged by Calgary Economic Development (CED). All ideas will be analyzed through the in-scope and out of scope criteria as approved by The City of Calgary's Council (Appendix A). CED will provide the initial review of projects per the stage gating process as identified in Appendix B.

2.6.2 Governance

The WOS will steward Calgary's EDIF. Given the decision-making associated with the EDIF, the WOS may request that CED, as appropriate, utilize third party resources for objective analysis of any project / business case that may qualify for the EDIF.

The WOS must at all times be fully aware of the internal and external factors that are impacting Calgary's economy, including solutions to ensure that the EDIF's outcomes and goals are met. Intimate knowledge of CED's Economic Strategy and focus areas, as well as The City of Calgary's Capital Investment Plan are important factors.

Information about the WOS governance structure is detailed in the WOS governance documents including bylaws, which are approved by Calgary City Council as the representatives of The City as sole shareholder.

Advisory Groups

The WOS will have access to a series of advisory supports that are knowledgeable about Calgary's economic environment. These groups include City of Calgary departments and business units, Calgary Economic Development (CED), and the partnerships as available to both stakeholders, e.g. CED Board, CED Sector Advisory Committees, Financial Services, Smart Agriculture (SASC), Clean Resource Innovation Network (CRIN), Leadership and Implementation Team (Economic Strategy), Post-Secondary Institutions, agriculture, etc.

2.6.3 Dialogue with Stakeholders

CED and the WOS must be well aware of business units' and other stakeholders' planning activities that can support economic development activities such as those of Transportation, Roads, Transit, Planning and Development, Utilities, Urban Strategy, etc. in order to ensure that the outcomes and the goals of the EDIF are achieved. Dialogue may occur by inviting representatives of business units or other stakeholders to meetings.

2.7 APPLICATION PROCESS

2.7.1 Requirements

To be considered for funding through the EDIF, a project must be submitted to CED for review. The EDIF application process is not time bound, and CED will accept submissions throughout the year and on an ongoing basis. This applies both to projects that are initiated by City business units/departments as well as projects proposed by external community stakeholders.

An EDIF business case template is available to applicants and it is at the discretion of CED to ask for additional and/or supporting information. Projects that are eligible for the EDIF can be found in Appendix A.

CED will conduct all due diligence of proposed EDIF projects, and will obtain third party review if required. Once an application has passed the initial screen, CED will bring the business case to the board of directors of the WOS for their decision-making. Only projects that are vetted by CED will be brought to the attention of the WOS.

The EDIF WOS may also invite applicants to attend a Committee meeting to discuss the proposal or provide a presentation of its contents. In advance of presenting to the WOS, CED must review all documents and must consult with City business units/departments that may be affected by, or involved in the project.

2.7.2 Timelines

The principles of the EDIF are to be fast, nimble, and responsive. Therefore all initial business cases will be reviewed in a timely manner. For a high level overview and timeline of an application, please see Appendix B.

2.8 FUND ALLOCATION

2.8.1 Allocation Principles

The EDIF applies to all areas of Calgary. No set allocation principles will be established. As long as a project meets the evaluation criteria, it will be considered.

2.8.2 Evaluation:

CED, as the initial intake of the EDIF, and the WOS board of directors, will evaluate projects on the basis of:

- Strategic alignment
 - Council Priorities
 - City of Calgary's Capital Investment Plan
 - Calgary Economic Development 10 Year Economic Strategy
 - City of Calgary's Resilience Strategy
- Criteria
 - The proposed project aligns well with the EDIF goals and guiding principles;
 - Stimulate employment – jobs created;
 - Generate a return on investment (direct and indirect); and

- Stimulate property tax assessment base.

An EDIF scorecard will be utilized to determine the potential impact of a project to Calgary.

CED will leverage City of Calgary best practices in project management and stage gating and will inform the applicant of what stage of the process they are in. The stage gating process diagram can be found in Appendix B.

2.8.3 Other considerations:

A project's ability to augment and complement other orders of government funding will be considered an important consideration. Conversely, and for City business units and departments, projects that qualify for other City of Calgary funding (Community Revitalization Levy, Community Investment Fund, and Council Strategic Investment Fund, etc.) will be a lower priority. City business units and departments must explore other sources of internal funding options prior to submitting a business case to CED for review against EDIF objectives. If an applicant is a City of Calgary business unit or department, approved EDIF projects must be reflected in their work plans and business planning processes. In addition to Council's approved scope - per Appendix A - the EDIF will not be intended to support business operations, events, festivals or sports tournaments.

2.8.4 Cancellation and Delay of Funded Projects

In the event that an EDIF-funded project is cancelled, the WOS will remove the commitment placed against the EDIF and make the funds available for other projects.

In the event that a project cannot proceed and funding has been disbursed, the applicant will fully reimburse The City of Calgary within 30 days of being notified. The WOS will build in security against risk into their processes.

If an EDIF-funded project is delayed, i.e. by more than six months, or put on hold indefinitely, the WOS shall cancel the project immediately and remove the commitment placed against the EDIF and make the funds available for other projects. Funds that have been disbursed for the delayed or cancelled project shall be reimbursed back to The City of Calgary within 30 business days.

2.9 MONITORING

2.9.1 Regular Monitoring Report

As a non-profit Wholly Owned Subsidiary of The City of Calgary, the WOS will be accountable to The City as sole shareholder through Council and would report through an annual shareholder meeting, and other special meetings or ad-hoc meeting as required.

2.9.2 Project Accountability

At its discretion, the WOS may request that CED call upon third-party resources to conduct objective analysis of potential EDIF qualifying projects.

2.10 Lifespan of the EDIF

The lifespan of the EDIF and the non-profit WOS is until funds are deemed to be fully utilized.

2.11. Handling of monies

2.11.1 Interest

EDIF will earn interest according to City procedures. The amount of interest may be used to cover direct cost of administrating the EDIF subject to the prior approval of the Chief Financial Officer and the City Manager of The City of Calgary. Direct cost of administrating the fund includes, but are not limited to, costs such as third party reviews, and direct staffing costs of the WOS. Any costs associated with The City of Calgary Administrative staff are not eligible direct costs of the EDIF.

2.11.2 Accounting

Accounting of the funds will be done by City of Calgary Chief Financial Officer's Department (CFOD) Administrative staff including tracking the balance of the fund, distribution of the funds, interest income earned, direct cost of administrating the fund, deposits into the fund, and any commitments against the fund. Staff will keep a schedule for the commitments and non-allocated monies. Financial reporting of the fund will be completed at least once a month for the duration of when the EDIF remains an active reserve within The City of Calgary. When decisions are made to allocate funds to a beneficiary, the Administrative staff within CFOD will execute the distribution of the fund in the timeframe as outlined in the approval document. A commitment will be placed against the fund at the time the project is approved to the time the payment is made to the beneficiary to ensure commitments are reserved for the approved project.

2.11.3 Payment of Funds to Receiving Projects

Upon authorization from the WOS, The City of Calgary will transfer allocated monies from the EDIF to the beneficiary in a form of a cheque or wire transfer. This can entail either the entire funding amount or incremental amounts until the full allocation has been achieved.

2.11.4 Minimum balance

There is no minimum balance required for the EDIF.

2.11 Review and Amendments

The success of the processes defined in these terms should be monitored on an ongoing basis.

2.12 Effective Date

These Terms of Reference are effective on the date that they are approved by Council.

Appendix A: Conceptual Scope/Criteria of the Economic Development Investment Fund (EDIF)

PFC2017-1081

In scope EDIF criteria*	Out of scope EDIF criteria
<ul style="list-style-type: none"> • City-wide, including the downtown Centre City • Opportunities to partner, e.g. land purchases that are strategic • Targeted infrastructure to support economic development • Land for public or non-profit institutions • Fund City process improvements • Investment in technology • Partnerships with federal and provincial governments • Augment existing or new City granting programs to create business and economic development • Job training • Trade and investment attraction / export program • Brownfield redevelopment • Innovation clusters and zones • Optimizing use of vacant space • Strategic relocation of industrial land • **Retention or creation of employment/jobs 	<ul style="list-style-type: none"> • Communications, marketing or public relations • *No municipal tax relief • *No loans

Notes:

*Revised to align with the Municipal Government Act (MGA).

**Revised to reflect retention or creation of employment/jobs (in general).

Appendix B: EDIF Stage Gating (Workflow)

