

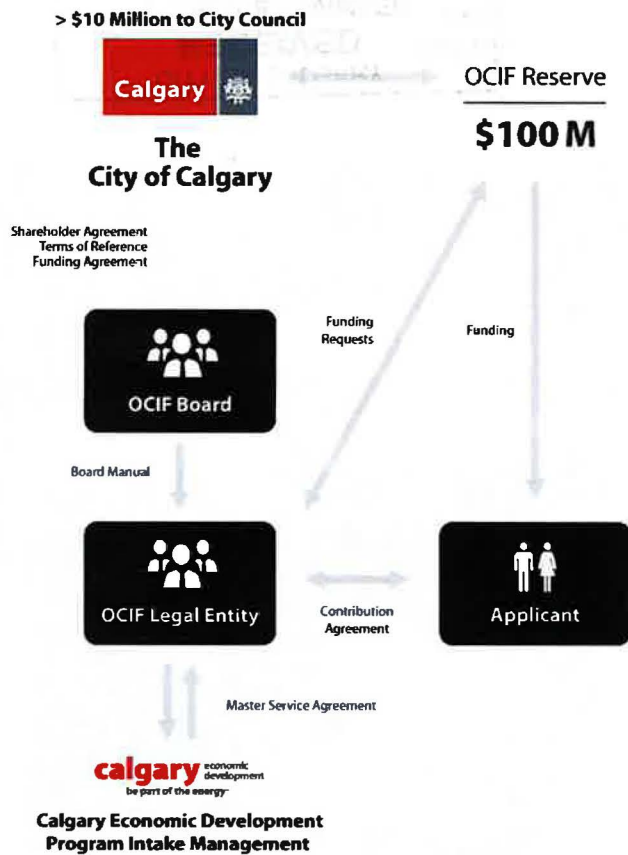


OPPORTUNITY CALGARY INVESTMENT FUND LTD.

ANNUAL AUDIT & RISK REPORT TO THE CITY OF CALGARY'S AUDIT COMMITTEE

Opportunity Calgary
Investment Fund

CITY OF CALGARY
RECEIVED <i>electronic display</i>
IN COUNCIL CHAMBER <i>display</i>
JUN 11 2020 <i>display</i>
ITEM: #7.4 AC2020-0505
<u>Public</u>
CITY CLERK'S DEPARTMENT



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GOVERNANCE STRUCTURE



- OCIF's Board of Directors oversees the Fund's overall strategic direction.
- The day-to-day business is provided through a management services agreement (MSA) with Calgary Economic Development. The Board ensures that systems are in place to effectively manage OCIF's business
- The Board sets the mission, approves strategies and objectives, identifies risk, and complies with its fiduciary and legal obligations. It delegates to management the achievement of its annual strategic, financial and other plans.
- The City of Calgary is responsible for distributing the funds directly to a successful Beneficiary at the recommendation of OCIF and its Board and pursuant to the terms and conditions of various definitive agreements

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PROGRESS REPORT

Funds Committed
\$23.5M

As of December 31, 2019



Life Sciences Innovation Hub announced.

Jul 2019 Parkland Fuel Corporation announced.



Oct 2019 HATCH-YYC announced.

Dec 2019 InterGen Canada announced.



2017

Jun 2017
City Council approved \$10 million for Fund, Steering Committee appointed.

Dec 2017
Council approves as additional \$90 million.

2018

Apr 2018
Official launch, begin accepting applications.

May 2018
First shareholder meeting, Board of Directors appointed

Jun 2018
100 applications received in the first seven weeks.

Oct 2018
MobSquad announced.

Dec 2018
ATTAbotics announced.

2019

May 2019 NPower Canada announced.

Sep 2019 Finger Food Advanced Technology Group announced.



Oct 2019 Lighthouse Labs announced.



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FORECASTED BENEFITS

Based on the contribution agreement milestones, forecasted benefits to be derived from the funded projects as at December 31, 2019 are as follows:

\$ INVESTMENT STATUS & FORECASTED BENEFITS

FUNDING COMMITMENTS	FUNDS DISBURSED	IMPACTS
Projects Approved 9	Amount Disbursed \$7.1M	Jobs Secured* 988
Total Project Investment \$163.5M	Disbursements in Progress 0	Space Absorbed (sq. ft.) 297,000
Funding Committed \$23.5M	Total Anticipated Upcoming 2020 Disbursements based on Original Milestones \$8.7M	* Includes Calgary-based jobs attracted and retained.

All projects have specific milestones that must be met for beneficiaries to receive payments. Contributions are made directly by The City of Calgary pursuant to the terms and conditions of definitive agreements between OCIF and each beneficiary.

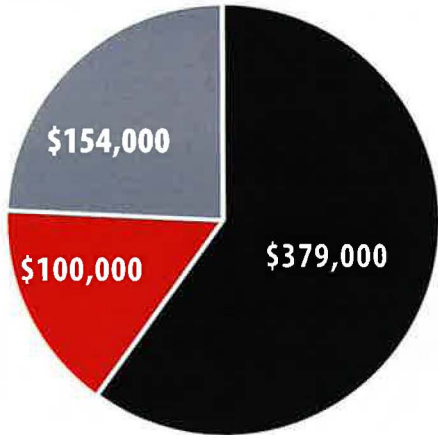
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2019 FINANCIAL HIGHLIGHTS

- Aligning with OCIF’s approved budget, OCIF received a contribution amount of \$1.35M from The City
- Expenses remained within the approved operating budget with \$633K in incurred expenses
- Carried the remaining \$720K received as deferred revenue to be utilized to fund 2020 approved expenses
- OCIF operates under a management services agreement with CED. This agreement covers direct incremental costs incurred by CED as a result of managing the entity and \$100M Fund. OCIF does not incur any compensation for the senior CED resources who manage the Fund. Employees covered under the agreement follow CED’s Human Resources and Corporate Policies

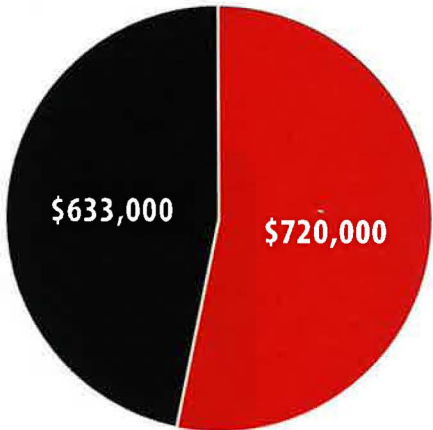
2019 EXPENSE BREAKDOWN

- CED management services
- Corporate services
- Project specific costs



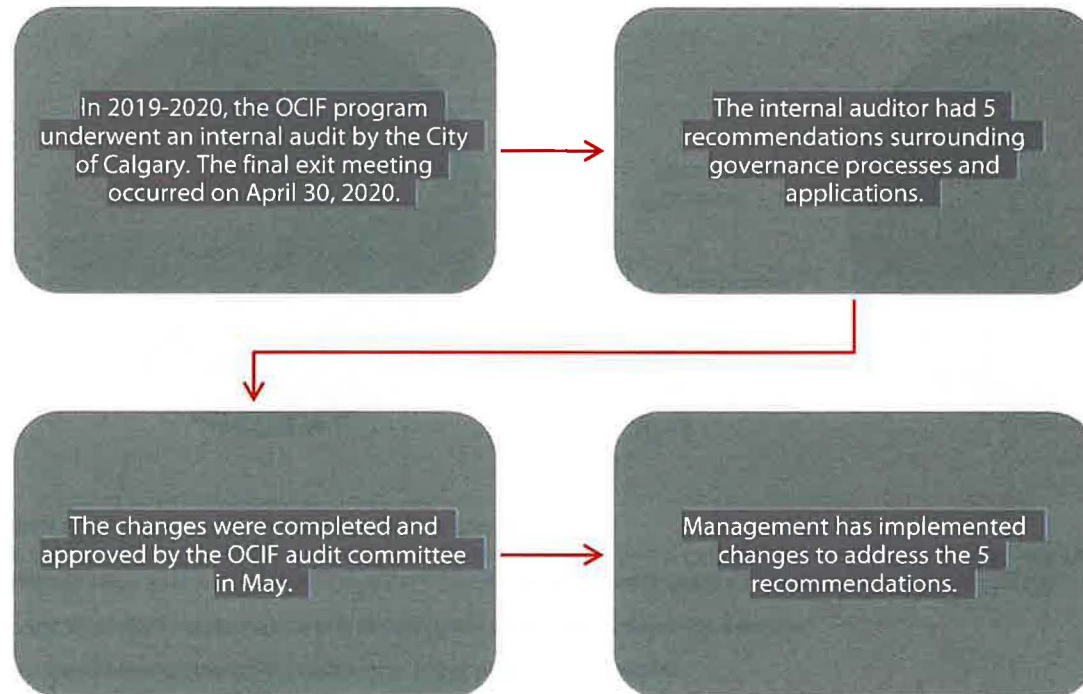
2019 CONTRIBUTION

- Deferred Contributions
- Revenue Recognized



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CITY OF CALGARY INTERNAL AUDIT



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TOP 3 RISKS

RISK CATEGORIES		
Financial	Reputational & Relevance	Sustainability & Operation
Reliance on The City as sole source of revenue with direct tie to availability of \$100M fund	Project submissions and referrals that do not align with <i>Calgary in the New Economy</i> .	COVID-19 impacts to existing and in-progress OCIF recipients.
OCIF mitigates these risks by aligning to CED's efforts; leveraging a highly skilled Board of Directors; and use of third-party due diligence and expert consultants.		

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KEY 2020 INITIATIVES/STRATEGY

Calgary in the New Economy's Vision

Calgary is the city of choice for the world's best entrepreneurs. We embrace technology to solve the world's greatest challenges: cleaner energy, safe and secure food, efficient movement of goods and people, and better health solutions.



Values

Calgary is an inclusive entrepreneurial city connected through our community spirit.

Key Pillars



Talent

Calgary's destination for talent



Place

Canada's most livable city



Innovation

Canada's leading business-to-business innovation community



Business Environment

Canada's most business-friendly city

Industry Focus

Established Clusters

Transportation & Logistics

Agribusiness

Energy

Emerging & Growth Clusters

Tourism

Creative Industries

Life Sciences/Health

Financial Services

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2020 Opportunities

OCIF is mandated to make strategic investments that support long term economic growth and diversification. The fund is not positioned to provide COVID relief, but rather to be focused on economic resiliency and long-term recovery post COVID. While COVID will add risk to all OCIF investment opportunities, all are expected to progress post-COVID.

📈 INVESTMENT STATUS & FORECASTED BENEFITS

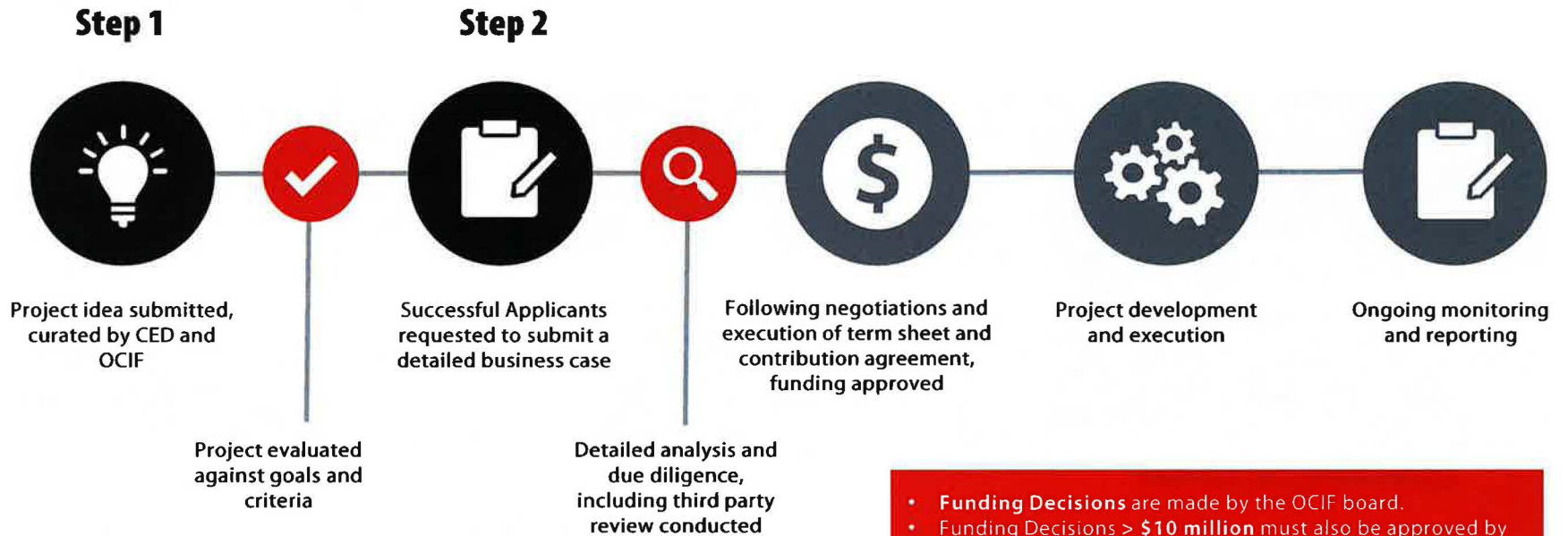
IN PROGRESS (TERM SHEET PHASE)	NEAR TERM	PIPELINE (BUSINESS CASES)
Total Projects 4	Total Projects 4	Total Projects 3
Total Project Investment \$333M	Total Project Investment \$35.4M*	Total Project Investment \$17.8M*
Funding Amount \$11.25M	Funding Requested \$15.6M	Funding Requested \$8.8M

*Estimated

In addition to the above data, there are 10 files in the Application Evaluation process.

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APPLICATION PROCESS FLOW



- **Funding Decisions** are made by the OCIF board.
- Funding Decisions > **\$10 million** must also be approved by City Council.

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QUESTIONS?