

CITY OF CALGARY
RECEIVED
IN COUNCIL CHAMBER

MAY 18 2021

ITEM: 7.2 PFC 2021-0608

DISTRIBUTION
CITY CLERK'S DEPARTMENT

OPPORTUNITY CALGARY INVESTMENT FUND

Priorities & Finance Committee Update - May 18th, 2021

calgary economic
development
be part of the energy™

Opportunity Calgary Investment Fund

WHAT IS OCIF

- The \$100M Opportunity Calgary Investment Fund (OCIF) was created by The City of Calgary in 2018
- Transformational investments that align with the economic strategy: **Calgary in the New Economy**
- Projects that receive OCIF backing are driving innovation and growing the ecosystems in key sectors that position Calgary to lead digital transformation in Canada's industrial sectors.



\$100M OPPORTUNITY CALGARY INVESTMENT FUND

FUNDING COMMITTED TO DATE

\$43M

CALGARY COMPANIES

RECIPIENTS & SECTORS

BrightSquid (health)

InterGen (talent)

SAIT DX (tech/talent)

Harvest Ventures (tech)

Alberta IoT (tech)

MobSquad (tech)

Attabotics (tech/logistics)

LodgeLink (tech)

Life Sciences Innovation Hub (health)

Parkland Fuel (energy)

NPower Canada (talent)

Lighthouse Labs (talent)

Finger Food (tech)

AltaML (talent)

Endeavor (tech)

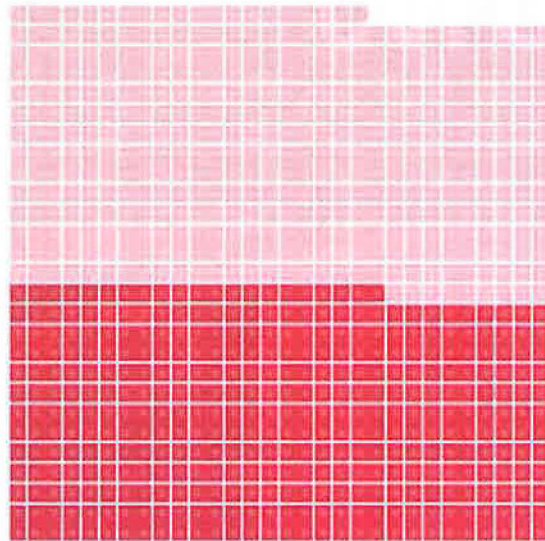
Calgary's Startup Ecosystem Community Goal – 2,334 Start Up Companies & 1,000 Core Tech Companies by 2031

CURRENT

Calgary's tech sector has been growing for decades. The spirit of entrepreneurship is strong and our ecosystem provides opportunities to access support and development. We've even seen a number of homegrown businesses graduate to the world stage and succeed. Today, our tech sector is full of potential and Calgary's tech leaders and aspiring founders alike are thinking about the future.

2334 Start Up Companies
1-4 Employees
(2 employees per 100)

800 Junior Tech Companies
5-49 Employees
(17 employees per square)



GOAL
4,700 jobs by 2031

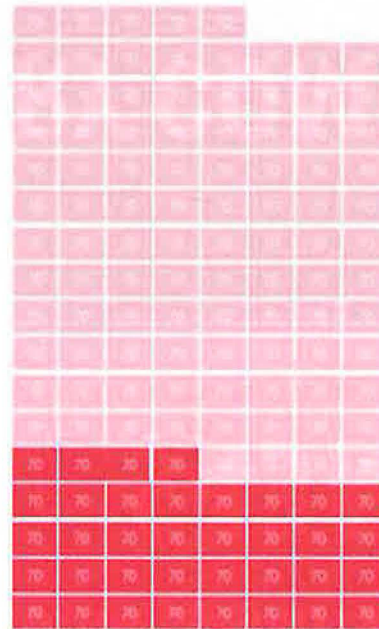
GOAL
+ 9,600 jobs by 2031

VISION

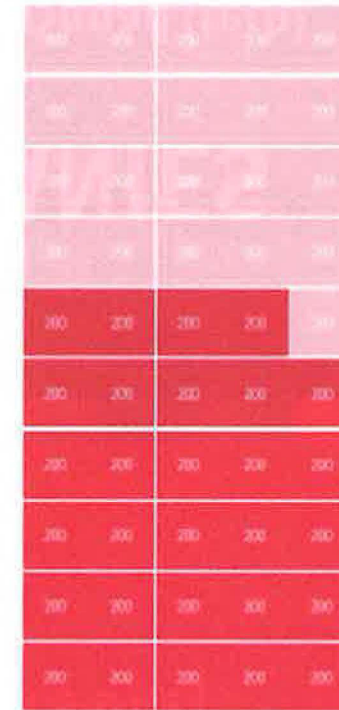
As the world changes around us, industries are planning for the future amid great uncertainties. At Platform, CEO Dr. Terry Rock teamed up with CEO/Startup Calgary to review global research and set a long-term goal for Calgary's tech sector to have 1000 innovation-driven, high growth, global market tech companies supporting 45,000 jobs at above-average compensation.

50 Major Tech Companies
100-499 Employees
(200 employees per square)

133 Senior Tech Companies
50-99 Employees
(70 employees per square)

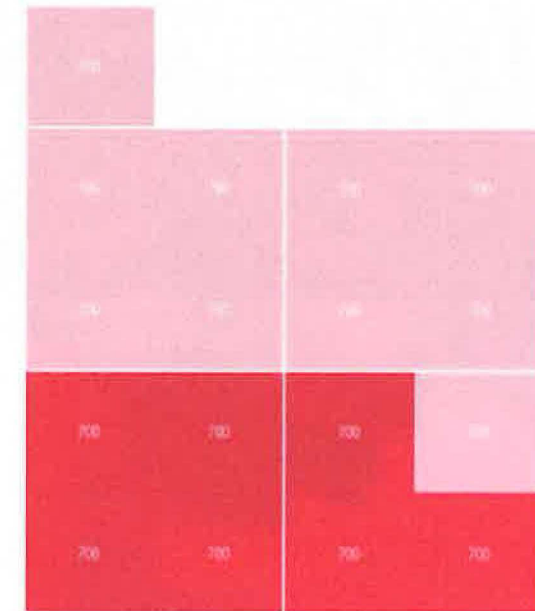


GOAL
+ 9,300 jobs by 2031



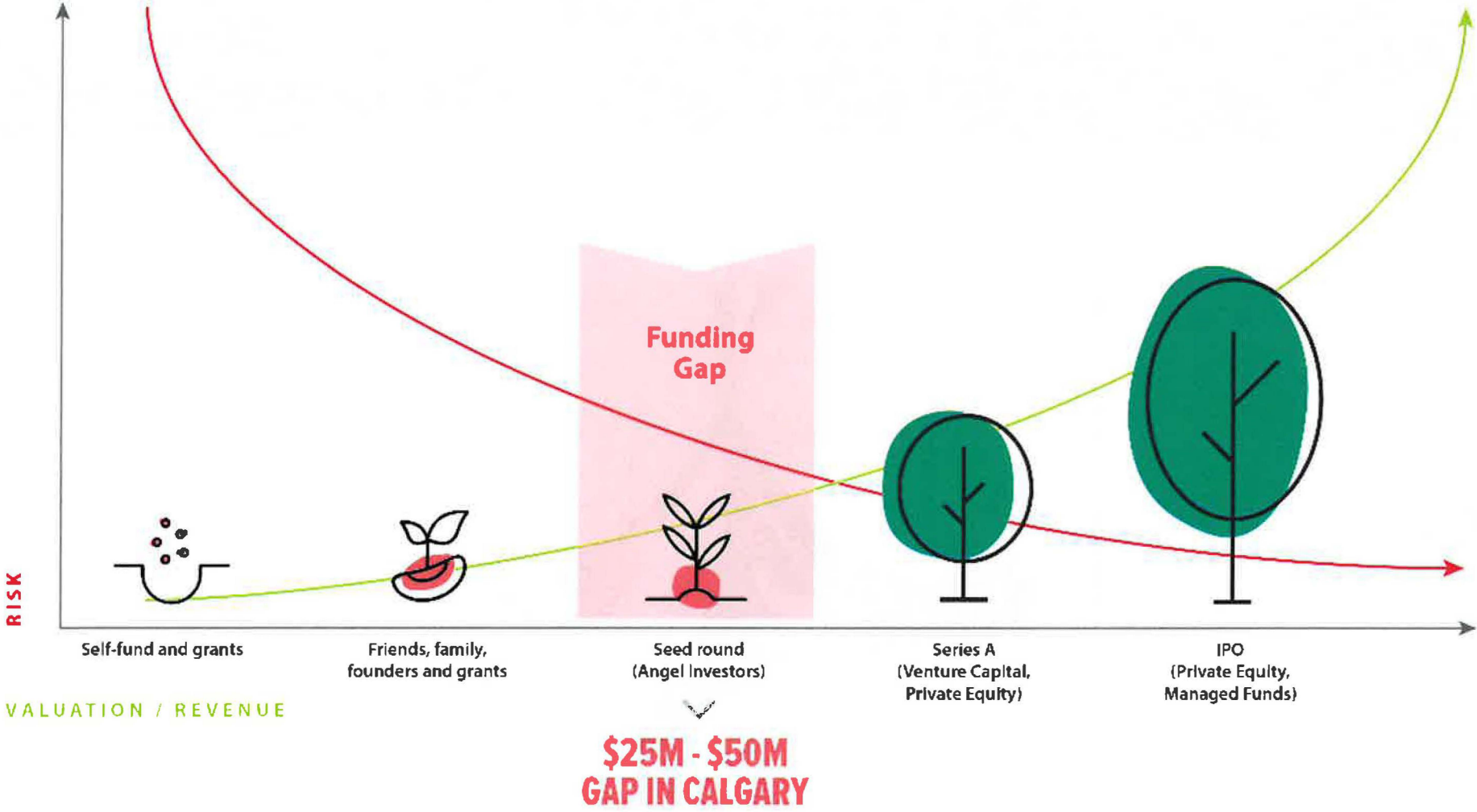
GOAL
+ 10,000 jobs by 2031

17 Super Major Tech Companies
500+ Employees
(700 employees per square)



3334 total
Calgary core tech
companies by 2031
= 45,000+ jobs

PRE-SERIES A FUNDING GAP EXISTS FOR MOST STARTUP ECOSYSTEMS WORLDWIDE



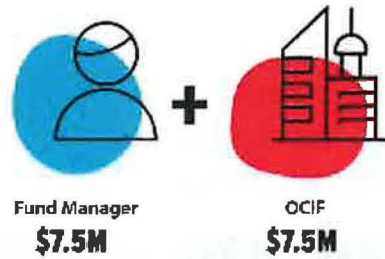
OCIF is currently not addressing the Pre Series A funding gap.
Funding late-stage startups does not address the needs of our Start Up Ecosystem.



ALMOST 50% OF OCIF APPLICANTS ARE TOO SMALL OR TOO EARLY IN THEIR DEVELOPMENT TO MEET OCIF MINIMUM CRITERIA

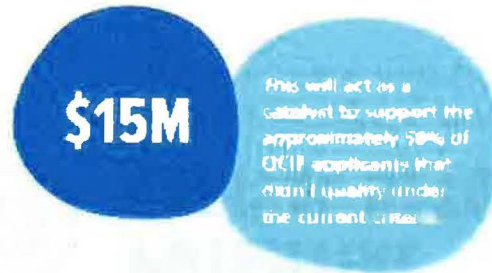
Fund Manager Partnership

OCIF will partner with a fund manager to invest in a fund and leverage more investment dollars, doubling the dollars going into the community.

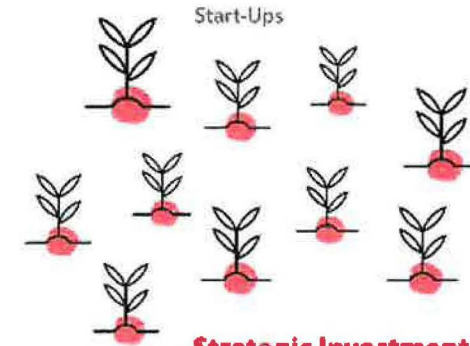


New Investment Fund

The Fund will focus on the gap between Seed to Series A level capital where companies have early revenues and are starting to grow.



Scaling Capital

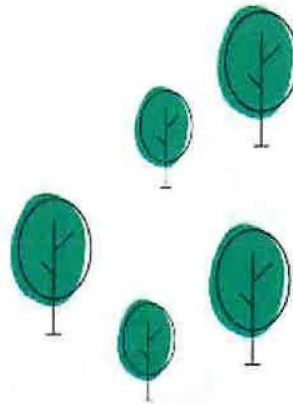


Strategic Investments

Using a private sector fund manager allows us to take advantage of sector domain expertise in the market to manage and expedite investment decisions and distributions.

Scaling Growth

Additional outside investors brought in to scale and accelerate business growth for companies that have become established and further develop and monetize the company.

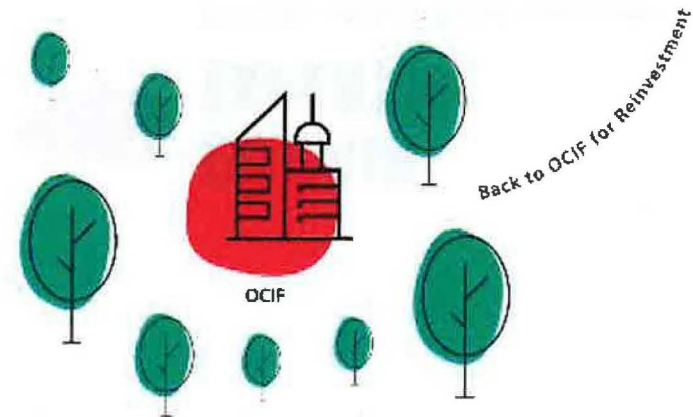


Scaling Capital



Potential Exit on Sale

The fund may generate a return that would be reinvested in to OCIF to create more opportunities for the fund and investments in Calgary entrepreneurs.



Innovation Ecosystem

The fund will accelerate the growth of our tech ecosystem to achieve the community's goal of 2,334 startups and 1,000 core tech companies by 2031.



LEVERAGED DOLLARS

Matching funds will double the available investment dollars



ONE TO MANY

Provides increased market coverage



DOMAIN EXPERTISE

Private sector fund manager provides domain sector expertise



CAPITAL DEPLOYMENT

Opportunity to efficiently expedite the flow of dollars

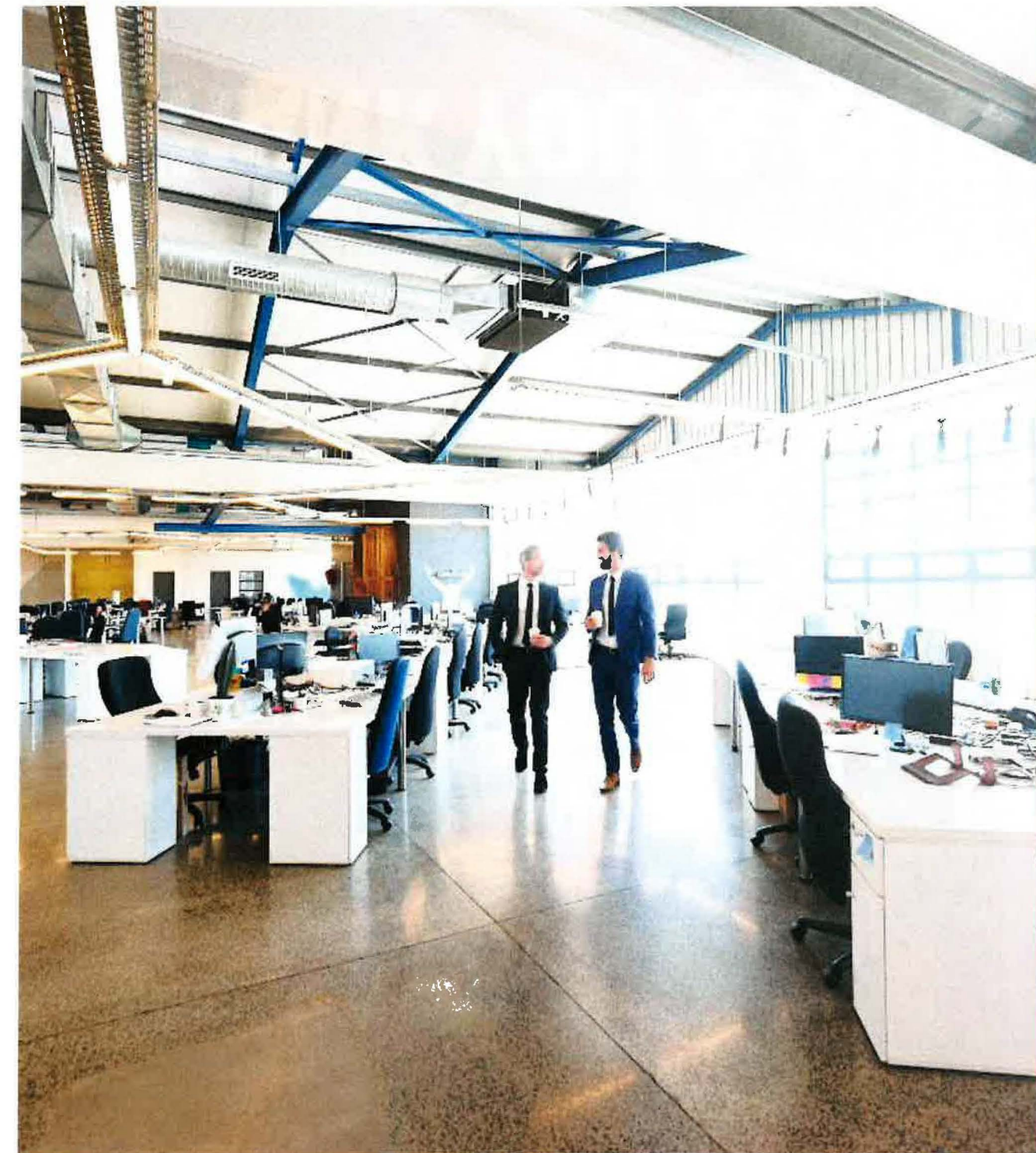


POTENTIAL CAPITAL RETURN

Any returns generated will flow back into OCIF

BENEFITS

**Opportunity Calgary
Investment Fund**



OPPORTUNITY CALGARY INVESTMENT FUND

Request

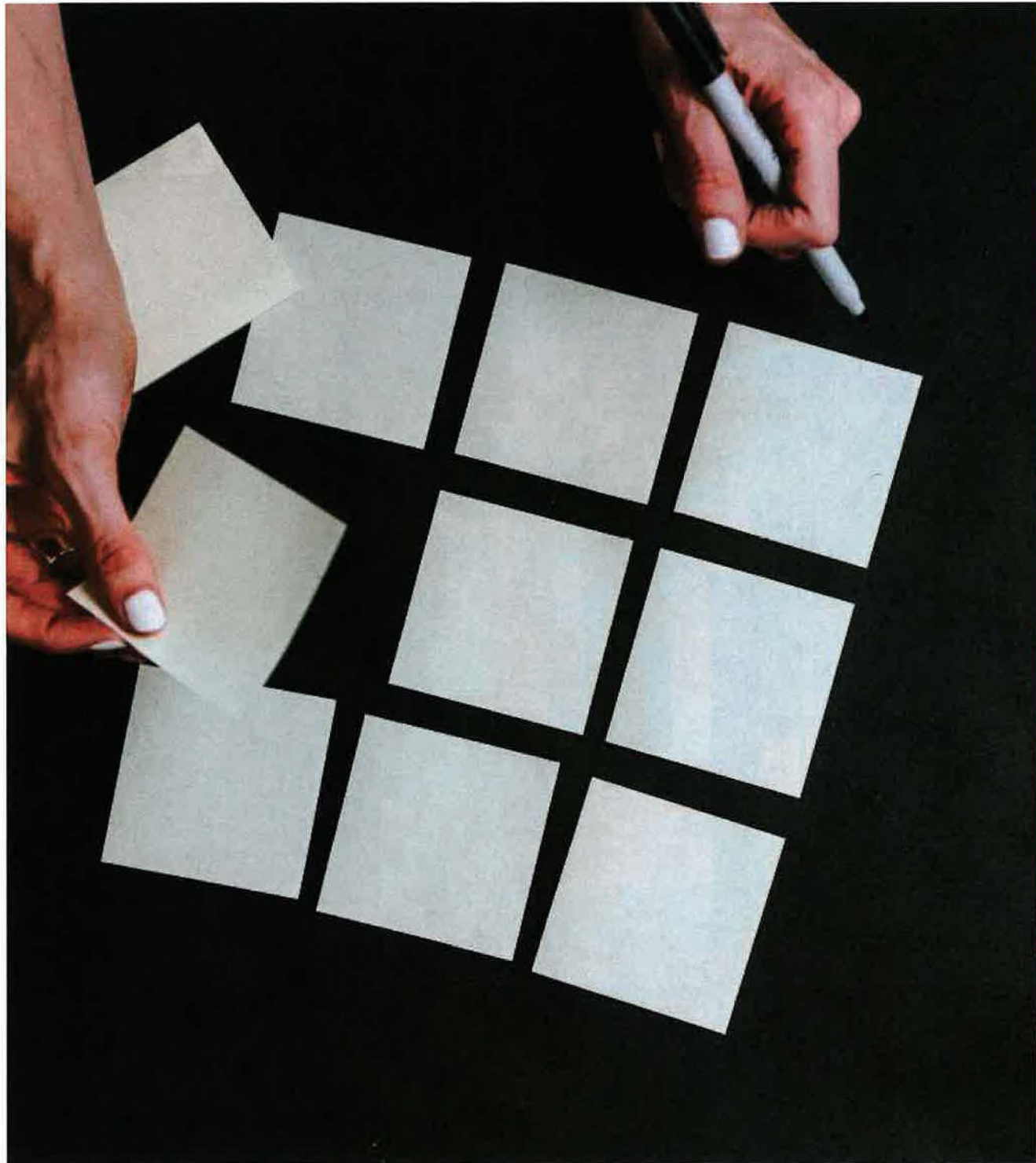
- **The OCIF Ltd. board of directors is recommending that Council approve the amended Terms of Reference (TOR) to allow up to \$10 million of OCIF to be invested in investment vehicles established and operated by third parties**
- **Please refer to PFC cover report for additional TOR housekeeping amendments and other proposed amendments to allow the direction of OCIF funds to an investment fund managed by a third party.**



THANK YOU & QUESTIONS



APPENDIX



Opportunity Calgary Investment Fund

PROCESS

- **Deliver a Request for Proposal**
 - Have prospective fund managers/fund submit their interest – process closed on May 17th, 2021
- **OCIF Evaluation Committee**
 - OCIF Team, CFO
- **OCIF Selection Committee**
 - Voting: OCIF Board
 - Non-Voting: OCIF Executive
 - Advisors: External legal counsel
- **Announcement**
 - Public announcement by July 30th

A hand holding a red marker is pointing towards a checklist on a whiteboard. The checklist consists of several square boxes, each containing a red checkmark. The background is a plain white surface.

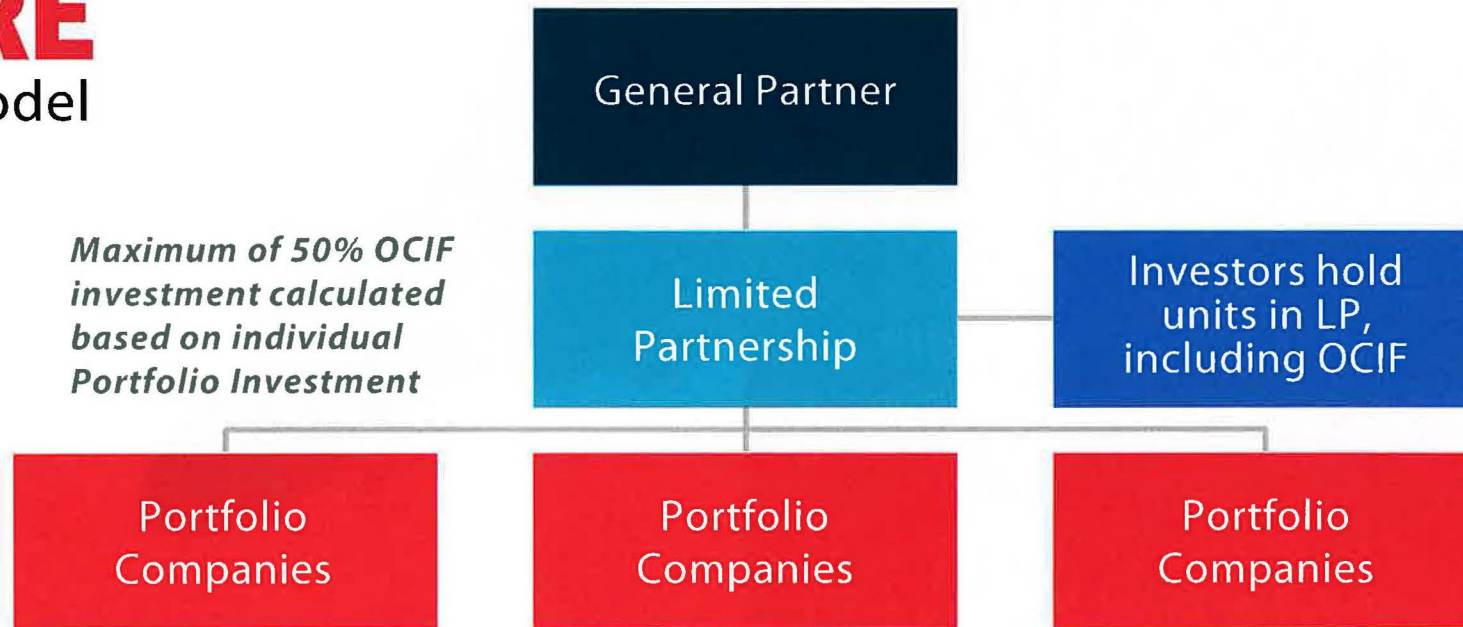
Opportunity Calgary Investment Fund

SELECTION CRITERIA

- Positive track record in early-stage investing and venture capital fund management.
- Established networks with Calgary investors and startup ecosystem.
- Ability to place investment professional in Calgary.
- Established investment processes and back-office function.
- Ability to demonstrate EDI initiatives.

STRUCTURE

Fund Investment Model



1. The fund receives capital from the City, and through an Investment Agreement, holds LP units for their investment.
2. Limited Partner (LP): The City, Institutional investors, high-net-worth individuals, and/or endowments who contribute capital and co-mingle it to the investment vehicle under the LPA. The sum of each of the LPs committed capital is the total amount of Assets Under Management (AUM).

3. Investment manager (Portfolio Manager), manages Fund (LP) investment in qualified portfolio companies.
4. General Partner (GP): Fund administrator responsible for attaining capital commitments from investors known as limited partners (LPs). Sources dealflow picks which investments (ventures) will be included in the portfolio. The GP is concerned with the daily management of the total dollars raised and committed (fund/close).

5. There will be an LP Agreement that lays out investment objectives, cash injections, reinvestment of funds, management fees, and other key factors.