

Parks Foundation Investment Policy and Memorandum of Agreement

RECOMMENDATION(S):

That the Executive Committee recommend that Council:

1. Approve the Parks Foundation Investment Policy;
2. Approve the heads of agreement for the Parks Foundation Operating Endowment Memorandum of Agreement; and
3. Direct that any closed meeting discussions and Attachment 3 remains confidential pursuant to Section 16 (Disclosure harmful to negotiations) of the *Freedom of Information and Protection of Privacy Act*, to be released after 2023 January 1.

RECOMMENDATIONS OF THE EXECUTIVE COMMITTEE, 2022 DECEMBER 15:

That Council:

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HIGHLIGHTS

- The Parks Foundation (the Foundation) is a valued Civic Partner that supports the development and delivery of parks, and sports and green spaces. In 1990, The City invested \$2 million to establish the Parks Foundation Operating Endowment Fund (the Fund) that is guided by the Parks Foundation Investment Policy (Investment Policy). This report recommends updates to both the Investment Policy and Memorandum of Agreement (MOA) that guide the use and investment of these monies to reflect leading practices and support appropriate stewardship of the investment.
- The MOA and Council-approved Investment Policy both guide the use and investment of the Fund. This report presents an updated Investment Policy and renewed heads of agreement for a new MOA to modernize these documents. Both documents require Council approval.
- What does this mean to Calgarians? The Parks Foundation works with The City to provide Calgarians with unique and accessible sports and green spaces, which creates a thriving community.
- Why does this matter? Updating the guiding documents clarifies the use and stewardship of The City's investment and supports a strong partnership with the Foundation.
- The Foundation reports annually on its overall results, including this investment, as part of the Civic Partner Annual Report, and Administration monitors the

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organization's financial health through the Civic Partner Audit Report.

- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

The Foundation is an independent non-profit organization and City of Calgary Civic Partner that contributes to the delivery of the Parks and Open Spaces line of service. Since it was established in 1985, the Foundation has worked to create thriving communities and public spaces, and to deliver on its mission of operating so all Calgarians can enjoy a healthy lifestyle by providing easily accessible and unique, sport and green spaces. Under separate agreements, The City invests annual operating funding to support the Foundation (\$193,000 in 2022), and project-specific capital funding.

Through the investment of operating and capital funding in the Foundation, The City and Calgarians benefit from the Foundation's knowledge and expertise to deliver targeted grant and fund development programs and supports, and construct and manage parks, open spaces and playground assets for communities. The Foundation also effectively leverages resources to multiply The City's investment through sources such as earned revenue, fundraising, and volunteers.

In 1990, Council approved \$2 million in funding to establish the Fund to earn income to help support the Foundation's administrative expenses (CS90-17-01). The Fund is managed by the Foundation under an MOA, and the heads of agreement for the MOA were approved by Council in 1990. Investment management of the Fund is guided by the Investment Policy. This report presents updated heads of agreement for a new MOA and revised terms for an updated Investment Policy to modernize the governance and management of this Fund.

The monies in the Fund are The City's, and as such, any Fund investments need to meet the requirements of Section 250 of the *Municipal Government Act* (Alberta) and Section 4 of the *Municipal Investment Regulation*. This includes the requirement that the Investment Policy be approved by Council. The updated Investment Policy includes the following elements (Attachment 2):

- objectives of the Fund are to meet the operating needs of the Foundation with the tolerable level of risk to be taken in meeting those objectives;
- outline of the roles and responsibilities of the parties involved in the management and oversight of the investments; and
- required parameters of the investments including asset mix, minimum requirements, and restrictions on investments.

The current MOA for the Fund is set to expire on 2022 December 31. The proposed heads of agreement update the current MOA to reflect lessons learned by The City and Foundation since

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1990, changes in leading practices, and the new approach to the Investment Policy discussed in this report (Attachment 3). Once approved by Council, a new MOA will be executed with the Foundation before year end 2022 based on the updated heads of agreement. If approved, a new MOA would be executed with the Foundation before the current one expires on 2022 December 31.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | | | |
|-------------------------------------|---|-------------------------------------|---|
| <input type="checkbox"/> | Public engagement was undertaken | <input checked="" type="checkbox"/> | Dialogue with interested parties was undertaken |
| <input checked="" type="checkbox"/> | Public/interested parties were informed | <input checked="" type="checkbox"/> | Public communication or engagement was not required |

Dialogue occurred between The City and the Foundation using the preceding documents as starting point for the discussions. Primarily the conversations took place between the Partnerships business unit of Community Services, Treasury department of Corporate Planning and Financial Services and the administration of the Foundation.

The Investment Policy documents were updated through discussions and presented for approval and agreement to the Finance and Risk Committee, and Board of the Parks Foundation. A draft MOA based on the proposed heads of agreement has been discussed with the Foundation

IMPLICATIONS

Social

The Foundation's programs, services and capital projects enhance access to sports and green spaces that support Calgarians' social resilience by providing opportunities for Calgarians and visitors to have a healthy lifestyle and be active. The Fund supports the Foundation's administrative services that are the backbone to providing sustainable program and services. The Foundation's services also support the capacity of local community organization to meet the social needs of their community through tailored projects in neighbourhoods.

Environmental

Supporting the Foundation's administrative capacity to develop open spaces and green spaces contributes to climate change mitigation and adaptation benefits including clean air through increased retention of Calgary's tree canopy and other plants.

Economic

Access to sports and green spaces is critical to a high quality of life that contributes to the attractiveness of Calgary as a city to live, work and play. Offering a high quality of life is a key decision-making criterion for both companies and workers looking to relocate to Calgary and supports our competitiveness.

Service and Financial Implications

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No anticipated financial impact

\$0

The Fund was established in 1990 and this report is not requesting any additional investment. The updated Investment Policy and heads of agreement for an updated MOA for approval reflect current practices and conventions. When the Fund was created it was done with the intent that the investment income earned would be used to support the Foundation's eligible administrative expenses, and this has been the practice since 1990.

RISK

Market Risk – The Fund is currently invested in the financial markets and subject to the risks associated with the financial markets such as but not limited to, interest rate risk, credit risk, liquidity risk and equity risk. These risks are mitigated by the development of a thorough investment policy that details the construction a well diversified investment portfolio with a long-term view on the investment markets. Overall risk related to use and management of the Fund are mitigated through a detailed MOA that is executed with the Foundation. Updating the terms of the MOA will ensure that it reflects leading practices.

ATTACHMENT(S)

1. Attachment 1 - Previous Council Direction Background - EC2022-1303
2. Attachment 2 - Parks Foundation Calgary Investment Policy - EC2022-1303
3. Attachment 3 – Confidential - Proposed Heads of Agreement - EC2022-1303
4. Attachment 4 – Presentation Investment Policy and MOA - EC2022-1303

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Carla Male	Corporate Planning and Financial Services	Consult
Katie Black	Community Services	Consult
Kyle Ripley	Director, Calgary Parks	Inform