

Economic Development Investment Fund

EXECUTIVE SUMMARY

On 2017 March 06, Council directed Administration to explore the creation of an Economic Development Investment Fund (EDIF) as one way to respond to the prolonged economic challenges facing Calgary and capitalize on new opportunities that will create jobs, drive economic recovery and revitalize the downtown core. At the Downtown Economic Summit (2017 March 02) participants identified a need for government bodies to create additional funding sources and approaches for innovative projects and ideas. One action that could create significant impact on the local economy involves the establishment of an EDIF in Calgary. Recognition of Calgary's economy as requiring municipal intervention was also reinforced at The City's #ResilientYYC Agenda-Setting Workshop (2017 March 03) where economic uncertainty and macro-economic stress were identified by participants as the top shock and stressor impacting the city. Current research by The City of Calgary suggests Calgarians are looking to government for leadership and investment to strengthen and diversify the economy.

Intentionally managing Calgary's economy through the establishment of an EDIF requires leadership and sufficient funding. Council's approval of \$10 million to establish the EDIF is a good starting point. However, given the pressing issues of high downtown office vacancy and unemployment, more needs to be done.

There will be two reports back to Council on the EDIF. This first report provides recommendation on the long-term funding value of the EDIF. The second report will include the appropriate governance structure which Administration and Calgary Economic Development (CED) will bring forward in 2018-Q1. Administration and CED, with the support of the EDIF Steering Committee, are working on the development of a strong governance model, which includes processes for identifying and evaluating investment opportunities, working with City departments, and the proposed accountability and reporting mechanisms.

The recommendations in this first report were developed through the support of best practice research on similar funds across North America and the valuable insight and strategic advice from business leaders whom generously volunteered their time and expertise on the EDIF Steering Committee.

Calgary's economic recovery and prosperity remains a top priority for businesses and citizens. There is a need and urgency to increase the available funding for and to implement the EDIF. The EDIF guiding principles include: strategic investments; fast and agile processes; rigorous business case review and validation by objective third-parties; transparency and accountability; and an overall construct that allows the EDIF to act at the same speed of business in order for Calgary to compete regionally, nationally and internationally.

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ADMINISTRATION RECOMMENDATIONS:

That the Priorities & Finance Committee recommends that Council:

1. Approve an additional allocation of \$90 million for the long-term funding value of the Economic Development Investment Fund (EDIF) for a total of \$100 million;
2. Direct Administration and CED to report to Priorities & Finance Committee with the EDIF Terms of Reference, including a strong governance structure, no later than 2018-Q1.

RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, DATED 2017 DECEMBER 05:

That the Administration Recommendations contained in Report PFC2017-1081 be approved.

Opposition to Recommendation 1:

Councillor Farkas

PREVIOUS COUNCIL DIRECTION / POLICY

2017 June 19

ADOPT, Moved by Councillor Woolley, Seconded by Councillor Farrell, that Administration Recommendations 1, 2, 3, 4, and 6 contained in Report C2017-0370, be adopted, as follows:
That Council:

1. Approve the creation of an Economic Development Investment Fund (EDIF);
2. Approve the conceptual scope and criteria for the EDIF (ATTACHMENT 3);
3. Approve the intake model and governance structure of the EDIF (ATTACHMENT 4);
4. Approve \$10 million from the Fiscal Stability Reserve (FSR) to initiate the short-term start-up of the EDIF; and,
6. Direct Administration to return to Council during the 2018 budget deliberations process in November 2017 to present terms of reference, and identify the long-term recommended value and funding sources of the EDIF.

2017 September 11

ADOPT, Moved by Councillor Woolley, Seconded by Councillor Farrell, that the Administration Recommendations contained in Report C2017-0643 be adopted, as follows:
That Council:

1. Reconsider their decision for Administration to report to Council on the EDIF at a regular meeting of Council by November 2017 during the 2018 budget deliberations process. This decision is contained in the Minutes of the Strategic Meeting of Council, 2017 June 19; and
2. Direct that Administration's recommendation on the EDIF's terms of reference, long term recommended value and funding sources be brought to the 2017 December 05 Priorities and Finance Committee Meeting for consideration.

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BACKGROUND

State of the Economy

Geopolitical circumstances and global commodity prices have had a major adverse impact on the energy industry and consequently on many businesses and citizens in Calgary.

Calgary's Centre City and downtown is an economic driver and employment centre. The downtown, fueled by the concentration of energy industry headquarter offices, historically generated 40 per cent of non-residential tax revenue and 25 per cent of city-wide employment. The job losses in Calgary and very high downtown office vacancy rates have dramatically reduced these numbers. With record high unemployment and office vacancy rates, there is a need to focus on and elevate the awareness of a coordinated strategy that leverages the collective efforts of The City and its public and private sector partners to stimulate new jobs and business creation.

Gross Domestic Product (GDP)

- The Conference Board of Canada (CBOC) predicts Calgary's economy will grow by 4.6 per cent in 2017; off of multi-year lows in 2015 and 2016 (*October 2017, CBOC*).
- After two years of contraction, Calgary's gross domestic product (GDP) is forecasted to be approximately \$118.3 billion in 2017, compared to \$120.5 billion in 2014.

Unemployment

- Calgary's current unemployment rate is 8.3 per cent (October, 2017).
- While job growth is expected to resume, it will not return in the same form, rate or compensation levels experienced prior to the recent energy price collapse.

Office Vacancy

- According to the CBOC, Calgary's downtown office vacancy rate was 25 per cent in 2016 and forecasted to reach 27.3 per cent in 2017, with approximately 12 million square feet of unoccupied office space.
- The CBOC projects that Calgary is unlikely to see any new downtown office real estate investment for at least 12 years.
- Calgary's Downtown Office Vacancy Rate is 27.4 per cent. (Q3-2017, CBRE)

The Oil and Gas industry has fundamentally changed.

- Gradually rising oil prices will help Calgary pull out of recession. However, the fact is that the oil and gas industry appears to have fundamentally changed – jobs and prosperity will not quickly, if ever, rebound.
- According to CED and the Calgary Chamber of Commerce's Spring 2017 Business Leaders Market Perceptions Survey, 81 per cent of leaders believe this is not a normal economic cycle and the future of Calgary's economy depends on other sectors becoming stronger to compensate for a fundamental decline in the impact of the energy industry.
- In addition, only 39 per cent believe the price of oil will come back and we will be fine, down from 54 per cent last year.
- The correlation between GDP growth, job creation and office space absorption is not the same as in previous economic recoveries and is highly unlikely to come from the energy industry. The disruption of digital technology will change how work is done.

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- Job growth is projected to mainly come from companies that are less than five years old.
(Source: *Forbes and the Kauffman Foundation*)
- Technology changes and innovation will further impact employment and demand for large spacious floor plates and long-term leases of office space, and if anything, the energy companies will likely continue to reduce employment levels and will require less space.

Responding to the Economy: A Top Priority

On 2017 March 06, Council directed Administration to explore the creation of an Economic Development Investment Fund to respond to the prolonged economic challenges and capitalize on new opportunities that will create jobs, drive economic recovery and revitalize the downtown core.

Council, at its Strategic Meeting on 2017 June 19, approved the \$10 million start-up of Calgary's EDIF to respond to Calgary's prolonged economic challenges and capitalize on new opportunities that will create jobs, drive economic recovery and revitalize the downtown core. The goals of the Calgary 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 downtown office vacancy reduction; and,
- Increase the assessment tax base.

The economy continues to be top of mind for citizens and businesses. According to the Economic Perspectives Survey conducted by Ipsos in October 2017, 95 per cent of respondents agreed on the following: *"I believe that The City of Calgary has an obligation to help support our local economy in whatever way they possibly can."*

It is important that The City of Calgary and its partners take deliberate steps and use a more agile and responsive approach to support economic recovery and growth; to help reduce the impact of the economic downturn on citizens and businesses; and, help ensure Calgary's ongoing success into the future.

- In 2017, Council approved \$45 million from the Fiscal Stability Reserve to cap the non-residential property tax increase at 5 per cent.
- Council's establishment of the initial EDIF funding of \$10 million is another deliberate action to support economic recovery and growth. While this is a good first step, increased funding from that initially approved amount is needed to enable Calgary to have a more effective tool and resources to support business retention and to compete against others for emerging opportunities. This is a band-aid solution that cannot be replicated annually. A long-term sustainable solution is required.

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INVESTIGATION: ANALYSIS

EDIF Steering Committee

Calgary Economic Development (CED) assembled a voluntary EDIF Steering Committee composed of key business leaders to explore the development of Calgary's EDIF. The EDIF Steering Committee is represented by the following members:

1. Steve Allan, Chair of the Board, CED;
2. Michael Brown, President and CEO, Calgary Municipal Land Corporation (CMLC);
3. Ian Bruce, Former CEO, Peters & Co. Limited;
4. Cheryl Gottselig, Q.C., Partner, Burnet, Duckworth & Palmer (BD&P) Law Firm;
5. Jim Gray, Chairman of the Energy Group, Brookfield Asset Management;
6. Scott Hutcheson, Executive Chairman, Aspen Properties;
7. Mary Moran, President and CEO, CED; and,
8. Barry Munro, Partner, EY.

The Steering Committee met seven times to review best practice research and helped develop impactful, efficient and effective principles and processes that will generate high value and return on investment.

EDIF Guiding Principles

The Steering Committee focused on the importance of the following guiding principles:

- Strategic and catalytic investments;
- Deal making and deal closing mechanisms;
- Fast, agile, responsive and rigorous processes;
- Leverage funding, partnerships and expertise;
- Decisions made based on solid non-political risk/reward and cost/benefit analysis;
- Utilize third-party objective validation where appropriate;
- Generate significant return on investment (ROI) and material impact;
- Transparency and accountability;
- Not business as usual – outside the box thinking; and,
- Calgary must be bold and innovative to compete.

Best Practice Research

Administration conducted research across North American jurisdictions to understand municipal approaches to facilitate economic development. In the United States and Quebec, incentive programs are commonly used for business attraction. Philosophically, CED does not believe in incentives as it borrows loyalty; it tends to not buy loyalty. Some historical evidence suggests, once the incentive ends, the company tends to consider relocation to another jurisdiction.

In other jurisdictions, programs like the EDIF have helped stimulate growth; increase diversification; and relieve conditions of economic distress while providing significant returns on investment. It represents a commitment by local government to invest in strategic and catalytic projects to strengthen the local economy particularly during times of economic downturn and recovery. Across the funds reviewed, there were commonalities of goals and measures of success including employment growth, assessment base growth, and return on investment.

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Indicative Investment Opportunities in Other Jurisdictions

Some of the initiatives achieved through dedicated economic development funding in other jurisdictions have included, but are not limited to:

Accelerator and incubator hubs	Airport expansions	Business park developments
Corporate headquarter relocations	Convention centres	Clusters such as: Aerospace/Aviation; Energy/Clean Tech; Healthcare; and Information Technology
Digital and performing arts	Downtown developments	Downtown parking improvements
Life sciences centre / campus	Research institutes that formerly had no presence in the city	University facilities in the downtown

The Case of Kitchener, Ontario

The City of Kitchener's \$110 million EDIF was approved in 2004 with a ten-year implementation timeframe to 2013. The EDIF was funded through a special ten-year capital levy approved by Kitchener City Council in May 2004. The fund was conceived in response to emerging opportunities in the downtown. At the same time, it was evident that local manufacturers were struggling and the city faced a shortage of developable industrial land. The EDIF provided Kitchener with a mechanism to address both urban development opportunities and the need to re-align economic tactics. The EDIF provided a dedicated funding source for the city's strategic investments in major projects including the University Of Waterloo School Of Pharmacy (Downtown Campus), Wilfred Laurier University Faculty of Social Work, the Communitech Hub, Victoria Park Improvements, and the King Street Streetscaping.

The success of Kitchener's EDIF started with a strong foundation with post-secondary and institutional partners to leverage funding and to create transformative change and impact. Through these investments, there has been a significant turnaround with Kitchener, especially its downtown, recognized as a location for innovation and entrepreneurship.

The *Kitchener EDIF Impact Analysis Report (as of 2012)*, highlighted the following economic impact and many benefits realized through the EDIF.

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Employment Growth	There were 1,569 jobs that can be directly linked to EDIF investments including high tech jobs, as well as jobs in manufacturing and education. The Communitech Hub alone accounted for the creation of 620 jobs. Major employers have found space downtown due to EDIF investments including Google (200 employees).
Leveraged Funds	As of 2012, the City of Kitchener invested \$97.8 million, and partner investments have reached \$232.9 million. This represents \$2.38 in additional funding by partners per \$1 invested by the city.
Assessment Growth	Downtown properties near EDIF investments are valued at over \$30 million in excess of expected assessment growth; strengthening the tax base.
Residential Growth Downtown	Since 2004, the population in downtown neighbourhoods increased by 1,718 residents, including 482 urban core residents, mostly in Kaufman Lofts – a project that proceeded as a direct result of EDIF investments.
Investor Confidence	<p>The Communitech Hub alone has seen \$333 million in equity investments as of 2012. The Hub alone accounts for the creation of 620 jobs. It has played a key role in the emergence of 413 new companies as of 2012. It also housed 90 start ups in 2012.</p> <p><i>According to Communitech's 2016 Report, it saw big growth in the Waterloo Region, with more than 380 new startups created, over \$255 million in capital investment, new companies moving to the region, and 2,782 new employees hired.</i></p>

Funding Comparison

The table below provides a comparison of funding value and funding per capita across cities with similar programs to the EDIF.

- At the initial funding of \$10 million, Calgary's EDIF is far below the other cities.
- An increase up to the recommended EDIF total of \$100 million would be \$80 per capita.
- At this funding level, Calgary would have the resources and tools to be able to compete with other cities to attract investment and leverage partnership funding.
- The per capita funding is much higher in Kitchener and Pittsburgh at \$550 and US \$170, respectively.

Jurisdiction	Funding Value	Funding per Capita
Calgary	*A. \$10 M	\$8
Calgary	*Recommended B. \$100 M	\$80
Kitchener	\$110 M	\$550
Pittsburgh	US \$60 M	US \$170

*Funding from Reserves

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Initial Calgary EDIF Funding

Administration, CED and the EDIF Steering Committee acknowledge and recognize Council's foresight in establishing the EDIF and the initial funding allocation of \$10 million. This funding was identified as a new tool for Calgary's bid for Amazon HQ2, which was submitted on 2017 October 19.

The initial \$10 million of EDIF funding has been earmarked as a small component to help support Calgary's Amazon HQ2 bid. However, based on intelligence, the EDIF funding amount was weak compared to other jurisdictions. The request that Council invest in the long-term funding of the EDIF to enhance Calgary's competitive advantage for emerging and strategic economic development opportunities that will benefit the community is intended to enhance the city's position when attracting new businesses and jobs.

Recommended Calgary EDIF Funding Value

Administration, CED and the EDIF Steering Committee recommend that Council increase EDIF funding by allocating an additional \$90 million for a total of \$100 million. At this funding level, Calgary would have more resources and tools to be able to compete with other cities to attract investment and to leverage partnerships and additional private and public funding. Increasing EDIF to a minimum of \$100 million total fund will enable Calgary to compete nationally and internationally to attract economic investment.

- A smaller fund will not be able to compete for larger scale and higher return investment opportunities.
- Insufficient funding has the potential risk of diluting the fund into smaller projects that may have higher risk and lower return on investment potential.
- The EDIF and strategic investments would propel Calgary as a leading tier 2 city in North America that is focused on its economic development strategy through the attraction of larger companies, and the retention and expansion of existing businesses.
- The fund has to have sufficient scale to warrant the desired oversight and governance and to be best able to make a meaningful difference.

Estimated Return on Investment (ROI)

The \$100 million Calgary EDIF is commensurate with the Kitchener EDIF of \$110 million. One measure of potential economic benefit is to use the Kitchener results as a benchmark. A very conservative estimate on the return on investment for Calgary's EDIF includes:

Estimated Return on Investment: Calgary EDIF \$100 Million	
Jobs	3,600
Leveraged Funds	\$238 Million
GDP Value	\$300 Million
Potential Incremental Investment	\$300 Million

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EDIF: A New Tool for Calgary

The EDIF will be a high value tool for The City's economic development team to leverage. CED continues to work hard to retain and attract investment, businesses and jobs to the city. CED currently has over 100 leads and prospects in the business development pipeline. Over the last two years and looking ahead into 2018, CED has a sharp focus on the quality of business development and investment attraction by targeting major companies such as Amazon, Microsoft, Alibaba, Google, Tesla and Infosys.

Recent Examples of How EDIF Could Have Helped in Calgary

Two cases of recent business retention and expansion to Calgary and the region highlight some of the opportunities that could have been leveraged with a tool such as the EDIF. While the EDIF was not utilized for these two examples, this illustrates the type of opportunities where the fund could be used for business retention, job creation, and new investment.

1. Amazon Fulfillment Centre - Calgary Region

- On 2017 October 26, Amazon announced its decision to construct a new fulfillment centre in the Calgary region. The 600,000 square foot centre will be built in Balzac. The new fulfillment centre will support 750 new full-time jobs in the Calgary Region. CED collaborated with the province and regional partners to help attract this significant international business expansion into the Calgary area.
- The Calgary Region is the major transportation and logistics hub and the leading inland port in Western Canada so it is a natural fit for Amazon to locate one of its fulfilment centres here. The ability for companies to efficiently connect regional and global customers is increasingly important to business and the Calgary Region provides significant advantages, from geographic location to top-quality human resources.
- Logistics distribution centres are significant contributors to economic prosperity in the Calgary Region. It is estimated that one new centre contributes approximately \$75 million over a ten-year period to the Calgary Region's GDP in direct, indirect and induced economic impacts.
- EDIF could have helped by providing potential competitive land options within Calgary and/or to help close the gap on land costs to attract Amazon to locate within the city – creating a higher tax base for Calgary.

2. Swoop - Ultra Low Cost Carrier

- In the evaluation of a new headquarter site for their low cost carrier Swoop, WestJet identified various Canadian cities as potential locations.
- In September 2017, Swoop Ultra Low Cost Carrier announced that Calgary will be the location of its headquarters.
- The company has plans to launch in 2018 and is anticipated to support 50 new jobs.
- CED worked with Swoop and the province to secure Calgary as the confirmed headquarter city.
- To assist with the attraction or expansion of aviation and goods movement companies, as well as to ensure that Calgary maintains its attractiveness as a headquarters location, the EDIF could have helped to offset costs and invest in Calgary competitiveness by:

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- Investment contribution to the development or enhancement of an internship program for students currently registered in post-secondary aviation or aerospace programs interested in working with companies like WestJet;
- Implementation of new transit routes or increased transit frequency to the airport to aid in talent retention of staff; and,
- New or modified roads, connectors and lights in and around the airport to enhance the efficient movement of people and cargo.

In reviewing recent business development opportunities, one of the areas in which Calgary is less competitive is the cost of land. The availability and cost of industrial land along with the variety and size of the parcels are influential factors for a company's decision to locate or expand in Calgary. An EDIF investment may assist in a variety of ways in bridging this gap.

Examples of Potential Ideas for Future EDIF Investment in Calgary

Attachment 2 provides five examples of ideas or projects for potential EDIF investment including the following:

1. Post-Secondary Institutions Downtown Campus;
2. Logistics and Distribution Centre – Inland Port Strategy;
3. Autonomous Systems Testing Site;
4. Agri-Zone Development; and,
5. Office to Residential Conversion.

EDIF OVERVIEW

This section provides a summary overview of the EDIF including Goals, Scope, Area of Applicability, Guiding Principles, Criteria, and Intake & Review.

a. Goals

The goals of the Calgary 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 downtown office vacancy reduction; and,
- Increase the property tax assessment base.

b. Scope

Council approved the conceptual scope of the EDIF on 2017 June 19. Administration consulted with Law to confirm out of scope parameters to ensure alignment with the Municipal Government Act (MGA). The following items are out of scope for EDIF:

- **No municipal tax relief (revised to align with the MGA);*
- **No loans (revised to align with the MGA); and,*
- No communications, marketing or public relations.

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CED and the EDIF Steering Committee recommend the in scope list (last item) be revised to *“retention or creation of employment/jobs,” in general.*

Attachment 1 summarizes the updated conceptual scope of the EDIF.

c. Area of Applicability

The EDIF is applicable for eligible projects within Calgary.

d. Guiding Principles

- Strategic and catalytic investments;
- Deal making and deal closing mechanism;
- Calgary must be bold and innovative to compete;
- Fast, agile, responsive and rigorous processes;
- Leverage funding, partnerships and expertise;
- Decisions made based on solid non-political risk/reward and cost/benefit analysis;
- Utilize third-party objective validation;
- Generate significant ROI and material impact;
- Transparency and accountability; and,
- Not business as usual – outside the box thinking and processes.

e. Criteria

Criteria that will evaluate whether a project could qualify for the EDIF include:

- a) Stimulate employment – jobs created;
- b) Generate a return on investment (direct and indirect); and,
- c) Stimulate property tax assessment base.

f. Intake & Review

An essential component to any fund is a strong intake and review body:

- CED will serve as the intake organization for all investment opportunities.
- Potential investment opportunities and proposals will be brought forward through CED.
- The City of Calgary may also bring proposals forward through CED.
- The intake process will be agile and flexible to accommodate emerging investment opportunities to ensure return on investment and material impact.
- The EDIF will not operate like a grant program. It is intended to support innovative and emerging opportunities.
- The potential investment opportunities will be reviewed and validated by CED, relevant City and private sector subject matter experts, and third-party objective assessments where appropriate.

g. Governance & Oversight

Administration, CED and the EDIF Steering Committee are working on the development of a strong and effective governance model and detailed Terms of Reference. Administration and CED will bring the Terms of Reference and governance model to Priorities & Finance Committee in 2018-Q1.

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Stakeholder Engagement, Research and Communication

The City of Calgary is working to address the needs of Calgarians in light of economic changes in the community with a focus on supporting the economy, keeping Calgarians working, and increasing government effectiveness. The City continues to conduct research about the needs and changing priorities of Calgarians, to gauge perceptions of quality of life, the economy, and infrastructure investments. In light of the current economic climate, City research suggests that Calgarians are looking to government for leadership and investment to strengthen and diversify the economy moving forward. A majority of Calgarians believe that The City has an impact on their quality of life and an obligation to support the local economy.

Strategic Alignment

At the Downtown Economic Summit (2017 March 02) participants identified a need for government bodies to create additional funding sources and approaches for innovative projects and ideas. On 2017 March 03, economic uncertainty and macro-economic stress was identified by participants as the top shock and stress at The City's #ResilientYYC Agenda-Setting Workshop as part of its membership in the Rockefeller Foundation's 100 Resilient Cities network. The report and recommendations directly align with Council Priorities for 2015-2018. The EDIF has strong alignment with the 10-Year Economic Strategy for Calgary: Building on our Energy, which speaks to a collaborative effort between business, government and community partners to position Calgary as the location of choice for business and investment, foster trade and develop Calgary's workforce. The EDIF will be aligned with The City's Capital Investment Plan.

Social, Environmental, Economic (External)

Calgary's EDIF offers unique social, environmental and economic benefits. The collective impact of the EDIF is intended to provide for enhanced resilience, a range of economic benefits including local employment creation, gross domestic product, regional gross input, and increased regional income.

Financial Capacity

Current and Future Operating Budget:

Administration recommends the approval of an additional \$90 million for the long-term value of the EDIF. As the proposed funding will be sourced from existing reserves, there will be no impact on the mill rate. The EDIF funding will be held in a designated City account.

Current and Future Capital Budget:

There are no current or future capital budget impacts associated with this report.

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Risk Assessment

From an economic perspective, the EDIF needs sufficient funding to generate material impact and return on investment. The risk will be mitigated by having rigorous business cases, which will be reviewed by CED, Administration and validated by objective third-party experts. From a reputational risk perspective, increasing EDIF funding to a level commensurate with other jurisdictions demonstrates Calgary is open for business and supports economic growth and investment. Lastly, governance mechanisms will be developed to ensure the appropriate oversight and accountability.

REASONS FOR RECOMMENDATIONS:

Calgary's economic recovery and prosperity remains a top priority for businesses and citizens. There is a need and urgency to increase funding and implement the EDIF. Administration, CED and the EDIF Steering Committee, strongly recommend increasing EDIF funding to a minimum of \$100 million total fund to enable Calgary to compete nationally and internationally to attract economic investment. A smaller fund will not be able to compete for larger scale and higher return investment opportunities. Insufficient funding has the additional potential risk of diluting the fund into small projects that have higher risk and lower return on investment.

Administration and CED will bring the governance model and Terms of Reference to Priorities & Finance Committee in 2018-Q1.

ATTACHMENTS

1. Conceptual Scope of the Economic Development Investment Fund
2. Examples of Potential Ideas for Future EDIF Investment in Calgary