

SLOP Amendment Discussion Guide

- Presented for approval as substantively developed by TAF (including Proteus) and City staff
- Highlighting several issues identified
- Please flag any additional matters
- Two additional recommendations for Board consideration



Invested Fund Monies and Mandate Fund Monies

Terminology confusing as TAF uses both our operating funds and investment portfolio to advance our mandate. Recommend “Operating Fund Monies” instead.

Rationale for the distinction?

TAF holds funds that are not endowment funds (eg: \$2M Canada operating funds, FCM loan funds which are invested in retrofits) which are not subject to the SIOP.

Nevertheless, all funds are invested (as per the SIOP) until needed for operating expenses.



Direct Investment Committee (DIC)

Does not currently exist. Three options:

- Establish by Board Resolution and amend the By-law to include a DIC at the same time as approval of the SIOP
- Refer only to the Investment Committee (IC) throughout the SIOP and add a general interpretation clause that 'all reference to the IC will be considered to be a reference to the (new) DIC upon its creation'
- Maintain the DIC as presented and add a general interpretation that 'the duties of the DIC will be fulfilled by the IC until the (new) DIC is created'



Recommend establishing the Direct Investment Committee

Authority: By-Law Section 6.

COMMITTEES 6.1. Constitution

The Board may from time to time appoint standing and ad hoc committees to consider such matters as the Board may determine by resolution and to report its recommendations to the Board.



Proposed Bylaw Amendments

1. delete "Loan Committee" in section 6.2;
2. delete section 6.4 in its entirety;
3. add "Direct Investment Committee" to the list of standing committees in section 6.2; and
4. add the following as new Section 6.4:

The Direct Investment Committee shall be composed of at least four and no more than 8 members, or such other number as the Board may fix by resolution from time to time. Quorum shall be a majority of the number of members.

The Direct Investment Committee shall have the following duties, among others, which were previously fulfilled by the Investment Committee:

- a. considering applications for financing Direct Investments as defined in the Statement of Investment Objectives & Principles including loans, debentures, mortgages, performance contract financing, purchase order financing, options, securities, and loan guarantees, but not including Grants;
- b. recommending investments to the Board along with any terms and conditions that are relevant and may be necessary in keeping with prudent investing;
- c. overseeing that the conditions of investment established by the Board are duly implemented before investments are advanced;
- d. receiving and reviewing information about the performance of investments made by the Corporation;
- e. advising the Board on the performance of investments against relevant benchmarks and their compliance with the investment policy
- f. performing such other functions as the Board may assign to it from time to time.

Canada Endowment Funding Agreement (FA)

FA requires the “Investment Committee” to “oversee all matters relating to the investment management of the” federal funds, ie: no mention of a Direct Investment Committee as was not contemplated at the time

FCM has indicated support for amending the agreement, which can be done by letter signed by the three parties

Public Fixed Income

TAF feels a fixed income security does not need to be publicly traded to be of high investment quality.



SIOP versus Relationship Framework

The RF includes some investment-related elements, including in Section 6.3.2 (i) and (iii). Ultimately, for clarity, all investment-related requirements should be in the SIOP.



Clarity and Consistency

Definitions - either full definition in Section 1 or reference to the relevant subsection of Section 7

Remove SIOP development (iv) and investor influence (vii) from Direct Investment Committee role

S.7.5 "any relevant and applicable respects of City Council's investment and governance policies" is vague and probably unnecessary given previous sections and RF

Overall editing for clarity and consistency once other matters finalized

