



## STAFF REPORT ACTION REQUIRED

### Update on the Creation of a Foreign Direct Investment Regional Agency

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| <b>Date:</b>             | June 20, 2016  |
| <b>To:</b>               | Executive Committee  |
| <b>From:</b>             | Deputy City Manager & Chief Financial Officer<br>General Manager, Economic Development and Culture |
| <b>Wards:</b>            | All  |
| <b>Reference Number:</b> | AFS: 22409   |

#### SUMMARY

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Since the last update report considered by City Council at its September 30, 2015 meeting, significant progress has been made towards transitioning from the interim non-profit “Newco” to a new, permanent, GTA Regional Foreign Direct Investment (FDI) attraction agency to be named “Toronto Global”. This report provides a high level overview of activities to date and recommends the following:

- That the City of Toronto become a funding party of Toronto Global, together with the Municipalities of Brampton, Mississauga and Caledon; the Regions of Durham, York and Halton; the Provincial and Federal Governments; and that the General Manager of Economic Development and Culture be authorized to negotiate and sign a Funding Agreement subject to approval by the, City Manager, City Solicitor and the Deputy City Manager and Chief Financial Officer consistent with terms set out in this Report.
- That Invest Toronto be closed after an orderly transition to Toronto Global and Invest Toronto's Board be requested to report to the shareholder on the full detail of the transition process and to work with the General Manager of Economic Development and Culture to negotiate a financial resolution with Toronto Global of all the transition matters described in this Report.
- Invest Toronto's Board of Directors be requested, following such consultation with City staff as necessary, to submit for shareholder approval a proposal for the winding up of the business and affairs, distribution of the assets and dissolution of Invest Toronto.
- That Toronto Port Lands Company (TPLC) be directed to continue to provide a grant to Invest Toronto at the current rate (annual amount of \$2.7 million) until Invest Toronto stops operating as an FDI agency at which time TPLC pay any portion of the budgeted

Grant not required by Invest Toronto in 2016 to the City for the purposes of funding the City's first year obligation to Toronto Global. Thereafter, the funding source for Toronto Global is to be determined through the 2017 budget process.

Efforts to establish Toronto Global have involved the Cities of Toronto, Mississauga, Brampton and Caledon; the Regions of Halton, York and Durham; the Province of Ontario and the Government of Canada. The Province provided \$730,000 in seed funding for start-up costs and to help build consensus on Toronto Global's strategic priorities and operational model. The interim CEO has convened and chaired regular meetings of a working group comprised of Economic Development Officers (EDO) from the funding municipalities to advance these activities. The Province has committed \$2.5 million per year for three years. The Federal government is currently seriously considering a funding commitment of \$2.5 million per year for three years.

Based on past experience and background research undertaken in the lead-up to Toronto Global, it is anticipated that the City will realize an increased number of FDI leads arising from a more resourced and better co-ordinated regional FDI attraction agency.

## **RECOMMENDATIONS**

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### **The Deputy City Manager & Chief Financial Officer and the General Manager of Economic Development and Culture recommend that:**

1. City Council approve the City of Toronto's participation in Toronto Global for an initial three year period, ending March 31, 2019 subject to the negotiation and execution of a three year funding agreement with Toronto Global and the Municipalities of Brampton, Mississauga and Caledon; the Regions of Durham, York and Halton, (the "Funding Agreement") in a form satisfactory to the City Manager, City Solicitor and Deputy City Manager and Chief Financial Officer and further subject to the following:
  - a. The City's annual contribution amount for each year being \$890,412 with adjustments in the first year for transition aspects described in this report, such adjustments and written undertaking to be agreed by the Board of Invest Toronto, the City Manager, City Solicitor and the Deputy City Manager and Chief Financial Officer;
  - b. The Province of Ontario and the Government of Canada committing to enter into funding agreements with Toronto Global in the amount of \$2.5 million per year for at least three years; and
  - c. The Funding Agreement is to include a detailed business plan to the satisfaction of the General Manager Economic Development and Culture with vision, mission, governance, organization structure, services, sales strategies, marketing and branding directions, specific performance metrics detailing the targeted deliverables and co-ordination protocols.

2. City Council direct that the business and affairs of Invest Toronto be wound up after an orderly transition to Toronto Global and request that the Board of Directors of Invest Toronto, following such consultation with City staff as necessary:
  - a. report to the shareholder on the full details of the transition process; and
  - b. submit for shareholder approval a proposal for the winding up of the business and affairs and distribution of the assets of the corporation.
3. City Council direct Toronto Port Lands Company (TPLC) to continue to provide grants to Invest Toronto at the rate of \$2.7 million per annum until Invest Toronto ceases operations and to pay any portion of this amount not required by Invest Toronto in 2016 to the City for the purposes of funding the City's first year obligation to Toronto Global. City Council further direct the Deputy City Manager and Chief Financial Officer to determine through the 2017 Budget process the appropriate source of funding for subsequent years.
4. The General Manager Economic Development and Culture be authorized to negotiate and execute the Funding Agreement with Toronto Global in accordance with the above recommendations.

## **Financial Impact**

Currently, Invest Toronto's operating costs are about \$2.7 million of which the City-owned Corporation, Toronto Port Lands Company (TPLC), provides almost all the funding through a grant. This funding arrangement was established when Invest Toronto was formed in 2009. Once the transition to Toronto Global is complete, these grant amounts will not be needed for Invest Toronto.

If the City of Toronto enters into the Funding Agreement with Toronto Global, the City will be required to contribute \$890,412 annually, for the initial three year term of the agreement, based on a per capita funding model and tied to the Province's fiscal year (April 1 to March 31).

The funding source for the City's first year contribution to Toronto Global is recommended to be TPLC. This report recommends that the Deputy City Manager & Chief Financial Officer determine through the 2017 Budget process the appropriate source for the City's funding commitments to Toronto Global in 2017 and 2018.

In 2016, there are a number of transitional aspects related to Toronto Global's start-up and related impacts to Invest Toronto:

- The staffing of Toronto Global is to be determined. The Greater Toronto Marketing Alliance (GTMA) has essentially closed operations and its staff are now housed alongside Invest Toronto staff in Invest Toronto's offices.
- The lease for Invest Toronto's offices including recent leasehold improvements to accommodate Toronto Global.
- Invest Toronto operational commitments (computer and office equipment services, etc.)
- Invest Toronto financial (cash) and tangible (furniture and equipment) assets
- There will be some wind-up costs for Invest Toronto (auditing, etc)

- Invest Toronto has a shared services agreement with Toronto Port Lands Company for accounting, payroll and other back office functions. Toronto Global is currently negotiating with TPLC to do the same thing.
- Toronto Global has expressed interest in assuming or acquiring significant aspects of Invest Toronto's operations.

This report recommends that the Board of Invest Toronto report to the shareholder on the transition process and submit for approval a proposal for the winding up of the business and affairs and distribution of assets of Invest Toronto.

Given the complexities of the above matters and their resolution, the final financial outcome is not yet known. Subsequent reports will include financial outcomes within stated parameters and will seek required Council authority to support this process.

## DECISION HISTORY

On October 29, 2008, City Council authorized the establishment and incorporation of Invest Toronto pursuant to section 148 of the *City of Toronto Act, 2006* and Ontario Regulation 609/06, the City Services Corporation Regulation and the *Business Corporations Act* (Ontario), in order to engage the private sector in marketing and promotion activities to increase business investment and create desirable jobs in Toronto.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2008.EX24.1>

At its meeting of February 20, 2013, City Council adopted the report “*Collaborating for Competitiveness – A Strategic Plan for Accelerating Economic Growth and Job Creation in Toronto.*” The report contained actions that are intended to strengthen and grow Toronto’s high-value sectors particularly those with high economic multipliers; and strengthen support for retaining and expanding manufacturing within the City. City Council adopted the following action included in the report “Collaborating for Competitiveness”:

- C.2.1: Foster effective foreign direct investment attraction (business and capital) through a better co-ordinated sales and marketing approach.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.ED19.4>

At its meeting of February 10, 2015, City Council provided the following direction to staff:

1. City Council request the City Manager to report as soon as possible on the options for the City of Toronto with regard to its participation in a large foreign direct investment (FDI) agency for the Greater Toronto Area, including impacts on Invest Toronto and the City’s Economic Development and Culture Division.
2. City Council authorize the City Manager to undertake and report back on discussions with federal, provincial, regional and municipal officials, as required, regarding proposals for a large regional foreign direct investment (FDI) agency, including:
  - a. possible mandate, structure, governance and budget;
  - b. alternative organizational approaches;
  - c. implementation issues and the best ways to overcome these issues; and

d. key success factors from the City of Toronto's perspective

<http://www.toronto.ca/legdocs/mmis/2015/ed/bgrd/backgroundfile-74611.pdf>

At its meeting of June 10, 2015, City Council provided the following direction to staff:

- City Council request the City Manager, in consultation with the General Manager, Economic Development and Culture, to report through the Economic Development Committee by June 2015 on the recommended approach for the city's efforts to promote Toronto as an investment destination. Such a report to address:
  - a. The advantages and disadvantages of a regional economic development agency including any impacts on the operations of the city and/or its economic development corporations, specifically Invest Toronto, Build Toronto, and Toronto Port Lands Company; and
  - b. The recommended levels of city funding for foreign direct investment promotion and attraction activities, giving consideration to the opportunity for cost savings and operational efficiencies through integration of Invest Toronto's activities into a regional investment promotional agency and/or the Economic Development and Culture Division.

<http://app.toronto.ca/tmmis/viewagendaitemhistory.do?item=2015.au2.3>

At its meeting of September 30, 2015 City Council endorsed in principle the creation of a new GTA Regional FDI attraction agency which would include functions carried out by Invest Toronto, subject to a further report to Council on the specifics of the proposed organization, including its governance, funding formula and core operating elements such as strategy and positioning and subject to the City's financial contribution being approved in the 2016 budget process. Council also directed staff to undertake the following:

- direct the Deputy City Manager and Chief Financial Officer to work with the General Manager, Economic Development and Culture, to review funding options for the City's contribution to a new regional agency and to recommend to Council how best to realign funding support for the impacted economic development functions.
- direct the City Manager, in consultation with the General Manager, Economic Development and Culture, to report to City Council through the Executive Committee on the implementation impacts for Invest Toronto and with recommendations on how best to transition to a new regional agency.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.ED6.2>

## ISSUE BACKGROUND

There is consensus among economists that Foreign Direct Investment (FDI) attraction has net economic benefits. Additional benefits to a region through FDI attraction are: higher paying jobs, increased productivity, and the introduction of new technologies and knowledge. According to the Conference Board of Canada report *The Role of Major Canadian Cities in Attracting Foreign Direct Investment*, people employed by foreign owned multinational organizations "tend to be more productive than workers in domestic firms meaning they usually earn higher wages".

Historically, Ontario, and more specifically the Toronto region, have performed well in attracting FDI. According to the *FDI Report 2015* produced by FDI Intelligence, Ontario ranked first among North American jurisdictions for attracting FDI in 2014. The reasons for the Toronto region being attractive for FDI include: stable governments, a highly skilled labour force, excellent education facilities and great quality of life.

Currently, however, the Toronto region is underperforming in comparison to other North American regions. This underperformance is primarily due to the lack of funding invested in FDI attraction, as well as the number of organizations involved in similar work that are diluting the Toronto sell. A report commissioned by the Greater Toronto Marketing Alliance (GTMA) prepared by PriceWaterhouseCoopers (PwC) in 2013 entitled *Roadmap to Revitalization*, indicates that there are some concerning trends within the Toronto region regarding FDI attraction. When compared to global competitors in number of FDI projects attracted annually, the GTA ranks in the middle of the pack. The PwC report also states that as a whole Canada's share of total FDI projects has been declining over the past 35 years. In the 1970s Canada ranked third in terms of share of global FDI projects. In 2011 Canada ranked twelfth.

A new regional model for a collaborative approach in attracting FDI to the GTA is now underway. Attracting FDI to any part of the GTA is important to maintaining and growing the regional economy. The goal of the ongoing efforts to establish Toronto Global is to foster job growth by attracting global business investment to the GTA.

## COMMENTS

The following is an update of the activities currently being undertaken in the process of transitioning to Toronto Global. Work is led by Toronto Global's interim CEO, but has been supported by staff from the region's municipalities including the Economic Development and Culture Division and Legal staff from the City of Toronto. Invest Toronto is also playing a critical role in the establishment of Toronto Global.

Toronto Global is being led by an interim Board of Directors comprised of Mayors of the cities of Toronto, Mississauga and Pickering, the Chair of York Region, Toronto Global's interim CEO and two private sector individuals. The Province provided \$730,000 in seed funding for start-up activities and to help build consensus across the region on Toronto Global's strategic priorities and operational model. The interim CEO has convened and chaired regular meetings of a working group comprised of Economic Development Officers (EDO) from the funding municipalities to advance these activities.

A draft Funding Agreement has been developed as well as a draft corporate by-law for the conduct of affairs of Toronto Global. Draft terms of references for an EDO Management Council and a Nominating Committee have also been developed along with a draft Board of Directors Selection Protocol.

Outlined below is a discussion of the strategic focus and action plans for Toronto Global. These plans form the basis for defining the roles of the agency vis-à-vis other stakeholders and

governments, creating an appropriate funding structure, adopting an open and transparent governance model, dealing with the impact on Invest Toronto and, finally, complementing the agency's work by enhancing the City of Toronto's own international economic development activities (partner cities, in-bound missions, locally-based export support, etc.), each of which are outlined in the sections below.

## Strategic Focus and Action Plans

### *Main Areas of Focus and Core Principles*

The Economic Development Officers (EDO) Management Council (also known as the EDO Working Group (more information about this group is outlined below in the section "Governance Model"), has been meeting regularly to develop and discuss the operation of Toronto Global. The group is composed of senior economic development staff from the Cities of Toronto, Mississauga, Brampton and Caledon; the Regions of Halton, York and Durham; Provincial government representatives, Invest Toronto interim CEO and Toronto Global's interim CEO.

Members of the EDO Working Group believe that Toronto Global can best add value in the following areas: research and analysis that will support client servicing and target high quality investment prospects; global sales capacity, incorporating excellent client servicing through to deal closing; and marketing capabilities to support client-driven and client-centred activities. Through the various meetings with EDOs representing Toronto Global's funding parties, consensus has been reached on the following core principles:

1. Toronto Global's focus and accountability, as an arm's length regional agency, will be for the promotion and the attraction of FDI to the entire Toronto region.
2. A regional approach creates a whole that is more powerful than the simple sum of the individual jurisdictions.
3. Foreign investment in any part of the Toronto region will have economic impacts throughout the region.
4. Toronto Global will develop a new brand to engage foreign investors that reflects the Toronto region as a whole.
5. Cooperation, collaboration and transparency will be the values that underpin the relationship between Toronto Global and the municipalities and that will build trusted two-way interaction and communication.
6. With critical inputs provided by municipal partners, Toronto Global will aggregate and build a comprehensive, consistent, accurate, "investment-ready" database of the assets, attributes and characteristics of the Toronto region.
7. Municipalities will serve Toronto Global's and their own interests by ensuring that Toronto Global and its staff are fully apprised of their communities' attributes that will interest foreign investors.

### *Operating Priorities and Goals*

The following priorities and goals have been identified:

1. Attracting new foreign investment to the Toronto region is Toronto Global's overriding mandate. This means that Toronto Global must focus almost exclusively on those activities that will generate investments to the region.

2. Toronto Global's client centred and driven approach requires a seamless transition that will ensure Toronto Global is "investment ready" from the earliest days.
3. A robust research capability is fundamental to ensuring that Toronto Global can respond promptly, professionally, and fully to enquiries and leads, and is also a prerequisite to:
  - a. informed decisions about the critically important sector and foreign market priorities that will lie at the heart of Toronto Global's strategy and action plan;
  - b. the creation of targeted strategic investment attraction initiatives; and
  - c. the development of compelling value propositions and business cases for investment in the GTA.
4. Toronto Global is well placed to add value by supporting investment retention and expansion initiatives by foreign-affiliated firms in the GTA, by drawing on its international reach and networks to respond to individual situations that will be identified principally by its municipal partners, and by developing over time a more systematic approach in partnership with Federal and Provincial partners.

#### *Developing a New Regional Brand*

A recognized brand consultant was engaged to undertake a new branding exercise with various stakeholders. The interim Board of Directors have approved a branding program for the new agency. The name Toronto Global provides the new organization with the ability to promote the internationally recognized "Toronto" brand as well as promoting the assets that are attractive to international business investors from across the Greater Toronto Area. Collaborative regionalism will be at the centre of the hiring, evaluation and training of Toronto Global staff, as well as through various marketing channels that will be used to promote the GTA to the international investor audience.

#### *Performance Metrics*

A key City consideration is that Toronto Global seeks to reflect best practices in corporate governance, transparency and accountability. Performance measures based on activities, investment results and economic impacts are being developed. Corporate-based performance measures are also being developed to assess management's success in the evolution of the organization; building the organization's capacity; and developing new partnerships. The performance measures will be defined to ensure consistency throughout the organization in how measures are gathered.

#### Toronto Global Governance Model

Toronto Global will be incorporated as a Federal Not For Profit Corporation under the Canada *Not For Profit Corporations Act* and will provide regional foreign direct investment services to the Funding Parties in accordance with the Funding Agreement to be signed by the Municipal Funding Parties.

A draft Funding Agreement is under review by the funding municipalities. The draft Funding Agreement provides that in consideration of the funding contributions made by each of the Municipal Funding Parties, the Corporation will be responsible for marketing the Toronto Region for the purpose of attracting foreign investors to choose the Toronto Region for investment and that the Corporation will have carriage of all aspects of investment attraction, including but not limited to strategy development, research, in-market lead generation, marketing

and client-servicing in connection with attracting foreign investors to choose the Toronto Region for investment.

The Funding Agreement will also provide for the establishment of a Mayors and Chairs Strategy Council comprised of the Mayors and Chairs of each Municipal Funding Party, and a representative of the Province of Ontario. The Mayors' and Chairs' Strategy Council will meet regularly and will have authority to approve certain matters including the strategic plan for the Corporation, the annual business plan, including operating budget, market and sector priorities as well as corporate targets and objectives for the Corporation; the designation of new Municipal Funding Parties to the Agreement; and any amendments to the funding allocation formula and funding commitments.

Amendments to the funding allocation formula will also require the approval of each Municipal Funding Party's Municipal Council. In addition, the Funding Agreements will also provide for the establishment of a Nominating Committee and Economic Development Officers ("EDO") Management Council

The initial term of the Funding Agreement will be three years and will provide for funding from municipalities in the aggregate amount of \$2,000,000 per year, with funding shares allocated on a per capita basis as set out in the Funding Framework section below.

It is anticipated that the expected federal and provincial funding levels and their participation in the new organization will be articulated in separate agreements signed directly with Toronto Global. The Province has agreed and the federal government is seriously considering the request.

#### *Board of Directors*

The operations of Toronto Global will be overseen by a minimum of 10 and a maximum 12 member private sector Board of Directors, composed of representatives from businesses and other organizations from across the GTA, to be selected in accordance with the Board of Directors Selection Protocol that will form part of the Funding Agreement. The municipal funding parties, through the Nominating Committee will recommend candidates for election as Directors. Approval by any of the municipal funding party's Councils is not required for the appointment of Directors. A minimum of 2 Directors must reside in the City of Toronto. The Board of Directors will be responsible for the on-going operations of the corporation and will recommend a strategic plan along with annual business plans and budgets for approval by the Mayors and Chairs Strategy Council.

#### *Nominating Committee*

The Nominating Committee will consist of one representative from each of the municipal funding parties and will have authority to recommend candidates to be appointed to the Board of Directors in accordance with the Board of Directors Selection Protocol.

#### *Economic Development Officers (EDO) Working Group*

The EDO Working Group has been meeting regularly to develop and discuss the operation of Toronto Global. The group is made up of senior economic development staff from the funding

municipalities; Provincial government representatives and Toronto Global's interim CEO. The EDO Working Group, assisted by expert consultants, have been examining various issues including:

- Toronto Global's operating model to ensure its objectives will be met;
- How regional and local assets will be maximized by Toronto Global in marketing the GTA;
- How GTA funding municipalities will contribute to Toronto Global's annual and long term strategic priorities;
- Name, visual identity and tagline of Toronto Global; and
- Putting in place the transitional arrangements to ensure an orderly, seamless and effective start-up of Toronto Global.

In the future, the EDO Working Group will continue to meet regularly and will provide advice to both the Toronto Global management staff and the Mayors and Chairs Strategy Council. According to the group's terms of reference, the EDO Management Council will be a forum for:

- Dialogue between the Toronto Global and member municipalities on economic development priorities, objectives and concerns that may be reflected in its strategic and business plans;
- Providing regular reports on the progress of Toronto Global's business plan and other activities; and
- Discussion on operational cooperation between Toronto Global and members municipalities designed to further Toronto Global's success towards achieving its mandate.

### Funding Framework

The 2013 PwC study provided a sample per capita funding model that indicated that the total annual funding required to operate a regional foreign direct investment agency would be \$7.5 million with \$5 million of the total funds to be provided by the Federal and Provincial governments. The municipal funders would contribute \$2 million annually and an additional \$500,000 would come from the Private sector. The PwC sample funding model suggests that the individual municipal funding contribution be based on a per capita basis. The following table outlines the proposed funding shares by the funding partners of Toronto Global

| Funding Party                                 | Budget Annual Core Funding Request | Funding Request Percentage Breakdown |
|---|------------------------------------|--------------------------------------|
| Government of Canada                          | \$2,500,000                        | 33%                                  |
| Province of Ontario                           | \$2,500,000                        | 33%                                  |
| City of Toronto                               | \$890,412                          | 27%                                  |
| York Region (on behalf of 9 municipalities)   | \$329,389                          |                                      |
| Halton Region (on behalf of 4 municipalities) | \$160,039                          |                                      |
| Durham Region (on behalf of 8 municipalities) | \$206,397                          |                                      |
| Peel Region                                   |                                    |                                      |
| City of Mississauga                           | \$227,598                          |                                      |
| City of Brampton                              | \$167,135                          |                                      |
| City of Caledon                               | \$19,030                           |                                      |
| Private sector corporations and academia      | \$500,000                          | 7%                                   |
| <b>Total</b>                                  | <b>\$7,500,000</b>                 | <b>100%</b>                          |

### Impact on Invest Toronto

The City of Toronto is sole shareholder of Invest Toronto, which was established as a City Services Corporation, by City Council in order to engage the private sector in marketing and promotion activities to increase business investment and create desirable jobs in Toronto. As requested by Council, the City Manager in consultation with the General Manager of Economic Development and Culture, has begun to evaluate the implementation impacts of Toronto Global to Invest Toronto and how best to facilitate the transition to this new regional agency.

Incorporated under the *Business Corporations Act* (Ontario) on November 13, 2008, Invest Toronto has an independent Board of Directors who are responsible for overseeing the corporation's management and business affairs. Accountability is established through the City's Shareholder Direction which sets out the governance principles for Invest Toronto, specific roles and responsibilities of the corporation and the Board as well as the accountability and relationship between the Board of Directors and the City.

Invest Toronto's capital and operating expenditures are supported almost entirely by an annual grant from the Toronto Port Lands Company (TPLC) in which the City is the sole shareholder. A small amount of funding is also provided by the federal government. As directed by Council, TPLC had supported Invest Toronto for the first five years of operations (2009-2014) and renewed the grant agreement for two subsequent periods of one year each. The grant agreement was terminated in early 2016 in anticipation of transition to new regional agency and grants are now provided under short term agreements on a quarterly basis within the total approved annual budget of \$2.7 million. Invest Toronto also has an agreement with TPLC to share certain administrative, accounting and other corporate services on a cost allocation basis. Toronto Global is negotiating with TPLC to continue this arrangement.

As per the obligations set out in the *Business Corporations Act* (Ontario) and the Shareholder Direction, Invest Toronto and its Board continue to assess the implementation impacts of Toronto Global to the corporation. This work includes working with TPLC to secure ongoing funding on a quarterly basis, transitional business planning, further due diligence work to

understand asset inventories, long-term obligations and liabilities, and a proactive and continued commitment to supporting the launch of Toronto Global at both the staff and Board levels. For example, Invest Toronto is bringing its best practices and insights to the new agency while maintaining client support to ensure seamless transition for potential investors. Relationships built by Invest Toronto over the last six years will continue to be nurtured to promote the business attributes of the entire region.

Ultimately, the impact on Invest Toronto will depend on Toronto Global's operating decisions which will be based upon the available financial resources (which in turn depend on securing funding agreements with municipalities, the Province and the Federal Government). Negotiations between Invest Toronto and Toronto Global are ongoing with the ultimate authority for transition related impacts, for example on potential transfers of assets or liabilities, resting with Invest Toronto's Board of Directors. Toronto Global has expressed interest in assuming or acquiring significant aspects of Invest Toronto's operations.

Invest Toronto and City staff continue to work together to support these negotiations, including understanding all the human resource implications of joining Toronto Global As set out in the September 2015 report to Council on a Regional Foreign Direct Investment Agency, a key City interest is an assurance from Toronto Global that existing staff from Invest Toronto and the GTMA will have every opportunity to join the new organization.

Given ongoing work at Invest Toronto (staff and Board levels) and the uncertainty about when Toronto Global will formally launch operations it is recommended that City Council, as shareholder, direct the Invest Toronto Board of Directors to develop a plan for transition.

City staff led by the City Manager in consultation with the General Manager of Economic Development and Culture will continue to support this work, with a further report to be submitted to Executive Committee and Council once a recommended approach has been finalized the report on transition and a proposal for wind up has been submitted by the Invest Toronto Board of Directors. As shareholder, the City via City Council has ultimate authority to approve any changes to Invest Toronto including any amendment or repeal of the articles of incorporation, or proceedings for any winding up, arrangement, reorganization or dissolution.

#### Ensuring the City of Toronto's Ongoing International Activities are Supportive of and in Harmony with, Toronto Global

The City of Toronto will need to continue a number of internationally-oriented activities such as the partner city program and similar relationships, in-bound missions and locally based support for export. These will be done in a way to ensure maximum leverage with the activities of Toronto Global.

Some activities currently carried out by Invest Toronto will not be assumed by Toronto Global such as Toronto-specific collateral and travel expenses that are not redundant or in conflict with Toronto Global's activities, estimated to be about \$100,000 annually. A request to increase capacity of EDC to undertake Invest Toronto functions that will not be assumed by Toronto Global will be developed for Council's consideration as part of the 2017 budget process.

## **CONCLUSION**

Attracting FDI to any part of the GTA is important to maintaining and growing the regional economy. Toronto Global's primary objective will be to increase the GTA's share of global FDI leading to increased jobs and investment across the Toronto region. For Toronto Global to succeed it cannot be just a larger version of existing FDI attraction agencies scattered across the GTA. Toronto Global must become a new enterprise with increased capacities with a more aggressive mandate and support from all orders of government. The appropriate strategic focus and action plans, defined and clear roles of the agency vis-à-vis other stakeholders and governments, an appropriate funding structure, an open and transparent governance model, will all ensure that Toronto Global – and the agency it will mature into – will be a success for the entire region.

## **CONTACT**

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## **SIGNATURE**

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