

**Appendix C
Revised Shareholder Direction – Toronto Port Lands Company**

CITY OF TORONTO

**AMENDED AND RESTATED
SHAREHOLDER DIRECTION**

**CITY OF TORONTO ECONOMIC DEVELOPMENT CORPORATION
Carrying on business under the name and style of
Toronto Port Lands Company.**

Effective January 1, 2018

TABLE OF CONTENTS

CONTENTS

ARTICLE 1 - INTERPRETATION	4
1.1 Definitions.....	4
1.2 Calculation of Time.....	6
1.3 Authority of Applicable Law.....	6
ARTICLE 2 - OBJECTIVES AND PRINCIPLES	7
2.1 Purpose of this Shareholder Direction	7
2.2 City Objectives.....	7
2.3 Mandate of TEDCO	7
2.4 Donations.....	8
2.5 Operating Principles	8
2.6 Confidentiality	10
ARTICLE 3 - RELATIONSHIP TO THE CITY	10
3.1 Not an Agent of City.....	10
3.2 Relationship to Toronto Realty Agency.....	10
3.3 Waterfront Issues.....	11
3.4 Intergovernmental Relations.....	11
3.5 No TEDCO Employees.....	11
ARTICLE 4 - BOARD OF DIRECTORS	11
4.1 Board Responsibilities	11
4.2 Composition of the Board	12
4.3 Term	12
4.4 Contact Information	12
4.5 Vacancies	13
4.6 Conflict of Interest.....	13
4.7 Remuneration	13
4.8 Meetings	14
ARTICLE 5 - SHAREHOLDER MATTERS	14
5.1 Decisions of the City	14
5.2 Governance Liaison.....	15
5.3 Financial Liaison	15
5.4 Matters Requiring Shareholder Approval under the OBCA.....	15
5.5 Other Matters Requiring City Approval	16
ARTICLE 6 - REPORTING	16
6.1 Business Plan.....	16
6.2 Quarterly Reports	17
6.3 Access to Records.....	17
6.4 Audit	17
6.5 Accounting.....	18
6.6 Annual Report.....	18
6.8 Annual Update for City Council.....	18
ARTICLE 7 - FINANCIAL PERFORMANCE	18
7.1 Debt Financing.....	18

7.2 Dividend Policy 18
ARTICLE 8 - GENERAL..... 19
8.1 Interpretation..... 19
8.2 Amendments..... 19

SHAREHOLDER DIRECTION TO TEDCO

WHEREAS

- A. City of Toronto Economic Development Corporation was incorporated on March 24, 1986 under the *Business Corporations Act* (Ontario) pursuant to s. 9 of the *City of Toronto Act, 1985*;
- B. The City of Toronto is the owner of all of the issued shares of the City of Toronto Economic Development Corporation;
- C. In very general terms the City of Toronto Economic Development Corporation. is to support the Toronto Realty Agency to implement the City's real estate strategy, develop City buildings and lands for municipal purposes and deliver client-focused real estate solutions to City Divisions, Agencies and Corporations; as well as supporting the efforts of the City and Waterfront Toronto in the revitalization of the central waterfront area;
- D. The City of Toronto, as the sole shareholder of the City of Toronto Economic Development Corporation., wishes to set out its expectations, establish certain operating principles, set out certain requirements to be met by City of Toronto Economic Development Corporation., and inform the residents of Toronto of the City's fundamental principles and accountability mechanisms regarding the City of Toronto Economic Development Corporation.

NOW THEREFORE THIS DIRECTION WITNESSES:

ARTICLE 1 - INTERPRETATION

1.1 Definitions

In this Shareholder Direction, the following terms will have the meanings set out below:

"ABCs" means all City agencies, boards, and commissions;

"Annual Report" means TEDCO's annual report to its shareholder, the City, as more particularly described in section 6.7 of this Agreement;

"Applicable Law" means any statute, regulation, code, regulatory policy or order of any Governmental Authority, including all applicable by-laws;

"Auditor" means the external attest auditor of City of Toronto Economic Development Corporation;

"Auditor General" means the City's Auditor General or their designate or any person acting in that capacity;

“Authorized City Signatory” means the individual or individuals who are authorized to sign a certified minute of Council, or who are otherwise authorized by Council to sign written approvals or decisions relating to City of Toronto Economic Development Corporation on behalf of the City;

“Board” means the board of directors of City of Toronto Economic Development Corporation;

“Business Day” means a day other than a Saturday, a Sunday, Remembrance Day, or any day that is a statutory holiday in Ontario;

“Business Plan” means a City Council approved rolling five year business plan and budget for the Toronto Realty Agency;

“CEO” means the Chief Executive Officer of the Toronto Realty Agency who shall be the ex officio Chief Executive Officer of TEDCO;

“Chair” means the chair of the Board of Directors of the Toronto Realty Agency who shall be the ex officio chair of the Board of TEDCO or any director acting in that capacity;

“City” means the City of Toronto;

“City CFO” means the Chief Financial Officer of the City or the person acting in that capacity or their designate;

“City Manager” means the City’s City Manager or the person acting in that capacity or their designate;

“City Solicitor” means the City’s City Solicitor or the person acting in that capacity or their designate;

“City Staff” means a member or members of the Toronto Public Service;

“Corporate Governance Committee” means the Corporate Governance Committee of the Toronto Realty Agency;

“Council” means the Council of the City;

“DCM” means the City’s Deputy City Manager, Internal Corporate Services or the person acting in that capacity or their designate;

“Financial Statements” means, for any particular period, audited or unaudited, comprehensive financial statements of TEDCO consisting of not less than a balance sheet, a statement of income and retained earnings, a statement of

changes in financial position, a report or opinion of the Auditor (in the case of audited financial statements), and such other statements, reports, notes and information as are required in accordance with any Applicable Law, all prepared in accordance with generally accepted accounting principles consistently applied;

“Governmental Authority” means a federal, provincial, or municipal government, or any entity, person, court or other body or organization exercising one or more executive, legislative, judicial or regulatory functions;

“Land” means land and the buildings and fixtures thereon;

“Memorandum of Understanding” means the Memorandum of Understanding Revitalization of City and TEDCO Owned Lands in the Port Lands and East Bayfront dated March 31, 2006 among the City, TEDCO and Waterfront Toronto;

“OBCA” means the *Business Corporations Act* (Ontario), as such statute may be amended or re-enacted from time to time;

“Person” means an individual, a corporation, a body corporate or a Governmental Authority;

“Senior Executive” means the CEO and the employee or employees that report directly to the CEO

TEDCO” means City of Toronto Economic Development Corporation;

“Toronto Realty Agency” means the City board established by City of Toronto By-law 596-2017.

“Waterfront Toronto” means Toronto Waterfront Revitalization Corporation.

1.2 Calculation of Time

In this Shareholder Direction, a period of days will be deemed to begin on the first day after the event that began the period and to end at 5:00 p.m. (Toronto time) on the last day of the period. If, however, the last day of the period does not fall on a Business Day, the period will terminate at 5:00 p.m. (Toronto time) on the next Business Day.

1.3 Authority of Applicable Law

In the event of any conflict between any approval, direction or requirement of TEDCO under this Shareholder Direction and any Applicable Law, the Applicable Law shall govern. TEDCO may seek an order from any Governmental Authority for any matter only in accordance with Article 5 of this Shareholder Direction.

ARTICLE 2 - OBJECTIVES AND PRINCIPLES

2.1 *Purpose of this Shareholder Direction*

This Shareholder Direction:

- (a) sets out for the Board the City's expectations of and objectives for TEDCO and TEDCO's mandate, scope of responsibility, and reporting requirements;
- (b) sets out the relationship between TEDCO and the City; and
- (c) constitutes, where applicable, a declaration by the City, as the sole shareholder of TEDCO, pursuant to subsection 108(3) of the OBCA.

2.2 *City Objectives*

- (a) TEDCO will play an integral role in supporting the Toronto Realty Agency and Waterfront Toronto to achieve the City's objectives in the Port Lands and East Bay Front; TEDCO will generate a reasonable net financial return to the City. Financial return may include, but not be limited to, increased assessments on developed properties, reasonable revenues generated from development activities, proceeds of sale or lease of certain properties, and other benefits and dividends.

2.3 *Mandate of TEDCO*

TEDCO shall:

- (a) Prudently manage all of TEDCO's lands, leases, other interests in lands, and other assets on and subject to the provisions of this Shareholder Direction;
- (b) Without limiting TEDCO's activities in paragraph (a), prudently manage environmental conditions on all of its lands and comply with any reporting and all agreements, commitments, memoranda of understanding and obligations with or to the Ministry of the Environment and comply with all environmental laws, directions, orders and mandatory requirements relating thereto;
- (c) Manage and dispose of TEDCO-owned lands in accordance with Council directions; TEDCO acknowledges that Council has authorized the Deputy City Manager responsible for waterfront revitalization to review and determine the appropriate disposition of all TEDCO's lands within the waterfront planning area, with a view to expediting renewal of this large area, ensuring effective management of those lands that are likely to

remain in industrial use, and ensuring that the use of other lands is optimized while awaiting renewal by Waterfront Toronto;

- (d) Issue shareholder directions to TEDCO's Subsidiaries to prudently manage the lands and projects owned by those subsidiaries; and
- (e) Make grants or loans to any person for the carrying on of promotional activities in relation to the establishment and carrying on of industries and industrial operations and uses incidental thereto if it determines that it would be prudent and effective to do so.

2.4 Donations

- (a) TEDCO shall not make donations or similar contributions to any charity or charitable organization, or to any political campaign.
 - (b) Nothing in this section prohibits TEDCO from paying membership fees to join organizations that are relevant to TEDCO's activities or from engaging in sponsorship activities that promote TEDCO or its objectives.

2.5 Operating Principles

The directors and officers of all OBCA corporations have a duty to act honestly, in good faith and in the best interests of the corporation. TEDCO is wholly owned by the City and the City has established the objectives for TEDCO, aligned with the City's interests. The following principles govern the operations, services and activities of TEDCO in that context:

- (a) Subject to Applicable Law, TEDCO shall and shall direct its subsidiaries to conduct their affairs and govern their operations in accordance with such rules, policies and, directives or objectives as directed by City Council from time to time.
- (b) TEDCO shall conduct its business in a socially responsible manner that respects the public nature of its shareholder and the importance of the City's accountability to the general public;
- (c) TEDCO shall conduct its affairs:
 - (i) on a commercially prudent basis, employing efficient cost structures;
 - (ii) in a fair, equitable, and inclusive manner;
 - (iii) in a manner that supports City goals and priorities; and
 - (iv) in accordance with industry best practices applicable to comparable activities;

- (b) TEDCO shall develop and comply with procurement policies designed with the objective of providing good value;
- (c) TEDCO shall establish access, equity, and human rights goals and implement human rights policies and procedures consistent with those established by City Council;
- (d) TEDCO shall establish ethical policies related to conflict of interest, political activity and disclosure of wrongdoing and reprisal protection;
- (e) TEDCO shall act in accordance with and be accountable for the financial performance and strategic objectives assigned to it in the Toronto Realty Agency's Council-approved Business Plan;
- (f) TEDCO shall act in an environmentally responsible manner and will promote environmentally sustainable development;
- (g) TEDCO shall develop protocols for community involvement as appropriate and maintain standards for architecture, design and public open space with the intent of promoting urban design innovation and excellence that is acceptable to the community; and
- (h) TEDCO shall act reasonably to mitigate financial risks to the City.
- (i) The fiscal year end for TEDCO shall be December 31
- (j) The directors and officers of TEDCO also shall comply with the conflict of interest requirements in the *Business Corporations Act* (Ontario), and any conflict of interest policies imposed by the City. The Board shall develop and maintain a code of conduct for Board members that incorporate all of these requirements. (In the event of any conflict between the *Municipal Conflict of Interest Act* and the *OBCA*, the *Municipal Conflict of Interest Act* shall prevail.)
- (k) TEDCO may create, re-organize or wind-up subsidiaries. TEDCO shall comply with the following City conditions:
 - (i) the Board of Directors of the subsidiary shall consist of all or a subset of the Board members of TEDCO and may also include staff of TEDCO;
 - (ii) the Board of TEDCO shall approve a shareholder direction for the subsidiary that incorporates the requirements in this Shareholder Direction including any requirements for City approvals (where City approvals are required under this Shareholder Direction, City approvals are required under a shareholder direction to a subsidiary);
 - (iii) unless specifically authorized otherwise by City Council, the Shareholder Direction for the subsidiary shall require that the

- subsidiary conform to the same code of conduct, objectives, and principles as TEDCO;
- (iv) directors of any subsidiary shall receive no additional remuneration for serving on the subsidiary board; and
 - (v) any proposal to create, re-organize or wind-up a subsidiary shall be first considered by the Corporate Governance Committee and TEDCO shall notify the Governance liaison identified in s.5.2 prior to the Board's consideration of the proposal.

2.6 Confidentiality

TEDCO shall use its best efforts to ensure that no confidential information of the City, the Toronto Realty Agency or TEDCO or any subsidiaries of TEDCO is disclosed or otherwise made available by TEDCO or any of its directors, officers and employees to any person, except to the extent that:

- (a) disclosure to the City's, the Toronto Realty Agency's or TEDCO's officers, employees or agents is necessary for the performance of any of their duties or obligations under this Shareholder Direction, or in their jobs at the City, at the Toronto Realty Agency or at TEDCO, or for the performance of duties by other parties receiving confidential information; or
- (b) disclosure is required in the course of any legal or regulatory proceedings or actions or pursuant to any Applicable Law; or
- (c) the confidential information becomes part of the public domain (other than through unauthorized disclosure by any party); or
- (d) disclosure is made in full compliance with the *Municipal Freedom of Information and Protection of Privacy Act* and the conflict of interest provisions in the OBCA.

ARTICLE 3 - RELATIONSHIP TO THE CITY

3.1 Not an Agent of City

TEDCO does not have the capacity to act as an agent of the City unless the City gives express written authorization to TEDCO to do so, and TEDCO shall not conduct itself so as to create, or purport to create, an agency relationship with the City except in accordance with such a written authorization.

3.2 Relationship to Toronto Realty Agency

The Toronto Realty Agency is responsible for the development and implementation of a City-wide real estate strategy. The Toronto Realty Agency will have opportunities to identify, for consideration by the City, Land that has the potential for development.

3.3 *Waterfront Issues*

Waterfront Toronto has leadership responsibilities for public sector development of Lands in the central waterfront area. TEDCO shall ensure that its plans for the use and disposition of Lands that it owns in the central waterfront area are consistent with Waterfront Toronto's plans and with TEDCO's obligations under the Memorandum of Understanding and that the City's Waterfront Secretariat is fully apprised of such development before TEDCO makes any commitments in respect of such Land.

3.4 *Intergovernmental Relations*

All relationships with other orders of government in Canada and with foreign governments will be co-ordinated by the Toronto Realty Agency with the Mayor's Office and the City Manager's Office, the Toronto Realty Agency and TEDCO shall follow the protocols as established by those offices.

3.5 *No TEDCO Employees*

TEDCO shall not hire employees, other than its CEO, without the prior consent of the Toronto Realty Agency. TEDCO will enter into a shared services agreement with the Toronto Realty Agency for the provision of those services required for the operation of TEDCO as set out in this Shareholder Direction, including accounting, risk management, tax, finance, record keeping, financial statement preparation and audit support; legal services; treasury functions; regulatory compliance; information systems; executive management; and corporate and other centralized services (hereinafter collectively known as the " Services"). The City Manager shall be provided with a copy of the executed shared services agreement.

ARTICLE 4 - BOARD OF DIRECTORS

4.1 *Board Responsibilities*

Subject to this Shareholder Direction and the OBCA, the Board shall supervise the management of the business and affairs of TEDCO. In particular, the Board, or where delegation is permitted and deemed appropriate by the Board, a committee of the Board, shall:

- (a) Establish such committees of the Board as the Board determines are appropriate, and delegate to the committees such authority as the Board

- determines is appropriate, provided that the delegation of that authority is permitted under the OBCA and complies with, and is subject to, the provisions in s. 4.8 of this Shareholder Direction;
- (b) Appoint the officers of TEDCO other than the CEO, the Chair and Vice-Chair;
 - (c) Establish policies for the management and protection of TEDCO's assets and the assets of the City under its management, other policies including procurement and contracting policies that are in accordance with any Applicable Laws and this Shareholder Direction, and policies respecting signing authority limits;
 - (d) Adopt a financial and risk management strategy for TEDCO that includes developing revenue sources, establishing liquidity benchmarks, prudently managing debt and investments, establishing appropriate reserves consistent with sound financial principles, establishing financial performance objectives, and monitoring performance against objectives;
 - (e) Approve and submit to the City, as TEDCO's shareholder, such annual reports as may be required by Applicable Law and by Council;
 - (f) Maintain adequate insurance coverage.

4.2 Composition of the Board

The City has the sole authority to establish and amend the composition of the Board, subject to the provisions in TEDCO's articles of incorporation and any articles of amendment, to appoint the Chair and Vice-Chair, and to fill vacancies on the Board as they arise from time to time. Subject to the foregoing, in order to be eligible to act as member of the Board a director must have been appointed by the City as a member of the board of the Toronto Realty Agency. The City, as sole shareholder of TEDCO, hereby directs that each and every member of the Board of Directors of the Toronto Realty Agency from time to time shall be the ex officio board of directors of TEDCO with effect from the same date as such person is appointed to the Board of Directors of the Toronto Realty Agency.

4.3 Term

Subject to applicable law, directors serve at the pleasure of Council for the term specified by Council at the time of their appointments or until their successors are appointed.

4.4 Contact Information

TEDCO shall keep up-to-date records of every director's contact information and promptly inform the City of any changes to that information.

4.5 Vacancies

- (a) If a director ceases to be a director for any reason, the Board immediately shall so advise the City Manager, and request that the City, as the sole shareholder, appoint another director.
- (b) The Board shall declare a vacancy in any of the following situations:
 - 4.5.1 A director is absent from three consecutive Board meetings without the approval of the Board as recorded in the minutes of the meetings;
 - 4.5.2 A municipally elected official serving on the Board is not re-elected;
 - 4.5.3 A director ceases to be a member of the board of the Toronto Realty Agency;
 - 4.5.4 A director dies;
 - 4.5.5 A director is removed from that office by its shareholder, the City; or
 - 4.5.6 A director resigns from the Board.

4.6 Conflict of Interest

Each director and officer of TEDCO shall inform the Board immediately when he or she has an interest in a matter to be considered by the Board or a committee of the Board, and take appropriate action in accordance with the provisions of the *Municipal Conflict of Interest Act*, and any other Applicable Laws or City or Board policies. Unless contrary to applicable law, a director or officer shall not have a conflict of interest merely by virtue of their also being a director or officer of the Toronto Realty Agency.

4.7 Remuneration

- (a) Any changes to the remuneration of the directors of TEDCO will be determined by the City from time to time. The Board has no authority to alter the remuneration or provide any additional remuneration to directors. However, a director may elect to receive no or a reduced remuneration.
- (b) Members of the board will receive no remuneration for their service on the Board in addition to that which they receive as directors of the Toronto Realty Agency :
- (c) The Board shall establish an expense reimbursement policy to provide for the reimbursement of out-of-pocket expenses for Board members while conducting Board business. Such policy shall require that the Board pre-approve the amount and reason for all major business expenses for directors.

- (d) The Board shall report to the City the total remuneration and expenses paid for each member of the Board using the protocols established by the City CFO from time to time.

4.8 Meetings

- (a) Meetings of the Board and its committees shall be open to the public, except where matters may be considered in camera in accordance with s. 190 of the *City of Toronto Act, 2006*. Advance public notice of the agenda is required.
- (b) The Board may engage recording secretary services of an outside party which could be the City Clerk. The recording secretary shall attend all public and in camera portions of meetings. For clarity, the recording secretary is not required to attend briefings, orientation or other training sessions, or team building and planning meetings where no Board decisions are made.
- (c) The Auditor General is entitled to attend all Board meetings or any meetings of committees of the Board. Staff of the Mayor's Office, the City Manager, the City CFO and any other City official designated by the City from time to time or their designate shall be entitled to receive notice of and to attend all meetings of the Board. The Chair may, at their discretion, require City Staff, other than the recording secretary or members of the Board, in attendance during the in camera portion of the meeting to leave the meeting during discussion of sensitive personnel issues.
- (d) The Board may establish committees of the Board for any purpose and delegate decision-making to those committees as permitted by Applicable Law except:
 - (i) The Board shall not delegate to a committee or an individual any material decisions relating to disposition of Lands;
 - (ii) The Board shall not delegate decision-making to any committee unless all members of that committee are current Board members; and
 - (iii) The Board shall not delegate to a committee the power to commit TEDCO resources unless the Board has stipulated in its by-laws monetary limits on the corporate resources that may be committed by the committee.

ARTICLE 5 - SHAREHOLDER MATTERS

5.1 *Decisions of the City*

Each time TEDCO wishes to seek an approval or decision from the City, as the shareholder of TEDCO, TEDCO shall make a written request for the approval which includes all information necessary for the City to make an informed decision. TEDCO shall submit its request and supporting information in a timely manner to the appropriate Toronto Realty Agency liaison.

If the decision requested requires Council approval, TEDCO shall make its request in a timely manner to the appropriate Toronto Realty Agency liaison in order to enable City Staff to comply with deadlines for submission to committee and Council.

5.2 Governance Liaison

For matters requiring City approval or other action regarding governance matters set out in Article 4, s.5.4, ss. 5.5(e), and s. 8.2 or intergovernmental matters set out in ss.5.5 (a), the designated Toronto Realty Agency liaison is the Chief Executive Officer of the Toronto Realty Agency.

5.3 Financial Liaison

For matters set out in Articles 6 and 7, the designated City liaison is the City CFO, who is also the Authorized City Signatory for matters set out in ss. 5.5 (b) to (d).

5.4 Matters Requiring Shareholder Approval under the OBCA

TEDCO shall not take any of the following actions without the approval of its shareholder, the City:

- (a) Amend or repeal its articles of incorporation;
- (b) Amalgamate with another corporation (other than a wholly-owned subsidiary), apply to continue as a body corporate under the laws of another jurisdiction, merge, consolidate or reorganize, or approve or effect any plan of arrangement, in each case whether statutory or otherwise;
- (c) Take or institute proceedings for any winding up, arrangement, reorganization or dissolution;
- (d) Create new classes of shares or reorganize, consolidate, subdivide or otherwise change its outstanding securities;
- (e) Sell or otherwise dispose of, by conveyance, transfer, lease, sale and leaseback, or other transaction, all or substantially all of its assets or undertaking;
- (f) Change the Auditor;

- (g) Make any changes to the number of directors comprising the Board; or
- (h) Enter into any other transaction or take any other action that requires shareholder approval pursuant to the OBCA.

The Board may make, amend, or repeal any of its by-laws and the changes take effect at such time as the Board approves. Such changes shall be submitted to the City, as shareholder, immediately upon approval by the Board for Council approval. If Council makes any amendments, the amendments take effect when approved by Council and are not retroactive.

5.5 Other Matters Requiring City Approval

Without the prior written approval of the City, TEDCO shall not:

- (a) Seek financial support or any changes to legislation or regulation from any Governmental Authority other than the City;
- (b) Make representations or promises of any financial incentives or similar inducements that are binding on the City;
- (c) Issue publicly traded debt, or any debt instruments with real or implied recourse to, or guarantees from, the City or any borrowing that, in the opinion of the City CFO, will have a negative impact on the City's credit rating;

ARTICLE 6 - REPORTING

6.1 Business Plan

City Council shall approve a Business Plan for the Toronto Realty Agency and TEDCO shall carry on its business and operations in accordance with the Business Plan which may include, in respect of the period covered by such plan:

- (a) The key objectives, priorities, and business initiatives that TEDCO will undertake.
- (b) The metrics for monitoring accomplishments and financial performance including liquidity and debt coverage;
- (c) An operating and capital budget for the next fiscal year and an operating and capital budget projection for each subsequent fiscal year covered by the Business Plan, including the resources necessary to implement the Business Plan and any financial impact on the City;
- (d) Pro forma Financial Statements;

- (e) Any material variances in the projected ability of any business activity to meet or continue to meet TEDCO's objectives;
- (f) Any material variances from the previous Business Plan; and
- (g) Any additional information that the City CFO may specify from time to time.

6.2 Quarterly Reports

Unless otherwise included in the quarterly reports prepared by the Toronto Realty Agency, within 45 days after the end of each fiscal quarter, the Board shall have prepared (on a consistent basis with the previous fiscal quarter) and shall submit to the City CFO a quarterly report. The quarterly report will include, in respect of the immediately preceding fiscal quarter:

- (a) Quarterly unaudited Financial Statements;
- (b) Such explanations, notes and information as is required to explain and account for any variances between the actual results from operations and the budgeted amounts set forth in the current Business Plan, including any material variances in the projected ability of any business activity to meet or continue to meet TEDCO's objectives;
- (c) Information that is likely to materially affect the City; and
- (d) Information regarding any matter, occurrence or other event which is a material breach or violation of any law.

6.3 Access to Records

The duly appointed representatives of the City (as approved by Council from time to time) shall have unrestricted access to TEDCO's books and records during normal business hours. Such representatives shall treat all information of TEDCO with the same level of care and confidentiality as any confidential information of the City. The City Manager, the City CFO, the City Solicitor and the Auditor General are deemed duly appointed representatives of the City.

6.4 Audit

- (a) TEDCO's consolidated and unconsolidated Financial Statements shall be audited annually.
- (b) The Auditor General also may conduct periodic operational audits. Any recommendations resulting from such audits will be presented to the

Board for operational matters and to the City Executive Committee, with a copy to the Board, for any shareholder issues.

6.5 Accounting

TEDCO shall keep detailed records of its transactions and, in consultation with the Auditor, adopt and use the accounting policies and procedures which may be approved by the Board from time to time and all such policies and procedures shall be in accordance with generally accepted accounting principles and applicable regulatory requirements.

6.6 Annual Report

The Board shall approve the audited Financial Statements and submit an Annual Report to the City CFO within 120 days after the end of each fiscal year; provided however, the Board shall use reasonable efforts to provide such approval and report within 90 days after the end of each fiscal year. The Annual Report shall include:

- (a) Audited Financial Statements;
- (b) Accomplishments during the fiscal year along with explanations, notes and information as is required to explain and account for any variances between the actual results and the Business Plan in effect for the year.

6.8 Annual Update for City Council

In addition to the requirement of the OBCA to hold an annual general meeting, TEDCO shall provide an annual update for City Council.

ARTICLE 7 - FINANCIAL PERFORMANCE

7.1 Debt Financing

Subject to the provisions of its Articles of Incorporation, TEDCO shall manage its corporate and development financing in a prudent manner, consistent with best practices within the real estate development industry, with due regard for liquidity and protection of the City's investment.

7.2 Dividend Policy

The City will specify a dividend policy. The dividend policy may be amended by the City from time to time.

ARTICLE 8 - GENERAL

8.1 Interpretation

Wherever there is a reference to a City official, that reference includes any person acting in that capacity, or any successor officer appointed or designated as being responsible for the service area included in that office.

8.2 Amendments

The City, in its sole discretion, may amend this Shareholder Direction from time to time. The City will provide a written amendment or the amended Shareholder Direction, as the case may be, to the Board. The amendment will come into effect on a date specified by the City.

Dated at Toronto as of the day of , 2017

CITY OF TORONTO

By: _____
City Manager (or Chief Financial Officer)

By: _____
City Clerk