

CITY OF TORONTO

SHAREHOLDER DIRECTION

INVEST TORONTO INC.

August 6, 2009

**amended to reflect all City Council decisions made at or before the August 4 and 5,
2009 Council Meeting and Regulation 295/09**

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SHAREHOLDER DIRECTION TO INVEST TORONTO

WHEREAS

- A. Invest Toronto Inc. was incorporated on November 13, 2008 under the *Business Corporations Act* (Ontario) pursuant to s.148 of *City of Toronto Act, 2006* and Ontario Regulation 609/06, City Services Corporations;
- B. The City of Toronto owns all of the issued shares of Invest Toronto Inc.;
- C. In general terms Invest Toronto Inc. is to provide economic development and investment attraction services to the City by engaging the private sector in marketing and promotion activities to increase business investment and create desirable jobs in Toronto, all with a view to enhancing the economic competitiveness of Toronto; and
- D. The City of Toronto, as the sole shareholder of Invest Toronto Inc., wishes to set out its expectations, establish certain operating principles, set out certain requirements to be met by Invest Toronto Inc., and inform the residents of Toronto of the City's fundamental principles and accountability mechanisms regarding Invest Toronto Inc..

NOW THEREFORE THIS DIRECTION WITNESSES:

ARTICLE 1 - INTERPRETATION

1.1 Definitions

In this Shareholder Direction, including the protocol attached as Schedule 1 the following terms will have the meanings set out below:

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

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

"Auditor" means the external attest auditor of Invest Toronto Inc.;

"Auditor General" means the City's Auditor General or his 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 Invest Toronto Inc. on behalf of the City;

“Board” means the board of directors of Invest Toronto Inc.;

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

“Business Plan” means a rolling three year business plan for Invest Toronto Inc. prepared in accordance with Section 6.1;

“CEO” means the Chief Executive Officer of Invest Toronto Inc. or the person acting in that capacity or his designate;

“Chair” means the Board member who is appointed by City Council as chair of the Board or any director acting in that capacity;

“City” means the City of Toronto;

“City CFO” means the Deputy City Manager and Chief Financial Officer of the City or the person acting in that capacity or his designate;

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

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

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

“Corporate Governance Committee” means the Corporate Governance Committee of the Board;

“Council” means Toronto City Council;

“EDCT” means the Economic Development, Culture and Tourism Division of the City or any successor division;

“Financial Statements” means, for any particular period, audited or unaudited comprehensive financial statements of Invest Toronto Inc. 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 any other statements, reports, notes and information that are required in accordance with any Applicable Laws, 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;

“Invest Toronto” means Invest Toronto Inc.;

“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;

“Protocol” means the protocol for cooperation between Invest Toronto and EDCT which is attached as Schedule 1 to this Shareholder Direction or any successor protocol that is agreed between Invest Toronto and the City; and

“Regulation” means Ontario Regulation 609/06, the City Services Corporations Regulation, as it may be amended or replaced from time to time.

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 Invest Toronto under this Shareholder Direction and any Applicable Law, the Applicable Law shall govern. Invest Toronto 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 Invest Toronto, and Invest Toronto’s mandate, scope of responsibilities, and reporting obligations;
- (b) sets out the relationship between Invest Toronto and the City; and

- (c) constitutes, where applicable, a declaration by the City, as the sole shareholder of Invest Toronto, pursuant to subsection 108(3) of the OBCA.

2.2 City Objectives

The City's objectives respecting Invest Toronto are as follows:

- (a) One of the City's key priorities is to enhance Toronto's economic competitiveness to ensure prosperity, liveability, and opportunity for all Torontonians. Attracting new business investment to Toronto will stimulate economic activity and create desirable jobs in Toronto. The City wishes to engage the private sector in marketing Toronto globally as an investment opportunity, and in assisting domestic and foreign businesses to locate in Toronto, while recognizing the regional economic strengths across the Greater Toronto region.
- (b) Invest Toronto will play an integral role in achieving this objective by providing specialized expertise, working with private and not-for-profit sector partners, other government agencies and others, focusing its attention on marketing activities and attracting and retaining business investments in Toronto by taking a business to business approach.
- (c) As an independent corporation, Invest Toronto will have the capacity to obtain and utilize resources beyond the investment provided by its shareholder to achieve greater financial independence in the mid to long term.

2.3 Mandate of Invest Toronto

- (a) Invest Toronto's services are of key importance to the City fulfilling its role of ensuring that Toronto remains economically competitive. Invest Toronto shall work with the City, private partners and others to develop and implement a strategy to effectively market the City and attract business investment to Toronto.
- (b) Invest Toronto shall strive to achieve the City's objectives set out in sub-section 2.2 of this Shareholder Direction through the following services and activities:
 - (i) designing and carrying out marketing and investment activities, including but not limited to branding and advertising for business investment;
 - (ii) organizing and participating in strategic trade missions in accordance with strategies developed cooperatively with the City;
 - (iii) coordinating initiatives with other public sector agencies and businesses; and
 - (iv) providing marketing advice to Build Toronto, and when appropriate referring investors to Build Toronto, the City, or other relevant City agencies, boards, commissions and corporations.

2.4 Donations

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

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. Invest Toronto is wholly owned by the City and the City has established the objectives for Invest Toronto, aligned with the City's interests. The following principles govern the operations, services and activities of Invest Toronto in that context:

- (a) Invest Toronto shall work diligently to assist in achieving the City's goals and objectives for prosperity, liveability, and opportunity for all Torontonians. Without limiting the foregoing, Invest Toronto shall work to fulfill the goals and objectives set out in (A) the Agenda for Prosperity (the January 2008 report of the Toronto Mayor's Economic Competitiveness Advisory Committee), (B) the Blueprint for Fiscal Stability and Economic Prosperity (the February 21, 2008 report of the Mayor's Fiscal Review Panel), and (C) the Creative City Plan, as well as any subsequent policy objectives identified by the City from time to time;
- (b) Invest Toronto 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) Invest Toronto 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.
- (d) Invest Toronto shall develop and comply with procurement policies designed with the objective of providing good value;
- (e) Invest Toronto shall establish access, equity, and human rights goals and implement human rights policies and procedures consistent with those established by City Council;
- (f) Invest Toronto shall ensure that any financial risks to Invest Toronto or the City in connection with Invest Toronto and its activities and assets are mitigated in a prudent manner;

- (g) Invest Toronto shall protect the interests of the City and be accountable to the City for achieving targeted results; and
- (h) Invest Toronto shall act in accordance with the financial performance and strategic objectives as set out in Invest Toronto's Business Plan.

2.6 Fiscal Year

The fiscal year end for Invest Toronto shall be December 31.

2.7 Provincial Regulation

Invest Toronto is responsible for adhering to all Provincial legislation and regulations that pertain to Invest Toronto. The following highlights the sections of the Regulation that are most relevant to Invest Toronto, and in certain instances sets out the City's specific direction regarding these requirements

- (a) S. 20 of the Regulation provides that Invest Toronto is deemed to be an institution for purposes of the *Municipal Freedom of Information and Protection of Privacy Act*.
- (b) S. 19 of the Regulation provides that the directors and officers of Invest Toronto are deemed to be members for the purposes of the *Municipal Conflict of Interest Act* which imposes certain obligations relating to declaring interests and avoiding conflicts of interest, and establishes consequences for failing to comply with those obligations.

The directors and officers of Invest Toronto 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 City requires that the Board develop and maintain a conflict of interest policy for staff and 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.)

- (c) Ss. 18(1) of the Regulation provides that Invest Toronto is prohibited from incorporating a corporation under any act.

The City has requested that the Province of Ontario amend the Regulation to permit City Services Corporations to incorporate subsidiaries. If that amendment is made, Invest Toronto shall incorporate a subsidiary only in accordance with subsection 5.5 of this Shareholder Direction and any requirements in the amended Regulation.

- (d) Ss. 18(2) of the Regulation provides that Invest Toronto may only invest in securities prescribed under s.256 of the *City of Toronto Act 2006*, and any regulation made under s. 256 applies to Invest Toronto.

Invest Toronto is not required to adhere to any additional restrictions that the City has approved, or approves in the future, for its own investments.

- (e) S. 21 of the Regulation provides that Invest Toronto is deemed to be a local board of the City for the purposes of ss. 212(2) of the *City of Toronto Act, 2006*, which requires that Invest Toronto adopt and maintain policies with respect to:
- (i) sale and other disposition of land;
 - (ii) hiring of employees; and
 - (iii) procurement of goods and services.

For clarity, Invest Toronto is not required to adopt City policies for such matters, but Invest Toronto's policies shall be developed in accordance with the Operating Principles set out in s. 2.5 of this Shareholder Direction.

2.8 Amendments to Regulation

Section 2.7 sets out certain obligations under the Regulation as it reads on the date of this Shareholder Direction. Invest Toronto shall comply with all legislation and regulations as amended or replaced from time to time and it is the responsibility of Invest Toronto to monitor and comply with any changes to the legislation or regulations.

2.9 Confidentiality

Invest Toronto shall use its best efforts to ensure that no confidential information of the City, the City's agencies, boards, or commissions, or Invest Toronto is disclosed or otherwise made available by Invest Toronto or any of its directors, officers and employees to any person, except to the extent that:

- (a) Disclosure to the City's or Invest Toronto'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 or at Invest Toronto, or for the performance of duties by other parties receiving confidential information;
- (b) Disclosure is required in the course of any legal or regulatory proceedings or actions or pursuant to any Applicable Laws;
- (c) The confidential information becomes part of the public domain otherwise 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 Relationship of Invest Toronto and the City

The City, as the sole shareholder of Invest Toronto, requires that Invest Toronto take responsibility for carrying out activities relating to marketing and investment attraction. The scope and range of those activities may be further specified by Council, the City Manager or the City CFO from time to time.

3.2 Not an Agent of City

Invest Toronto does not have the capacity to act as an agent of the City unless the City gives express written authorization to Invest Toronto to do so, and Invest Toronto 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.

3.3 Relationship to Economic Development, Culture and Tourism

- (a) Invest Toronto and EDCT shall work together to maximize the economic sustainability and growth of Toronto. At all times Invest Toronto and EDCT shall use reasonable efforts to ensure that all of their respective activities are co-ordinated and not duplicative.
- (b) Schedule 1 to this Shareholder Direction is the Protocol for Cooperation between Invest Toronto and EDCT that sets out the respective roles and responsibilities of EDCT and Invest Toronto, areas in which EDCT or Invest Toronto has primary responsibility, and areas where cooperative efforts are essential.
- (c) The Deputy City Manager whose responsibilities include economic development and the Invest Toronto CEO shall work together to jointly propose amendments to the Protocol. Any proposed changes approved by the Board constitute an amendment to this Shareholder Direction and must be approved by City Council to take effect.
- (d) EDCT will invite Invest Toronto at least annually to make a presentation to the Economic Development Committee of Council on Invest Toronto's achievements, plans, and future directions.

3.4 Intergovernmental Relations

Invest Toronto shall ensure that all relationships with other orders of government in Canada and with foreign governments are co-ordinated with the Mayor's Office and the City Manager's Office and Invest Toronto shall follow the protocols as established by those offices.

3.5 Not City Employees

Invest Toronto staff are not employees of the City. This does not preclude any secondment or temporary engagement of City Staff by Invest Toronto.

ARTICLE 4 - BOARD OF DIRECTORS

4.1 Responsibilities of the Board of Directors

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

- (a) Establish a Corporate Governance Committee and such other 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) Through the recommendations of the Board's Corporate Governance Committee, appoint the CEO, approve the terms of his or her employment, establish performance objectives for the CEO, monitor the CEO's success in meeting those objectives, and hold the CEO accountable for meeting those objectives;
- (c) Appoint the officers of Invest Toronto other than the Chair and Vice-Chair (who are appointed by Council);
- (d) Adopt a human resources strategy for Invest Toronto that includes a responsible compensation structure and an equal employment opportunity policy;
- (e) Approve the Business Plan for Invest Toronto as outlined in Article 6, and the annual budget, and ensure that Invest Toronto acts in accordance with these plans;
- (f) Establish policies for the management and protection of Invest Toronto's assets, 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;
- (g) Adopt a financial and risk management strategy for Invest Toronto that includes developing alternative funding sources, establishing appropriate reserves consistent with sound financial principles, establishing financial performance objectives, and monitoring performance against objectives;
- (h) Approve and submit to the City, as Invest Toronto's shareholder, Invest Toronto's annual report outlined in s. 6.7;

- (i) Maintain adequate insurance and liability coverage;
- (j) Establish and maintain a close and positive working relationship with the City, and with EDCT in particular in accordance with the Protocol, to ensure that common objectives are met; and
- (k) Ensure that Invest Toronto staff understand and act in accordance with this Shareholder Direction including the Protocol.

4.2 Composition of the Board

The City has the sole authority to amend the composition of the Board, subject to the provisions in Invest Toronto's articles of incorporation and any articles of amendment, appoint the Chair and Vice-Chair of the Board, and fill vacancies on the Board as they arise from time to time.

4.3 Term

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

Invest Toronto shall keep up-to-date records of every director's contact information and promptly inform the City, as the sole shareholder of Invest Toronto, 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:
 - (i) A director is absent from three consecutive Board meetings without the approval of the Board as recorded in the minutes of the meetings;
 - (ii) A municipally elected official serving on the Board is not re-elected;
 - (iii) A director who is a City staff person serving on the Board *ex officio* vacates that City position;
 - (iv) A director dies;
 - (v) A director is removed from that office by its shareholder, the City; or
 - (vi) A director resigns from the Board.

4.6 Conflict of Interest

Each director and officer of Invest Toronto 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.

4.7 Remuneration and Expenses

- (a) Remuneration for the directors of Invest Toronto 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) City Staff or members of Council will receive no additional remuneration for their service on the Board;
- (c) The Board shall establish an expense reimbursement policy to provide for the reimbursement of out-of-pocket expenses incurred by Board members while conducting Board business. That 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 protocols established by the City CFO from time to time.

4.8 Meetings and Committees

- (a) The Board is not required to hold meetings that are open to the public. The Board may hold meetings open to the public, at the discretion of the Chair, when reviewing matters of significant importance and interest to the public. Public meetings will be held with proper and adequate advance notice to the public.
- (b) The Board may engage recording secretary services of an outside party which could be the City Clerk. The recording secretary shall attend all meetings of the Board where decisions are to be made to record the decisions in the minutes. 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 and all 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 his or her designate shall be entitled to receive notice of and to attend all meetings of the Board. The Chair may, at his discretion, require City Staff, other than the recording secretary or members of the Board, in attendance during a meeting to leave the meeting during discussion of sensitive personnel issues.
- (d) The Mayor or the director that is the Mayor's designate shall be the chair of the Corporate Governance Committee and shall determine the membership of the committee. The Corporate Governance Committee shall have the responsibility of

recruiting and recommending to the Board the appointment of the CEO, and shall evaluate the performance of the CEO and recommend any actions concerning the employment of the CEO to the Board. In addition, the mandate of the committee shall include recommending to the Board any changes to Invest Toronto's constituting documents or by-laws and any structural changes.

- (e) The Board may establish other 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 decision-making to any committee unless all members of that committee are current Board members; and
 - (ii) The Board shall not delegate to a committee the power to commit Invest Toronto 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 Invest Toronto wishes to seek an approval or decision from the City, as the shareholder of Invest Toronto, Invest Toronto shall make a written request for the approval which includes all information necessary for the City to make an informed decision. Invest Toronto shall submit its request and supporting information in a timely manner to the appropriate City liaison.

If the decision requested requires Council approval, Invest Toronto shall make its request in a timely manner 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 ss. 3.3(c), Article 4, s. 5.4, ss. 5.5 (b),(c) and (e), or s. 7.2 and intergovernmental matters set out in ss. 5.5(a), the designated City liaison is the City Manager. The Mayor's Office shall also be consulted regarding any intergovernmental issues.

5.3 Financial Liaison

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

5.4 Matters Requiring Shareholder Approval under the OBCA

The Board 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, 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, Invest Toronto shall not:

- (a) Seek financial support or seek any changes to legislation or a regulation from any Governmental Authority other than the City;
- (b) Create new branding for the City;
- (c) If the Province of Ontario amends the Regulation to permit City Services Corporations to incorporate subsidiaries, create, re-organize, or wind-up a subsidiary and the subsidiary shall conform to the same code of conduct, objectives, and principles as Invest Toronto unless specifically otherwise authorized by Council;

- (d) Borrow money from anyone other than the City in any manner other than obtaining an operating line of credit; or
- (e) Make any changes to the Protocol without the approval of Council.

ARTICLE 6 - REPORTING

6.1 Business Plan

The Board shall annually approve a Business Plan and Invest Toronto shall carry on its business and operations in accordance with the Business Plan. The Business Plan shall include, in respect of the period covered by the Business Plan:

- (a) Invest Toronto's objectives and priorities over a rolling 3-year period.
- (b) The status of existing business activities, a description of accomplishments compared to performance objectives, and information regarding any new business initiatives proposed by Invest Toronto;
- (c) An operating and capital budget for the next fiscal year and operating and capital budget projections for each subsequent fiscal year covered by the Business Plan, including the resources necessary to implement the Business Plan;
- (d) Pro forma Financial Statements;
- (e) Any material variances in the projected ability of any business activity to meet or continue to meet Invest Toronto'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 Financial Subsidy

Not later than November 15th of each year, Invest Toronto shall submit to the City CFO any direct or indirect financial subsidy requested from the City that is required to implement the Business Plan.

6.3 Quarterly Reports

Within 45 days after the end of each fiscal quarter, the Board shall have prepared (on a basis consistent with the report for the previous fiscal quarter) and shall submit to the City CFO a report in respect of the immediately preceding fiscal quarter. The quarterly report shall include:

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

6.4 Access to Records

The duly appointed representatives of the City (as approved by Council from time to time) shall have unrestricted access to Invest Toronto's books and records during normal business hours. Those representatives shall treat all information of Invest Toronto 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.

6.5 Audit

- (a) Invest Toronto's consolidated and unconsolidated Financial Statements shall be audited annually. The first Auditor is Ernst & Young, Chartered Accountants.
- (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.

6.6 Accounting

Invest Toronto shall keep detailed records of its transactions and, in consultation with the Auditor, adopt and use accounting policies and procedures that are approved by the Board from time to time. All such policies and procedures shall be in accordance with generally accepted accounting principles and applicable regulatory requirements.

6.7 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. 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; and
- (c) The approved Business Plan for the next period.

6.8 Annual Update for City Council

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

ARTICLE 7 - GENERAL

7.1 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.

7.2 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 6th day of August, 2009

CITY OF TORONTO

By: _____ (signed original) _____

Deputy City Manager and Chief Financial Officer

By: _____ (signed original) _____

City Clerk

SCHEDULE 1 - PROTOCOL FOR COOPERATION BETWEEN INVEST TORONTO AND EDCT

Invest Toronto and the City of Toronto's Economic Development, Culture and Tourism Division ("EDCT") shall work together to maximize the economic sustainability and growth of Toronto. At all times Invest Toronto and EDCT will ensure that all such efforts are co-ordinated and not duplicative.

In particular and while working in a collaborative manner:

- (a) Invest Toronto shall have prime responsibility for attracting financial investment, business operations and international institutions to Toronto.
- (b) Invest Toronto shall lead joint efforts to retain and expand investment in Toronto by firms that have their head office location outside the local region.
- (c) EDCT shall have prime responsibility for assisting start-ups and for retaining and expanding locally-owned businesses in Toronto.
- (d) EDCT shall lead joint efforts to attract major events and entertainment productions.
- (e) EDCT and Invest Toronto shall work together to grow and attract targeted sectors, as appropriate to their individual business plans.
- (f) EDCT and Invest Toronto will support such other organizations as appropriate that have prime responsibility for activities such as tourism, research and education, and promotion of trade.
- (g) EDCT and Invest Toronto will work to ensure that branding, story and promise of Toronto for investment purposes are consistent between the two organizations.
- (h) EDCT will provide 'one-stop' co-ordination service for Invest Toronto's requirements to work with all City departments and services. EDCT and Invest Toronto will establish a service level agreement to better manage expectations and delivery of this support.
- (i) Invest Toronto and EDCT will co-ordinate business plans, customer relationship management systems, research, marketing and communications to maximize the use of resources and to ensure the best effectiveness possible.