

NO: R183

COUNCIL DATE: November 20, 2023

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **November 15, 2023**
FROM: **Director, Strategic Initiatives & Corporate Reporting** FILE: **2480-01**
SUBJECT: **Surrey City Development Corporation – Housekeeping**

RECOMMENDATION

The Director, Strategic Initiatives & Corporate Reporting recommends that Council:

1. Approve the proposed amendments to Surrey City Development Corporation’s (“SCDC”) Articles of Incorporation (the “Articles”) as attached in Appendix “I”;
2. Direct staff to forward the amended Articles to the Provincial Inspector of Municipalities for approval;
3. Approve the revised SCDC Policy 004 – Signing Authority as attached in Appendix “II”;
4. Approve the terms of reference for SCDC’s Development Committee as attached in Appendix “III”; and
5. Instruct the City Clerk to forward a copy of Council’s resolution related to this report to the Board of SCDC.

INTENT

The purpose of this report is to obtain Council’s approval to amend SCDC’s Articles to increase the number of directors from seven to nine; complete minor housekeeping amendments to SCDC’s Articles; complete minor housekeeping amendments to SCDC Policy 004 – Signing Authority; and approve the Terms of Reference for SCDC’s Development Committee.

BACKGROUND

Section 7.3 of SCDC’s Articles stipulates that SCDC is governed by a Board comprised of no less than three directors and no more than seven directors. Section 7.3 of SCDC’s Articles also stipulates that one director shall be a senior employee or manager of the City and one director shall be the City Manager (or the person acting in that capacity).

Section 11.1(f) SCDC's Articles requires that the City as the shareholder of the company must approve the adoption of amendment of any governance policies or terms of reference in respect of the Company.

Any changes to SCDC's Articles require approval from the Provincial Inspector of Municipalities.

DISCUSSION

SCDC's Board (the "Board") is currently comprised of two City directors and five independent directors. They are as follows:

City Directors

Name	Position
Rob Costanzo	Director
Jeff Arason, P.Eng.	Director

Independent Directors

Name	Position	Term
Howard Nemtin, B.Sc., MBA	Director	1- Year (to April 30, 2024)
Bruce Joyce, FCPA, ICD.D	Director	1-Year (to April 30, 2024)
Christine Lundvall	Director	2-Years (to April 30, 2025)
Scott Dutchak, MBA, MCIP, RPP	Director	2-Years (to April 30, 2025)
Sukhi Sekhon	Director	3-Years (to April 30, 2026)

To provide the ability to further expand the experience on the SCDC Board, it is recommended the Council increase the number of directors by two: one City Director and one Independent Director.

Amendments to SCDC's Articles

In order to provide the ability to increase the number of the Directors on SCDC's Board, amendments to Section 7.3 of SCDC's Articles are required.

In addition to updating the Articles to increase the number of Directors, it is recommended that a number of other housekeeping changes be made at this time to allow the Board and its Committees to conduct business through virtual meetings, remove references to dated communication methods, update references to Provincial legislation, and establish the maximum amount that SCDC may borrow to \$5,000 without the approval of the shareholder (the City) so as to provide SCDC the opportunity to obtain and use a corporate credit card.

The proposed changes to SCDC's Articles are attached as Appendix "I". These changes were approved by SCDC's Board by Consent Resolution on September 28, 2023.

SCDC Policies

SCDC has established a number of Policies. SCDC Policy 004 – Signing Authority was approved by Council at their Regular Council meeting on July 27, 2015, as part of Corporate Report No. R152; 2015, a copy of which is attached as Appendix “IV”.

SCDC Policy 004 currently precludes the use of electronic banking payments, which is now an established and preferred payment method. As a result, it is recommended that the Policy be updated to allow for the use of electronic banking payments.

It is also recommended that the signing authorities be expanded to allow for Directors to be a part of the invoice and payment approvals, given that SCDC currently only has one employee (the President and CEO) at this time.

The revised is attached as Appendix “II”. The revised policy was approved by SCDC’s Board by Consent Resolution on September 28, 2023.

Development Committee

SCDC has a Governance & Human Resources Committee and an Audit & Finance Committee to provide guidance and support to SCDC staff and the Board on these matters. To provide further guidance and support to SCDC staff and the Board on their development projects, the SCDC Board has established a Development Committee. A copy of the Terms of Reference for this committee is attached as Appendix “III”.

It is recommended that Council approve the Terms of Reference for the Development Committee. The Terms of Reference for the Development Committee was approved by SCDC’s Board on July 18, 2023.

Next Steps

Upon approval of the amendments to SCDC’s Articles by the Inspector of Municipalities, staff will make recommendations to Council to fill the two newly created Board positions.

Finance Department Review

This report has been reviewed by the Finance Department.

Legal Services Review

This report has been reviewed by Legal Services.

CONCLUSION

SCDC operates as a wholly owned development corporation with an independent board comprised of five independent directors and two city directors, one of whom is the City Manager. To provide the ability to increase in the composition of the Board and to address a number of minor housekeeping items, it is recommended that amendments be made to SCDC Articles and SCDC Policy 004 – Signing Authorities. It is further recommended that Terms of Reference for a Development Committee be approved which will allow for SCDC’s Board to provide further guidance and support to SCDC staff on their development projects.

Jeff Arason, P.Eng.
Director, Strategic Initiatives &
Corporate Reporting

Appendix “I” - Proposed amendments to SCDC’s Articles
Appendix “II” - Proposed SCDC Policy 004 - Signing Authority
Appendix “III” - Development Committee Terms of Reference
Appendix “IV” - Corporate Report No. R152;2015

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APPENDIX “I”

Proposed amendments to SCDC’s Articles

The following amendments are proposed SCDC’s Articles:

1. In Section 1.1, Section 5.4, Section 7.2 (b), Section 7.2 (b) (ii), Section 7.17, Section 7.18, Section 12.1, Section 12.2, Section 12.3, Section 16.1 and Section 17.3 delete “Business Corporations Act” and replace with “*Business Corporations Act*”.
2. In Section 5.4, delete “..” and replace with “.”.
3. In Section 7.3 (a) delete “seven” and replace with “nine”.
4. In Section 7.3 (b) (ii) delete “one director shall be a senior employee or manager of the City” and replace with “two directors shall be either a senior employee or manager of the City”.
5. In Section 7.13 (b) delete “or”.
6. In Section 7.13 (c) delete “with the consent of all the directors, by some other communication medium” and replace with “by videoconference”.
7. In Section 7.13 add after Section 7.14 (c) “(d) with the consent of all the directors, by some other communications medium.”.
8. In Section 7.13 delete “whether in person or by telephone or other communications medium” and replace with “whether in person by telephone, by videoconference or other communications medium”.
9. In Section 7.14 delete “telegram, telex, facsimile” and replace with “facsimile, email,”.
10. In Section 7.15 delete “posted letter, or by email, telex, facsimile, telegram or cable” and replace with “posted letter, email or facsimile”.
11. In Section 11. 1 delete “any borrowing by the Company or any of its subsidiaries” and replace with “any borrowing by the Company or any of its subsidiaries in an aggregate amount greater than \$5,000 from any lender”.
12. In Section 18.6 (b) (iii) delete “*Commercial Arbitration Act, R.S.B.C. 1996, Chapter 55*” and replace with “*Arbitration Act, S.B.C. 2020, Chapter 2*”.

SURREY CITY DEVELOPMENT CORPORATION
(the “Company”)

ARTICLES

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BUSINESS CORPORATIONS ACT
ARTICLES OF
SURREY CITY DEVELOPMENT CORPORATION

PART 1 – INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

- (a) "board", "board of directors" and "directors" means the directors or sole director of the Company for the time being;
- (b) "*Business Corporations Act*" means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended;
- (c) "*Charter*" means the *Community Charter*, S.B.C. 2003, c. 26, as amended;
- (d) "City" means the City of Surrey;
- (e) "City Manager" means the City of Surrey City Manager or the person acting in that capacity or the designate of that person;
- (f) "Council" means the elected Council of the City;
- (g) "*Interpretation Act*" means the *Interpretation Act*, R.S.B.C. 1996, c. 238, as amended;
- (h) "*Local Government Act*" means the *Local Government Act*, R.S.B.C. 1996, c. 323, as amended; and
- (i) "seal" means the seal of the Company, if any.

1.2 Gender

Words importing the singular include the plural and vice versa, and words importing a male person include a female person and a corporation.

1.3 Business Corporations Act and Interpretation Act Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act*

and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict or inconsistency between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

PART 2 – OBJECTS OF THE COMPANY

2.1 Objects of the Company

The objects of the Company shall be and it shall have the power to:

- (a) assist, promote, co-ordinate and advance the commercial, industrial, institutional and residential development of the City;
- (b) assist, co-operate and act on its own or in conjunction with other persons, authorities, organizations or agencies, public or private, in establishing parking, transportation, commercial, industrial, residential, recreational, educational, cultural and other civic facilities and to enter into any arrangements with any persons, authorities, organizations or agencies, public or private, that may seem conducive to the Company's objects or any of them, and obtain from any such person, authority, organization or agency, public or private, any rights, privileges and concessions that the Company may think desirable to obtain and carry out, exercise and comply with any such rights, privileges or concessions; and
- (c) buy, acquire, exchange, lease, hold, manage, improve, dispose, sell, alienate, assign, hypothecate, mortgage and pledge land, improvements, personal property or other property and any interest or right in or with respect to the land, improvements, personal property or other property.

PART 3 – SHARES

3.1 Issue of Shares

The Company is established by the City pursuant to Section 185 of the Charter with the intent that until the Council may otherwise determine, all of the shares will be held by the City.

3.2 Liquidation, Dissolution or Winding Up

In the event of the liquidation, dissolution or winding up of the Company or any reduction of its share capital resulting in distribution of any of its assets to its shareholders, the City as holder of all of the shares shall be entitled to receive all assets and funds remaining after payment of all debts and liabilities of the Company.

3.3 Transfer of Shares

Subject to the *Charter* and with the approval of the directors and the Council, the City may transfer any of its shares.

PART 4 – BORROWING POWERS

4.1 General Borrowing Powers

The Company, if authorized by the directors, may:

- (a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (d) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

PART 5 – PROCEEDINGS OF MEMBERS

5.1 Meetings of Directors

The directors may, whenever they think fit, convene a general meeting for any purpose in which case the provisions of the *Business Corporations Act* respecting meetings of shareholders shall apply, save as otherwise provided herein.

5.2 Chair of Meetings

The chair of the board, shall be entitled to preside as chair at every general meeting; otherwise the board shall choose the chair.

5.3 Motion Need Not be Seconded

No motion proposed at a general meeting need be seconded and the chair may propose a motion.

5.4 Type of Resolution

Unless the *Business Corporations Act* or these Articles otherwise provide, any action to be taken by resolution of the shareholders may be taken by ordinary resolution.

5.5 Validity of Resolution

A resolution consented to in writing by the City as sole shareholder is deemed to be a proceeding at a general meeting and shall be as valid and effectual as if it had been passed at a general meeting duly called.

PART 6 – ALTERATIONS

6.1 Change of Name

The Company may by special resolution authorize an alteration of its Notice of Articles in order to change its name and may, by ordinary resolution or directors' resolution, adopt or change any translation of that name.

6.2 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by special resolution alter these Articles.

PART 7 – POWERS AND DUTIES OF DIRECTORS

7.1 First Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*.

7.2 Duties of Directors

- (a) The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.
- (b) Pursuant to Section 137 of the *Business Corporations Act*:
 - (i) The powers of the directors of the Company to manage or supervise the management of the business and affairs of the Company are hereby transferred to the City as sole shareholder of the Company to the extent set out in Articles 7.6, 10.1 and 10.2 and the City as sole shareholder of the

Company shall hereafter have the power to manage or supervise the management of the business and affairs of the Company to the extent set out in Articles 7.6, 10.1 and 10.2;

- (ii) The City as sole shareholder of the Company shall have all the rights, powers, duties and liabilities of the directors of the Company, whether arising under the *Business Corporations Act* or otherwise, in relation to and to the extent of the transfer of the powers of the directors as set out in Article 7.2(b)(i), including any defences available to the directors; and
 - (iii) So long as the powers to manage or supervise the management of the business and affairs of the Company are vested in the City as sole shareholder of the Company as set out in Article 7.2(b)(i), the directors of the Company shall be relieved of their rights, powers duties and liabilities in relation to and to the extent of the transfer of the powers.
- (c) Whether or not the *Freedom of Information and Protection of Privacy Act* applies to the Company, for so long as the City is a shareholder of the Company, the directors will cause the Company to make Company documents available to the public where that Act would require that they be disclosed if it did apply to the Company. These documents must be available for inspection at the City's offices.

7.3 Composition of the Board

The City as sole shareholder may by ordinary resolution:

- (a) set the number of directors, provided such number shall not be less than three or greater than nine;
- (b) elect directors, provided that:
 - (i) one director shall be the City Manager; and
 - (ii) two directors shall be either a senior employee or manager of the City;
- (c) set the term of each director elected;
- (d) remove any director; and
- (e) fill any vacancy in directors

7.4 Appointment of Alternate Director by City Manager

The City Manager as a director of the Company may by instrument in writing delivered to the Company appoint any employee of the City to be his or her alternate to act in his or her place at meetings of the directors at which the City Manager is not present. Any such alternate shall be entitled to notice of meetings of the directors and to attend and vote as a director at a meeting at which the City Manager is not personally present. The City

Manager may revoke the appointment of an alternate at any time by notice to the Company.

7.5 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

7.6 Remuneration and Expenses of Directors

- (a) The remuneration of the directors will be determined by the City as sole shareholder by ordinary resolution from time to time. The board has no authority to alter such remuneration or provide any additional remuneration to directors; provided however, a director may elect to receive no amount or a reduced amount of such remuneration.
- (b) Employees of the City or members of Council will not be entitled to receive remuneration from the Company for their service as a director.
- (c) The board shall establish an expense reimbursement policy to provide for the reimbursement of out of pocket expenses for directors while conducting Company 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 cause the Company to report to the City as sole shareholder the total remuneration and expenses paid to each director using the protocols established by the City from time to time.

7.7 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

- (a) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

- (c) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

7.8 Qualification of Directors

A director shall not be required to hold a share in the capital of the Company as qualification for his office, but shall be otherwise qualified as required by the *Business Corporations Act* and these Articles, to become, act or continue as a director.

7.9 Deemed Vacancies of Directors

The office of director shall be deemed vacated if the director:

- (a) resigns his office by notice in writing delivered to the registered office of the Company; or
- (b) ceases to be qualified to act as a director pursuant to the *Business Corporations Act*.

7.10 Director Acts Valid Despite Vacancy

No act or proceeding of the director is invalid only by reason of there being less than the prescribed number of directors in office. The number of directors in office from time to time shall be deemed to constitute the full board of directors at such time.

7.11 Chair of Meetings

No act or proceeding of the director is invalid only by reason of there being less than the prescribed number of directors in office. The number of directors in office from time to time shall be deemed to constitute the full board of directors at such time.

7.12 Voting at Meetings

The directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. Voting shall be by a show of hands or by ballot, as directed by the chair of the meeting. Each director present is entitled to one vote. In case of an equality of votes, the chair shall not have a second or casting vote. No resolution proposed need be seconded and the chair may move a resolution. Meetings of the board held at regular intervals may be held at such place, at such time and upon such notice (if any) as the board may by resolution from time to time determine, provided that there shall be at least four (4) meetings per year.

7.13 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors:

- (a) in person;
- (b) by telephone;
- (c) by videoconference; or
- (d) with the consent of all the directors, by some other communications medium;

if all directors participating in the meeting, whether in person by telephone, by videoconference or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 7.13 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

7.14 Calling of Meetings

Any two directors may, and the Secretary upon request of any two directors shall, call a meeting of the board at any time. Reasonable notice of such meeting specifying the place, day and hour of such meeting shall be given by mail, postage prepaid, addressed to each of the directors at his address as it appears on the books of the Company or by leaving it at his usual business or residential address, or by telephone, facsimile, email, or other method of transmitting legibly recorded messages. It shall not be necessary to give notice of a meeting of directors to any director (i) who is at the time not in the Province of British Columbia or (ii) if such meeting is to be held immediately following a general meeting at which such director shall have been elected or is the meeting of directors at which such director is appointed. Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting, by any director shall not invalidate the proceedings at the meeting.

7.15 Waiver of Notice of Meetings

Any director may by posted letter, email or facsimile, file with the Secretary a document executed by him waiving notice of any past, present or future meeting or meetings of the directors being, or required to have been, sent to him and may at any time withdraw such waiver with respect to meetings held thereafter. After filing such waiver with respect to future meetings and until such waiver is withdrawn, no notice need be given to such director of any meeting of directors and all meetings of the directors so held shall be deemed not to be improperly called or constituted by reason of notice not having been given to such director.

7.16 Quorum

The quorum necessary for the transaction of the business of the directors shall be one more than one half of the directors appointed and actually holding office as at the date of the meeting, of which one such director is the City Manager (or the City Manager's alternate).

7.17 Validity of Acts Where Appointment Defective

Subject to the provisions of the *Business Corporations Act*, all acts done by any meeting of the directors or of a committee of directors, or by any person acting as a director, shall notwithstanding that it be afterwards discovered that there was some defect in the qualification, election or appointment of any such director or of the members of such committee or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly elected or appointed and was qualified to be a director.

7.18 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

- (a) in all cases, if each of the directors entitled to vote on the resolutions consents to it in writing; or
- (b) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who have not made such a disclosure consents in writing to the resolution.

A consent in writing under this Article may be by signed document, fax, email or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 7.18 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

PART 8 – EXECUTIVE AND OTHER COMMITTEES

8.1 Executive Committee

The directors may by resolution appoint one or more committees consisting of such person or persons as they think fit and may delegate to any such committee between meetings of the board such powers of the board (except the power to change the membership of or fill vacancies in any committee of the board and the power to appoint or remove officers appointed by the board) subject to such conditions as may be prescribed in such resolution, and all committees so appointed shall keep regular minutes of their transactions and shall cause them to be recorded in books kept for that purpose, and shall report the same to the board at such times as the board may from time to time require, provided that any such committee shall include the City Manager (or the City

Manager's alternate) and a director who is an employee or manager of the City. The directors shall also have the power at any time to revoke or override any authority given to or acts to be done by any such committees except as to acts done before such revocation or overriding and to terminate the appointment or change the membership of a committee and to fill vacancies in it, provided that any such committee shall include the City Manager (or the City Manager's alternate) and a director who is an employee or manager of the City. A committee must appoint a chair of its meetings, but if such chair is not present within 15 minutes after the time appointed for holding the meeting, the committee members present must choose a chair for the meeting. Committees may make rules for the conduct of their business and may appoint such assistants as they may deem necessary. A majority of the members of a committee shall constitute a quorum thereof.

8.2 Other Committees

A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members of the committee present, and in case of an equality of votes the chair shall not have a second or casting vote. A resolution approved in writing by all the members of a committee shall be as valid and effective as if it had been passed at a meeting of such committee duly called and constituted. Such resolution may be in two or more counterparts, which together shall be deemed to constitute one resolution in writing. Such resolution shall be filed with the minutes of the proceedings of the committee and shall be effective on the date stated thereon or on the latest date stated in any counterpart.

PART 9 – INTERESTS OF DIRECTORS AND OFFICERS

9.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

9.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any director's resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

9.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the

quorum at the meeting whether or not the director votes on any or all the resolutions considered at the meeting.

9.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

9.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

9.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

9.7 Professional Services by Director or Officer

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

9.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

PART 10 – OFFICERS

10.1 Appointment of Officers

The City as sole shareholder shall by ordinary resolution, from time to time, appoint a President (or President and CEO), a Chief Financial Officer, and such other officers, if

any, as such shareholder shall determine and such shareholder may by ordinary resolution, at any time, terminate any such appointment. No officer shall be appointed unless he is qualified in accordance with the provisions of the *Business Corporations Act*.

10.2 Duties of Officers

One person may hold more than one of such offices except that the offices of President and Secretary must be held by different persons. The remuneration of the officers of the Company as such and the terms and conditions of their tenure of office of employment shall from time to time be determined by the City as sole shareholder by ordinary resolution; such remuneration may be by way of salary, fees, wages, commission or participation in profits or any other means, or all of these modes. The City as sole shareholder by ordinary resolution may decide what functions and duties each officer shall perform and may entrust to and confer upon him any of the powers exercisable by them upon such terms and conditions and with such restrictions as they think fit, and may from time to time revoke, withdraw, alter or vary all of any of such functions, duties and powers. The Secretary shall, inter alia, perform the functions of the Secretary specified in the *Business Corporations Act*.

10.3 Conflicts of Officers

Every officer of the Company who holds any office or possesses any property whereby, whether directly or indirectly, duties or interests might be created in conflict with his duties or interests as an officer of the Company shall, in writing, disclose to the President the fact and the nature and extent of the conflict.

PART 11 – SHAREHOLDER POWERS OF APPROVAL

11.1 Consent of the Shareholder of the Company

The following matters shall require the prior written consent of the City as shareholder of the Company:

- (a) the approval of, or any amendment to, the annual operating and capital expenditure budgets or the business plan of the Company or any of its subsidiaries;
- (b) except for any expenditures contemplated by an approved capital expenditure or operating budget, any single capital expenditure of the Company or its subsidiaries in excess of \$5,000,000 per year, or any series of related capital expenditures which exceed, in the aggregate, the sum of \$5,000,000 per year;
- (c) the acquisition (by purchase, lease or otherwise) or disposition (by sale, lease, transfer, mortgage, pledge or otherwise) by the Company or any subsidiary of any asset having a value in excess of \$5,000,000;

- (d) the entering into, execution, acknowledgement, amendment, supplement, cancellation or termination of any Material Contract on behalf of the Company or any of its subsidiaries, and, for this purpose, “Material Contract” means any contact, agreement or other instrument to be entered into by the Company or any of its subsidiaries which may in the aggregate over the term of the contract, agreement or instrument involve and obligation of the Company, or any of its subsidiaries, to pay in excess of \$5,000,000;
- (e) any change in the authorized signing officers of the Company or any of its subsidiaries in respect of legal documents or transaction with any bank or other financial institution;
- (f) the adoption or amendment of any governance policies or terms of reference in respect of the Company, including but not limited to:
 - (i) compensation policies, pay percentile targets and variable pay plans for all officers of the Company;
 - (ii) expense reimbursement policies;
 - (iii) board and committee terms of reference;
 - (iv) codes of conduct;
 - (v) respectful workplace and human rights policies; and
 - (vi) conflict of interest policies;
- (g) the appointment or change of the auditors of the Company or any of its subsidiaries;
- (h) any borrowing by the Company or any of its subsidiaries in an aggregate amount greater than \$5,000 from any lender;
- (i) the guarantee by the Company or any its subsidiaries to any other person;
- (j) the sale, lease, transfer, mortgage, pledge or other disposition of all or substantially all of the undertaking of the Company or of any subsidiary;
- (k) any amendment to the Notice of Articles or Articles of the Company or the constating documents of any of its subsidiaries;
- (l) the consolidation, merger or amalgamation of the Company or any of its subsidiaries with any other company, association partnership or other legal entity;
- (m) the creation, allotment or issues of, or agreement to create, allot or issue, any shares or other securities of the Company or any of its subsidiaries, or the granting of any option or right capable of becoming an option to purchase any

- shares or other securities of the Company or any of its subsidiaries;
- (n) the dissolution, winding-up or liquidation of the Company or any of its subsidiaries, the institution of proceedings to be adjudicated a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada), the consenting to the institution of such proceedings against the Company or any of its subsidiaries, the consenting to the institution of bankruptcy or insolvency proceedings against the Company or any of its subsidiaries under the *Bankruptcy and Insolvency Act* (Canada) or any other analogous laws, the consenting to the filing of any such petition or to the appointment of a receiver or receiver manager of the property of the Company or any of its subsidiaries, the making of a general assignment for the benefit of creditors, the filing of a proposal to settle payments of creditors' liabilities under the *Companies' Creditors Arrangement Act*, the admission in writing of the insolvency of the Company or any of its subsidiaries, or the taking of any corporate action in furtherance of any of the aforesaid purposes;

PART 12 – INDEMNITY AND PROTECTION OF DIRECTORS, OFFICERS AND EMPLOYEES

12.1 Mandatory Indemnification of Eligible Parties

Subject to the provisions of the *Business Corporations Act*, the directors shall cause the Company to indemnify a director or former director of the Company and the directors may cause the Company to indemnify a director or former director of a corporation of which the Company is or was a shareholder and the heirs and personal representatives of any such person against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, actually and reasonably incurred by him or them, including an amount paid to settle an action or satisfy a judgment in a civil, criminal, or administrative action or proceeding to which he is or they are made a party by reason of his being or having been a director of the Company or any such corporation. Each director of the Company on being elected or appointed shall be deemed to have contracted with the Company on the terms of the foregoing indemnity.

12.2 Indemnification of Other Persons

Subject to the provisions of the *Business Corporations Act*, the directors may cause the Company to indemnify any officer, employee or agent of the Company or of a corporation of which the Company is or was a shareholder (notwithstanding that he is also a director) and his heirs and personal representatives against all costs, charges and expenses whatsoever incurred by him or them and resulting from his acting as an officer, employee, or agent of the Company or of such corporation. In addition, the Company shall indemnify the Secretary or any Assistant Secretary of the Company (if he shall not be a full-time employee of the Company and notwithstanding that he is also a director) and his respective heirs and legal representative against all costs, charges and expenses whatsoever incurred by him or them and arising out of the functions assigned to the Secretary by the *Business Corporations Act* or these Articles, and each such Secretary

and Assistant Secretary shall on being appointed be deemed to have contracted with the Company on the terms of the foregoing indemnity.

12.3 Non-Compliance with *Business Corporations Act*

The failure of a director or officer of the Company to comply with the provisions of the *Business Corporations Act* or these Articles shall not invalidate any indemnity to which he is entitled under this Part.

12.4 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (a) is or was a director, alternate director, officer, employee or agent of the Company;
- (b) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (c) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;
- (d) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

Against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

PART 13 – DIVIDENDS

13.1 Declaration of Dividends

Subject to the *Business Corporations Act* and these Articles, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

13.2 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 13.1.

13.3 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is

set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

13.4 Manner of Paying Dividends

A resolution declaring a dividend may direct payment of the dividend wholly or partly in money or by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company or any other corporation, or in any one or more of those ways.

13.5 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 13.4, the directors may settle the difficulty as they deem advisable, and, in particular may:

- (a) set the value for distribution of specific assets;
- (b) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (c) vest any such specific assets in trustees for the persons entitled to the dividend.

13.6 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the director.

13.7 Capitalization of Retained Earnings or Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time, capitalize any retained earnings or surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the retained earnings or surplus so capitalized or any part thereof.

PART 14 – AUDITOR

14.1 Auditor

The Company shall engage an auditor qualified to act under both the *Business Corporations Act*, the *Charter and the Local Government Act* who shall be a person who is a member or partnership whose partners are members in good standing of Chartered Professional Accountants Canada, or a person certified by the Auditor Certification Board established under the *Business Corporations Act*. No director and no employee of the Company may be an auditor.

14.2 First Auditor

The first auditor may be appointed by the director who may also fill any casual vacancy occurring in the office of auditor. Otherwise, the director as sole member shall appointment the auditor annually from such candidate or candidates as may be certified by the directors, all as provided by the *Business Corporations Act*.

14.3 Financial Year

The financial year end of the Company shall be December 31 in each year and the directors shall cause the Company to make the audited financial statements available to the shareholders of the Company within 90 days of the Company's fiscal year end in each year.

PART 15 – MISCELLANEOUS

15.1 Municipal Security and Guarantees

The directors will not authorize the Company to borrow money on security provided by the City, or the repayment of which is guaranteed by the City, except where the City provides such security or guarantee in a manner permitted by law.

15.2 Annual Information Meeting

The Company will hold an annual information meeting that is open to the public at least once in each calendar year at such time and place as may be determined by the directors.

15.3 No Subsidiary Company

The Company may not form a subsidiary corporation without the approval of the City as sole shareholder by ordinary resolution and the Inspector of Municipalities.

15.4 Disposal of Assets

The Company must not sell or otherwise dispose of significant assets, including any land or improvements previously transferred or sold to the Company by the City, without the prior approval of the City as sole shareholder.

15.5 Inspection of Accounting Records

The shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company at any time.

15.6 Consent to Alterations

Notwithstanding the other provisions of these Articles, the Company will not alter or amend these Articles in any way without the prior written consent of the Inspector of

Municipalities.

PART 16 – NOTICES

16.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (a) mail addressed to the person at the applicable address for that person as follows:
 - (i) for a record mailed to a shareholder, the shareholder's registered address;
 - (ii) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
 - (iii) in any other case, the mailing address of the intended recipient;
- (b) delivery at the applicable address for that person as follows, addressed to the person:
 - (i) for a record delivered to a shareholder, the shareholder's registered address;
 - (ii) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
 - (iii) in any other case, the delivery address of the intended recipient;
- (c) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (d) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- (e) physical delivery to the intended recipient.

16.2 Deemed Receipt

A notice, statement, report or other record that is:

- (a) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 16.1 is deemed to be received by the person to whom it was mailed on the date (Saturdays, Sundays and holidays excepted) following the date of mailing;
- (b) faxed to a person to the fax number provided by that person referred to in Article 16.1 is deemed to be received by the person to whom it was faxed on the date it was faxed; and
- (c) emailed to a person to the email address provided by that person referred to in Article 16.1 is deemed to be received by the person to whom it was emailed on the day it was emailed.

16.3 Certificate of Sending

A certificate signed by the Secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with Article 16.1 is conclusive evidence of that fact.

PART 17 – SEAL

17.1 Who May Attest Seal

Except as provided in Articles 17.2 and 17.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (a) any two directors;
- (b) any officer, together with any director;
- (c) if the Company only has one director, that director; or
- (d) any one or more directors or officers or persons as may be determined by the directors.

17.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 17.1, the impression of the seal may be attested by the signature of any director or officer of the signature of any other person as may be determined by the directors.

17.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and such persons as are authorized under Article 17.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

Part 18 – SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO THE CLASS A PREFERRED SHARES

The special rights and restrictions attached to the Class A Preferred shares are as follows:

18.1 Redemption Price

The redemption price of the Class A Preferred shares shall be determined by the directors of the Company on the date of first issuance of such shares (in this Part called the Redemption Price). The Redemption Price of the Class A Preferred shares is subject to adjustment pursuant to Part 18.6(b).

18.2 Dividends

Subject to the provision of these Articles, dividends may be declared, at the discretion of the Directors, at any time upon the Class A Preferred shares to the exclusion of all or any other class or classes of shares. Dividends may be declared and paid, at the discretion of the Directors, upon all or any other classes of shares to the exclusion of the Class A Preferred shares.

18.3 Liquidation, Dissolution or Winding Up

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of the redemption, purchase or acquisition of any shares, the reduction of capital or any other return of capital, the holders of the Class A Preferred shares shall be entitled to receive before any distribution of any part of the assets of the Company to the holders of any other shares, an amount equal to the Redemption Price thereof, and any dividends declared thereon and unpaid and no more.

18.4 Redemption by Company

- (a) The Company may, upon giving notice, as hereinafter provided, unless waived, redeem the whole or any part of the Class A Preferred shares on payment for each share to be redeemed of the Redemption Price together with all dividends declared thereon and unpaid. If some of the then outstanding Class A Preferred shares are at any time to be redeemed, the shares so to be redeemed shall be redeemed pro rata, disregarding fractions, and the Directors may make such adjustments as may be necessary to avoid the redemption of fractions of shares. Unless waived, not less than 10 days' notice in writing of such redemption shall be given by mailing such notice to the registered holders of the shares so to be redeemed, specifying the number of shares to be redeemed, the Redemption Price per share, the amount of any unpaid dividends per share, and the date and place or places of redemption. If notice of any such redemption is given by the Company in the manner aforesaid, and an amount sufficient to redeem the shares is deposited with any trust company or chartered bank in Canada as specified in the notice, or is paid to the holders of the shares so to be redeemed on or before the date fixed for redemption, then dividends on the Class A Preferred shares to be redeemed shall not be declared after the date so fixed for redemption and thereafter such shares shall be deemed to have been redeemed and the holders thereof shall have no rights against the Company in respect thereof except, upon the surrender of certificates for such shares, to receive or retain payment therefore out of the monies so deposited or paid. After an amount sufficient to redeem any shares has been deposited with any trust company or chartered bank in Canada, as aforesaid, notice shall be given to the holders of any Class A Preferred shares called for redemption who have failed to present the certificates representing such shares within 2 months of the dates specified for redemption that the money has been so deposited and will be paid without interest to the holders of the said Class A Preferred shares upon presentation of the certificates representing such shares called for redemption at the said trust company or chartered bank.
- (b) The Company may acquire the whole or any part of the Class A Preferred shares pursuant to tenders received by the Company upon request for tenders addressed to all holders of Class A Preferred shares, at the lowest price at which, in the opinion of the Directors, such shares are obtainable, but not exceeding the Redemption Price thereof, together with all dividends declared thereon and unpaid. From and after the date of the acquisition of any Class A Preferred shares, such shares shall be regarded as having been redeemed. If in response to any invitation for tenders, two or more shareholders submit tenders at the same price, and if such tenders are accepted by the Company in whole or in part, then, unless the Company shall accept all such tenders in whole, the Company shall accept such tenders in proportion as nearly as may be to the number of shares offered in each such tender.
- (c) Any provision relating to the redemption or purchase of Class A Preferred shares may be waived or varied in such a manner and to such extent as may be agreed between the Company and all the holders of the Class A Preferred shares.

18.5 Voting Rights

The holders of the Class A Preferred shares will be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and are entitled to one vote for each Class A Preferred share held.

18.6 Redemption Price Adjustment

- (a) The Redemption Price of the Class A Preferred shares is to be based upon the following intentions:
 - (i) the number of Class A Preferred shares that will be issued at any time is such that the aggregate Redemption Price of such Class A Preferred shares so issued would be equal to the best estimate by the Directors and by the allottees of the value of the particular asset, cash, or services, less the value of any non-share consideration given by the Company for the asset cash or services; and
 - (ii) the holders of Class A Preferred shares intend that the number of such Class A Preferred shares received from the Company for any particular asset, cash, or services will be such that the value of the particular asset, cash, or services received by the Company for such shares from such holder will be equal to the Redemption Price multiplied by the number of Class A Preferred shares so issued.

- (b) If the Minister of National Revenue, the Minister of Finance for the Province of British Columbia, their authorized representatives, or any similar authority proposes to issue or issues any assessment or reassessment, or if a court of competent jurisdiction makes a final determination that would impose or imposes any liability for tax on the holders of the Class A Preferred shares or any other class of shares or on any other person on the basis of a determination or assumption made in respect of the value of the consideration received by the Company for the issue of such Class A Preferred shares which results in greater or lesser value than that used for the purpose of a particular allotment of Class A Preferred shares, or if the Company and all holders of Class A Preferred shares so agree, then such value and the Redemption Price of the Class A Preferred shares over which a difference has arisen shall be reviewed and deemed to be adjusted as follows:
 - (i) if the authority in issuing or proposing to issue such an assessment or reassessment also makes a determination of the value of the consideration received by the Company for the allotment and issuance of Class A Preferred shares, or a recommendation as to the required increase or decrease in the Redemption Price of any Class A Preferred shares that have been allotted and issued, which is necessary so as to ensure that the aggregate Redemption Price of such shares represents the value of the consideration received by the Company for such shares, and the holders of the Class A Preferred shares and such other persons, if any, against whom

such assessment is made or proposed, either before or after objection of appeal or by an agreement with such authority, accept the determination or recommendation, or of the Company and all holders of Class A Preferred shares so agree, then the value so determined shall be deemed to be the value and the recommended increase or decrease in the Redemption Price shall be deemed to be the increase or decrease required as hereafter provided;

- (ii) if the court of competent jurisdiction in making such final determination also makes a determination of the value of the consideration received by the Company for the allotment and issuance of Class A Preferred shares, or a recommendation as to the required increase or decrease in the Redemption Price of any Class A Preferred shares that have been allotted and issued, which is necessary so as to ensure that the aggregate Redemption Price of such shares represents the value of the consideration received by the Company for such shares, then the value so determined shall be deemed to be the value and the determined increase or decrease in the Redemption Price shall be deemed to be the increase or decrease required as hereinafter provided;
- (iii) in any other case, the parties shall appoint a firm of professional accountants or a chartered business valuator in the Province of British Columbia to make or obtain a second determination of such value over which a difference has arisen and to make a recommendation as to the required increase or decrease, if any, in the Redemption Price of such Class A Preferred shares and the value of such consideration and the required increase or decrease in the Redemption Price aforesaid shall be deemed to be the amount agreed upon by the persons referred to in clause (i) of this paragraph 18.6(b) after first receiving and considering such second determination and recommendation, or if they cannot agree, the matter of such value or such increase or decrease will be referred to a single arbitrator appointed under the *Arbitration Act*, S.B.C. 2020, Chapter 2, whose determination of such matters shall be final.

Thereafter the Redemption Price of such Class A Preferred shares that were outstanding immediately after the allotment over which the issue arose shall be adjusted in accordance with such recommended or determined increase or decrease retroactively as of the date of the allotment and applicable to the first and every subsequent redemption of any such shares, provided that if at the time of such adjustment in the Redemption Price any such shares have been redeemed then the Company shall forthwith pay any increase in the Redemption Price for such shares already redeemed to the person who held such shares at the time of redemption or, failing him, his personal representatives or estate on account of the adjustment in the Redemption Price and such person or his representative shall forthwith repay to the Company the amount of any decrease in the Redemption Price so adjusted.



Policy Number	SCDC.PCY.004
Policy Title	Signing Authority
Effective Date	TBD
Applies to	All Staff
Audit & Finance Committee Approval Date	September 15, 2023
SCDC Board Approval Date	September 21, 2023
Surrey City Council Approval Date	TBD

POLICY STATEMENT

This policy supersedes and replaces the following parts of PCY-004:

- Part 2: Invoice Approval Authority
 Part 3: Cheque Signing Authority,

all other parts of PCY-004 remain unchanged and in effect.

The purpose of this policy is to outline the signing authority and responsibilities for Management and Employees who have the authority to approve invoices and payments on behalf of Surrey City Development Corporation (SCDC).

Any change in the authorized signing officers of the Company or its subsidiaries in respect to legal documents or transaction with any bank or financial institution must receive prior approval from the City. (SCDC Articles Section 11.1 (a), (e), (f))

- 2. INVOICE APPROVAL AUTHORITY: Invoice approval limits** (within over-all approved budget)
 - as per table below:

Definitions:

Initiator	Individual who initiated/engaged the work being invoiced (after approval of the service performed or product received)
Director	Member of the SCDC Board of Directors
Executive	CEO & President or Vice-President

\$0 to \$49,999	Two signatures required: Initiator, plus Executive.
\$50,000 to \$499,999	Three signatures required: Initiator plus President & CEO and one authorized Executive or Director as a signatory.

Invoice approval authority may be assigned to another employee in writing when an absence from the office is expected. Such delegation of authority must be approved by the President & CEO, and written notice of such, including specified date range, provided to both the individual who is to hold temporary signing authority as well as the CFO. When invoices are signed by the temporary approving individual, the date should be noted next to the approving signature.

- a. A record of individuals and signing rights, including those provided on an interim or temporary basis, is to be kept by the Finance Department for review in comparison to signed invoices at any time.
- b. The assignee shall have the same invoice signing authority as the person on whose behalf he/she is acting.
- c. No invoice is to be executed that is not supported by a Board (and Council if required) approved budget.

**3. Electronic banking payments and cheques (within over-all approved budget)
- limits as per table below**

- a. Electronic banking payments and cheques must be supported by approved invoices. In the case of development project purchase orders or professional services agreements, a WIBL confirmation is required that is consistent with subject agreement (including, as applicable, WorkSafeBC, Commercial General Liability and/or Professional Liability Insurance, Business License, Litigation).

Definitions:

Director Member of the SCDC Board of Directors

Executive CEO & President or Vice-President

\$0 to \$49,999	One signature required: President & CEO or other authorized banking signatory
\$50,000 to \$499,999	Two signatures required: President & CEO and one authorized Executive or Director as a signatory.
\$500,000 and above	Three signatures required: President & CEO, and one authorized Director and one other authorized Director/Executive as signatory.

- b. Any revision to the authorized signatories at a financial institution must be approved by the Board of Directors and the City, prior to documentation being completed.



**Terms of Reference for
Surrey City Development Corporation
Development Committee**

- 1.0 INTRODUCTION**
- 2.0 PURPOSE**
- 3.0 MEMBERSHIP**
- 4.0 MEETINGS**
- 5.0 SUPPORT & ADVISORS**
- 6.0 DUTIES**
- 7.0 RESPONSIBILITIES**
- 8.0 ACCOUNTABILITY**
- 9.0 TIMETABLE**
- 10.0 CONFIDENTIALITY**

Terms of Reference Development Committee

1.0 INTRODUCTION

The Surrey City Development Corporation ("SCDC") Board has established the Development Committee (the "Committee") in accordance with its authority to do so under its Articles of Incorporation. These Terms of Reference are designed to articulate and clarify the responsibilities of the Committee.

2.0 PURPOSE

To oversee SCDC matters relating to the acquisition, disposition, development, financing, and management of real property for the purposes of:

- 2.1 providing recommendations to the Board where Board decisions are required or where the Committee otherwise considers it desirable to make recommendations.
- 2.2 Ensure that SCDC projects are aligned with SCDC's Strategic Plan and Business Plan;
- 2.3 making decisions on behalf of the Board where the Board has delegated authority to the Committee to do so;
- 2.4 provide general support and advice to SCDC management and staff; and
- 2.5 assist SCDC management in considering any reports submitted for information and responding to any requests from the City of Surrey for advice and input.

3.0 MEMBERSHIP

The Committee shall be composed of no fewer than three Directors. All members of the Committee shall be independent of Management and shall be appointed by resolution of the Board. The Chair of the Board, in consultation with the Board, shall propose the Committee Chair and membership of the Committee, and these shall be appointed by the Board. Any Director who is a member of the Committee may be removed and replaced at any time by the Board. All members of the Committee shall have an understanding of issues related to property development and management, or, upon appointment to the Committee, be willing and able to rapidly develop such an understanding.

4.0 MEETINGS

- 4.1 The Committee shall meet at least five times a year, with additional meetings at the discretion of the Committee Chair or if called by two or more Committee members. Non-discretionary meetings will be scheduled each year in advance.
- 4.2 The President, in consultation with the Board Chair and Committee Chair, will ensure that the Committee has adequate support to discharge its duties, including the provision of a secretary for each meeting of the Committee. A quorum for the transaction of business at a meeting of the Committee will be a majority of Directors appointed to the Committee, and questions arising at a meeting will be determined by a majority of votes of the members present (in person or by phone/video conference). The Chair presiding at any meeting of the Committee shall have a vote in all matters considered by the Committee. In the event of a tie, the motion is defeated.

5.0 SUPPORT & ADVISORS

- 5.1 The Committee Chair shall advise the President or designate of the kind and frequency of information required by the Committee to properly discharge its duties. The Committee shall have access to such Officers and staff of SCDC and to the External Consultants, and to such information respecting SCDC as it considers being necessary or advisable in order to perform its duties.
- 5.2 Subject to the approval of the Board, the Committee may retain consultants, paid for by SCDC, to provide additional advice regarding development related matters. The consultant(s) retained by the Committee shall be independent of Management.

6.0 DUTIES

Subject to the powers and duties of the Board, the Committee will perform the following responsibilities:

- 6.1 Formulate any Board Policies for which responsibility has been assigned to the Committee by the Board pursuant to its Terms of Reference.
- 6.2 Provide oversight to SCDC development projects and asset management,
- 6.3 Assist in the identification of new real estate opportunities to advance the company and optimize the value of each asset.

7.0 RESPONSIBILITIES

Subject to the powers and duties of the Board, the Committee will receive Management's recommendations regarding all real estate and development activities.

8.0 ACCOUNTABILITY

- 8.1 All recommendations, decisions and directives of the Committee shall be recorded by the Secretary in the Minutes of the meeting.
- 8.2 A draft copy of the Minutes of such meetings shall be circulated to the Committee and members may request revisions to specific deliberations. Minutes will be approved upon all revisions being successfully completed.
- 8.3 The Committee shall report its discussions to the Board by distributing to the Board the Minutes of its meetings and, where appropriate, by oral and/or written reports at the next Board meeting.

9.0 COMMITTEE TIMETABLE

The Committee shall develop a detailed timetable showing the Committee's planned annual schedule of activities to meet its responsibilities.

10.0 CONFIDENTIALITY

All deliberations of the Committee, and all records, material and information pertaining to SCDC shall be considered confidential. Committee members shall maintain the confidentiality of such deliberations, and shall safeguard such records, material, and information from improper access.



CORPORATE REPORT

NO: R152

COUNCIL DATE: July 27, 2015

REGULAR COUNCIL

TO: Mayor & Council

DATE: July 21, 2015

FROM: President & CEO, SCDC
City Solicitor

FILE: 2480-01

SUBJECT: Approval of SCDC Officer Appointment and Authorized Signatory Policies

RECOMMENDATION

The Board of Directors of the Surrey City Development Corporation ("SCDC") and the Legal Services Division, in accordance with subsections 3.6(c) and 3.6(n) of the Shareholder Agreement between SCDC and the City of Surrey dated April 30, 2007, as amended (the "Shareholder Agreement"), recommend that Surrey City Council, acting in its capacity as the sole shareholder of SCDC:

1. Approve the appointment of Douglas Avis as an officer of SCDC;
2. Approve the following six (6) SCDC corporate policies, which are attached to this report as Appendices "II" – "VII" (collectively, the "Policies"):
 - "SCDC.PCY.001 – Investment and Acquisition Mandate";
 - "SCDC.PCY.002 – Procurement and Divestment";
 - "SCDC.PCY.003 – Development Mandate;
 - "SCDC.PCY.004 – Signing Authority";
 - "SCDC.PCY.006.1 – Expense Reimbursement";
 - "SCDC.PCY.007 – Commitments"; and
3. Authorize the City Clerk to forward as information to SCDC a copy of this report and the related Council resolution.

INTENT

The purpose of this report is to obtain the approval of Council, acting in its capacity as SCDC's shareholder, for (1) an SCDC officer appointment; and (2) resultant changes to SCDC's authorized signing officers and corporate governance guidelines.

BACKGROUND

Requirement for Shareholder Approvals

Subsection 3.6(c) of the Shareholder Agreement states that the Shareholder must approve "appointment of the officers of the Corporation". Recommendation 1 of this report to appoint Doug Avis to the officer position of VP, Development & Investment complies with this provision of the Shareholder Agreement. Subsection 3.6(n) of the Shareholder Agreement provides: "any change in the authorized signing officers in respect of legal documents, or any bank or other financial institution." Recommendation 2 of this report containing SCDC policy "SCDC.PCY.004 – Signing Authority" complies with this provision of the Shareholder Agreement.

SCDC Board Decisions

On April 14, 2015, the SCDC Board of Directors (the "Board") established the position of "VP, Development & Investment" as an SCDC officer position. The Board also requested that management document the specific authorities and limitations that will apply to all of SCDC's authorized signing officers, and that this return to the Board.

On June 25, 2015, the Board approved the Policies, subject to approval by Council. A document listing SCDC's signing authorities, as prescribed in the Policies, is attached to this report as Appendix "I".

DISCUSSION

At the present time, the President & CEO is SCDC's only position with signing authority for an increasing volume of documents relating to business/investment matters, as well as daily administrative issues. The Board and SCDC's management consider it prudent to appoint an additional officer so that this responsibility can be divided (which also militates against the risk of an authorized signatory not being available if time is of the essence). In the interest of operating the SCDC with best practices and providing the corporation with good governance, these policies are in line with other land development organizations of a similar size and nature.

Subsection 3.6(f) of the Shareholder Agreement requires that the Shareholder must approve corporate governance guidelines. The following corporate governance guidelines are included in Recommendation 2 of this report:

- "SCDC.PCY.001 – Investment and Acquisition Mandate";
- "SCDC.PCY.002 – Procurement and Divestment";
- "SCDC.PCY.003 – Development Mandate;
- "SCDC.PCY.004 – Signing Authority";
- "SCDC.PCY.006.1 – Expense Reimbursement"; and
- "SCDC.PCY.007 – Commitments".

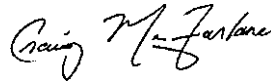
CONCLUSION

The Board of Directors of the Surrey City Development Corporation ("SCDC") and the Legal Services Division, in accordance with subsections 3.6(c) and 3.6(n) of the Shareholder Agreement between SCDC and the City of Surrey dated April 30th 2007, as amended (the "Shareholder Agreement"), recommend that Surrey City Council, acting in its capacity as the sole shareholder of SCDC:

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 - "SCDC.PCY.004 – Signing Authority";
 - "SCDC.PCY.006.1 – Expense Reimbursement";
 - "SCDC.PCY.007 – Commitments"; and
- Authorize the City Clerk to forward as information to SCDC a copy of this report and the related Council resolution.



AUBREY KELLY
President & CEO, SCDC



CRAIG MacFARLANE
City Solicitor

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Appendix "I"	SCDC Signing Authorities List
Appendix "II"	SCDC.PCY.001 – Investment and Acquisition Mandate
Appendix "III"	SCDC.PCY.002 – Procurement and Divestment
Appendix "IV"	SCDC.PCY.003 – Development Mandate
Appendix "V"	SCDC.PCY.004 – Signing Authority
Appendix "VI"	SCDC.PCY.006.1 – Expense Reimbursement
Appendix "VII"	SCDC.PCY.007 – Commitments

** Appendices available upon request*