

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:

- Approve the appointment of Douglas Avis as an officer of SCDC;
- 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
- 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

APPENDIX "I"

Signing Authorities - SCDC

Category	Documents	Corporate Policy Reference	President & CEO	CFO	VP, Development & Investment	Office Manager	Development Manager
City of Surrey	Corporate Reports	N/A	[✓	x	x	x	x
	Notices of Redemption of Shares	N/A	[✓	x	x	x	x
	Promissory Notes	N/A	[✓	x	x	x	x
Development/ Acquisition	Purchase and Sale Agreements	SCDC.PCY.001 & 007	[✓	x	✓	x	x
	Offers to Purchase	SCDC.PCY.001 & 007	[✓	x	✓	x	x
	Lease Agreements	SCDC.PCY.001 & 007	[✓	x	✓	x	x
	Statutory Declarations	SCDC.PCY.001 & 007	[✓	x	✓	x	x
	Agreement Extensions	SCDC.PCY.001 & 007	[✓	x	✓	x	x
	Addenda	SCDC.PCY.001 & 007	[✓	x	✓	x	x
	Land Development Applications	SCDC.PCY.001 & 007	[✓	x	✓	x	x
	Letters of Intent	SCDC.PCY.001 & 007	[✓	x	✓	x	x
Financial	Cheques	SCDC.PCY.004	[✓	x	✓	✓	✓
	RBC Bank Documents	SCDC.PCY.004	[✓	x	✓	✓	✓
Income Properties	Property Management Agreements	SCDC.PCY.003 & 007	[✓	x	✓	x	x
	Tenant Agreements	SCDC.PCY.003 & 007	[✓	x	✓	x	x
	Servicing Agreements	SCDC.PCY.003 & 007	[✓	x	✓	x	x
	Disclosure Statements	SCDC.PCY.003 & 007	[✓	x	✓	x	x
Office Documents	Employment Agreements	N/A	[✓	x	x	x	x
	Employment Agreement Addenda	N/A	[✓	x	x	x	x
	Expense Reports	SCDC.PCY.002 & 006.1	[✓	x	x	x	x
	Invoice Approvals	SCDC.PCY.004 & 007	[✓	✓	✓	✓	✓
	Payroll Approvals	N/A	[✓	x	x	x	x
Service Agreements	Professional Service Agreements	SCDC.PCY.002 & 007	[✓	x	✓	x	x
	Subcontract Change Orders	SCDC.PCY.002 & 007	[✓	x	✓	x	x
	Purchase Orders	SCDC.PCY.002 & 007	[✓	x	✓	x	x
	Standing Offer Agreements	SCDC.PCY.002 & 007	[✓	x	✓	x	x
	Construction Documents/Contracts	SCDC.PCY.002 & 007	[✓	x	✓	x	x

Signing Authorities - Subsidiaries

Subsidiary	Aubrey Kelly	Emily Taylor	Doug Avis
Surrey City Investment Corporation	Director	Director	x
Surrey City Investment (Industrial) Corporation	Director	Director	x

Signing Authorities - Partnerships

Partnership	Aubrey Kelly	Emily Taylor	Doug Avis	External Partner
Beedie SCDC (34A Ave) GP Ltd.	Director	x	Director	Ryan Beedie, Keith Beedie (Directors)
Beedie SCDC (34A Ave) Limited Partnership	<i>The General Partner, above, signs for the LP</i>			
Beedie SCDC (34A Ave) Holdings Ltd.	Director	x	Director	Ryan Beedie, Keith Beedie (Directors)
Surrey Centre Office Limited Partnership	Director	x	x	Sean Hodgins (Director)
Surrey Centre Hotel Limited Partnership	Director	x	x	Sean Hodgins (Director)
Surrey Centre Residential Limited Partnership	Director	x	x	Sean Hodgins (Director)

Surrey Centre Tower Holdings Ltd.				
Office 1, 2, 3, 4, 5	Director	x	x	Sean Hodgins (Director)
Hotel	Director	x	x	Sean Hodgins (Director)
Parking	Director	x	x	Sean Hodgins (Director)
Retail	Director	x	x	Sean Hodgins (Director)
Residential	Director	x	x	Sean Hodgins (Director)
Surrey Residential Tower GP Inc.				<i>The General Partner, Sean Hodgins, signs for the GP</i>
Surrey Office Tower GP Inc.				<i>The General Partner, Sean Hodgins, signs for the GP</i>
Surrey Hotel Tower GP Inc.				<i>The General Partner, Sean Hodgins, signs for the GP</i>
The Grove (GP) Inc.	Director	x	x	Rick Ilich (Director)
The Grove Limited Partnership				<i>The General Partner, above, signs for the LP</i>

APPENDIX "II"



<i>Policy Number</i>	SCDC.PCY.001
<i>Policy Title</i>	Investment and Acquisition Mandate
<i>Policy Area</i>	Finance, Development and Operations
<i>Effective Date</i>	
<i>Applies to</i>	Management, Employees
<i>GHRCC Approval Date</i>	June 9 th 2015
<i>SCDC Board Approval Date</i>	June 25 th 2015
<i>Surrey City Council Approval Date</i>	July 27 th 2015

POLICY STATEMENT

The purpose of this policy is to outline the investment and acquisition mandate on behalf of Surrey City Development Corporation ("SCDC"), its subsidiary companies and/or associated partnerships. This policy is to be read in conjunction with the Signing Authority policy.

POLICY

1. Management is authorized to pursue the acquisition of properties for the SCDC investment/income portfolio that meet the following criteria:

Types of Properties – Industrial, commercial, institutional and residential properties may be acquired although the preference will be given to industrial and commercial real estate.

Financial Target – For income properties, obtained through acquisition, net cash flow from operations, at the time of acquisition, must cover debt service requirements (including cost of equity) and show positive cash flow after year five. Income properties acquired through development should produce a greater return to offset development related risks. This target is to be reviewed annually by the Board.

Location – All properties acquired by the SCDC will be in the City of Surrey.

2. Management will consider the following factors in the due diligence process related to an acquisition of property:

Market Value – Confirmation that the negotiated price is not greater than the market value of comparable properties.



Market Rents – Confirmation that the building rents are not greater than market rents for comparable properties.

Market Cap Rate – Confirmation that the effective capitalization rate is not less than capitalization rate for comparable properties, unless the underlying land value is close to the market value of the property, or the property has development potential.

Tenant Covenant – Assess the strength of the covenant of the tenant and consider the implications on rental income.

Lease Term – Review the lease term and consider the vacancy risk both during the tenancy and at lease termination.

Building Condition – Assess the physical condition of the property including structure, asbestos, mechanical equipment and roof and estimate the net present value of any necessary repairs.

Environmental Condition – Assess the potential for soil contamination and conduct appropriate environmental investigations.

Neighbourhood Consideration – Assess the locational attributes of the property to determine short and long term implications on value.

3. Investigation Costs for projects on land owned by the City of Surrey

- Management shall present a budget to the Board for research and investigation costs for potential new projects when capitalized costs are expected to exceed \$50,000.
- Management shall obtain formal approval from the City Manager for preliminary investigation costs for all projects on land owned by the City in advance of the commencement of work and/or the engagement of services.

4. The following project approval limits shall apply to SCDC Real Estate Acquisitions:

- The President & CEO and/or the VP, Development and Investment is authorized to approve the acquisition of any properties with a direct investment (cash – including debt if any) up to a maximum of \$1 million, subject to the project proforma demonstrating market rates of return.



- Approval by the Board of Directors is necessary for the acquisition of all properties with a direct investment of greater than \$1 million.
- Approval by Surrey City Council, as shareholder of SCDC, is required for any acquisition with a direct investment in excess of \$5 million.



APPENDIX "III"

<i>Policy Number</i>	SCDC.PCY.002
<i>Policy Title</i>	Procurement and Divestment
<i>Policy Area</i>	Finance, Development and Operations
<i>Effective Date</i>	
<i>Applies to</i>	Management, Employees
<i>GHRCC Approval Date</i>	June 9 th 2015
<i>SCDC Board Approval Date</i>	June 25 th 2015
<i>Surrey City Council Approval Date</i>	July 27 th 2015

POLICY STATEMENT

The purpose of this policy is outline the procedures for SCDC to procure or divest itself of assets or services. This policy is to be read in conjunction with the Signing Authority policy.

POLICY

1. Management is authorized to procure goods, services and to select business partners using the following procurement processes:
 - Direct procurement – Via single/sole source or from a pre-qualified suppliers list.
 - Competitive procurement process – From a pre-qualified suppliers list, from an invitation only list, or via an open call.
2. To facilitate the day-to-day operations of the Corporation, Management is authorized to, from time to time, conduct a competitive process to establish a pre-qualified list of service providers for goods and services, architectural and planning services, engineering services, real estate brokerage services and other consulting services and to procure directly from that list where necessary to meet business requirements (Standing Offer Agreements).
3. Management is encouraged to use competitive processes whenever practical within the constraints of its business requirements and the President & CEO will consult with the Board when non-competitive processes (except as set out in clause above) are employed on any purchase over \$75,000 for goods and services and \$200,000 for construction (NWPTA – New West Partnership Trade Agreement) and outline the rationale for the selection process. Rationale for choosing direct procurement could include:
 - Unique product or supplier
 - Urgency
 - Confidentiality
 - Scale
 - Efficiency and/or economy
 - Competitive Advantage
 - Market Advantage



The limits for direct procurement of goods and services are as follows:

\$0 - \$499	Discretionary, all staff
\$500 - \$4,999	Discretionary, with approval of Direct Report
\$5,000 - \$74,999	Discretionary, with approval of an Executive
\$75,000 and up	Competitive bid process

The limits for direct procurement for construction are as follows:

\$0 - \$24,999	Discretionary, with approval of Direct Report
\$25,000 - \$199,999	Discretionary, with approval of an Executive
\$200,000 and up	Competitive bid process

Definitions: "Approval" = can take the form of an email, signature, proposal or quote

"Executive" = President & CEO, CFO and VP Development and Investment

- 4. In situations where SCDC is involved in a joint venture with another party, SCDC may use that party's procurement policies.
- 5. In situations where SCDC is required to divest itself of significant assets (bare land or income producing properties.) – the criteria for acceptance of an offer or bid may be based upon:

- Value of offer to SCDC
- Acceptability of terms and conditions
- Potential for completion of agreement (stability of purchaser, timeline, subjects, etc.)
- Approval by Board

SCDC 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 Shareholder (SCDC Articles of Incorporation – June 2013).

APPENDIX "IV"



<i>Policy Number</i>	SCDC.PCY.003
<i>Policy Title</i>	Development Mandate
<i>Policy Area</i>	Finance, Development and Operations
<i>Effective Date</i>	
<i>Applies to</i>	Management, Employees
<i>GHRCC Approval Date</i>	June 9 th 2015
<i>SCDC Board Approval Date</i>	June 25 th 2015
<i>Surrey City Council Approval Date</i>	July 27 th 2015

POLICY STATEMENT

The purpose of this policy is to outline the development mandate on behalf of Surrey City Development Corporation ("SCDC"), its subsidiary companies and/or associated partnerships. This policy is to be read in conjunction with the Signing Authority policy.

POLICY

1. Management is authorized to pursue any of the following activities:
 - a. Real estate consulting and development services for the City of Surrey.
 - b. Land development (planning, zoning, subdivision, servicing and marketing) of land owned by the City of Surrey.
 - c. Building development (for sale or retention for income purposes).
 - d. Land and building acquisition (for strategic, development and/or income purposes).
 - e. Property management services of buildings that it owns or controls on behalf of the City of Surrey.

2. Management is authorized to pursue any of the following types of projects:
 - a. Industrial
 - b. Commercial – including office, retail, and hotel projects
 - c. Residential
 - d. Institutional

3. Management is authorized to pursue projects that generate market rates of return and is authorized to pursue projects that have less than market rates of return if the project will generate significant community benefits; however, management is not permitted to pursue projects that do not as a minimum recover costs without prior approval of the Board of SCDC.

The following project approval limits shall apply to SCDC Real Estate Development Projects

- The President & CEO and/or the VP, Development and Investment is authorized to approve the acquisition of any properties with a direct investment (cash – including debt if any) up to a maximum of \$1 million, subject to the project pro-forma demonstrating market rates of return.



- Approval by the Board of Directors is necessary for the acquisition of all properties with a direct investment of greater than \$1 million.
 - Approval by Surrey City Council, as shareholder, is required for any acquisition with a direct investment in excess of \$5 million.
4. SCDC activities are to be undertaken with sensitivity to their potential impact on the market place and/or on private sector participants in that market. While SCDC may pursue projects on its own, in consideration of market place sensitivity, SCDC will consider the merits of a joint venture approach with development and/or financial partners with respect to every project that it pursues.



APPENDIX "V"

Policy Number	SCDC.PCY.004
Policy Title	Signing Authority
Policy Area	Finance, Development and Operations
Effective Date	
Applies to	Management, Employees
GHRCC Approval Date	June 9 th 2015
SCDC Board Approval Date	June 25 th 2015
Surrey City Council Approval Date	July 27 th 2015

POLICY STATEMENT

The purpose of this policy is to outline the signing authority and responsibilities for Management and Employees who have the authority to sign contracts, agreements and invoices and other binding documents on behalf of Surrey City Development Corporation ("SCDC").

This policy is to be read in conjunction with the following policies:

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

POLICY

1. DOCUMENT AND CONTRACT SIGNING AUTHORITY

Definitions:

- "Documents" *including but not limited to Purchase and Sale Agreements, Promissory Notes, Shares, property management documents, etc.*
- "Contracts" *including but not limited to construction, professional services, employment and purchase orders.*

- a. Documents and contracts must be signed by the President & CEO, and/or the VP, Development & Investment. An exception to this is when the President & CEO and/or the VP, Development & Investment has provided email or other written authorization for an alternate or temporary signing authority. Such written authority is to be attached to the back of the file copy of the signed contract.
- b. Document and contract 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/or the VP, Development & Investment, 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 documents and contracts are signed by the temporary approving individual the date should be noted next to the approving signature.



- c. If temporary document and contract signing authority has been assigned, invoices for that document/ contract are required to be co-signed by a person other than the temporarily assigned signer. Assignment must be to a position, not an individual.
- d. The assignee shall have the same document and contract signing authority as the person on whose behalf he/she is acting.
- e. No document or contract is to be executed that is not supported by a Board (and Council if required) approved budgets.
- f. Partnership costs should, as a matter of course, be borne and paid through the respective partnership. Occasionally SCDC may be required to engage a supplier or contractor for services on behalf of the partnership. In these instances written approval from the other partner(s) must be obtained prior to the commitment of work. Further, this written approval must be attached to the invoice before payment is processed.

2. INVOICE APPROVAL AUTHORITY

- a. In order to be approved, invoices must be in the original (a copy - via attachment - is acceptable if accompanied by email), supported by appropriate back up (for example: quotes, contracts or emails as applicable), and meet general accounting guidelines (invoice number etc.).

Invoice approval limits are as per the table below.

Definitions:

"Initiator"

Individual who had initiated/engaged the work being invoiced

"Direct Report"

Direct reporting manager of Initiator

"Executive"

CFO; or VP, Development & Investment

\$0 to \$4,999	Two signatures required – Initiator, plus Direct Report <i>When the initiator is the President & CEO, the CFO or VP D&I's signature is required in place of the Direct Report.</i>
\$5,000 to \$499,999	Three signatures required – Initiator, Direct Report, plus either an Executive or the President & CEO. <i>When the initiator is the President & CEO, the CFO and VP D&I's signatures are also required.</i>



\$500,000 and above	Three signatures required – Initiator, Executive, plus the President & CEO. <i>When the initiator is the President & CEO, the CFO and VP D&I's signatures are also required.</i>
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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.

- b. 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.
- c. The assignee shall have the same invoice signing authority as the person on whose behalf he/she is acting.
- d. No invoice is to be executed that is not supported by a Board (and Council if required) approved budgets.

3. CHEQUE SIGNING AUTHORITY

- a. Cheques must be supported by approved invoices.
In the case of development projects (contractors/ consultants, etc.), a WIBL confirmation is needed (WorkSafe/Professional Liability Insurance/Business License/Liens/outstanding litigation).
- b. Any cheque must have two signatures prior to release.
- c. Authorized signatories of cheques as follows:

Definitions:

"a" signatories *President & CEO*
 VP, Development and Investment
"b" signatories *Development Manager*
 Office Manager

\$0 to \$4,999	Two (a) or (b) signatures
\$5,000 to \$499,999	One (a) plus one (b) signature
\$500,000 and above	Two (a) signatures



- d. Any change to authorized signatories must be approved by the GHRCC in writing, prior to documentation being completed at the financial institution.
4. This policy is intended to be utilized in conjunction with the "SCDC.PCY.002 – Procurement and Divestment" Policy.



APPENDIX "VI"

<i>Policy Number</i>	SCDC.PCY.006.1
<i>Policy Title</i>	Expense Reimbursement
<i>Policy Area</i>	Finance, Development and Operations
<i>Effective Date</i>	
<i>Applies to</i>	Management, Employees
<i>GHRCC Approval Date</i>	June 9 th 2015
<i>SCDC Board Approval Date</i>	June 25 th 2015
<i>Surrey City Council Approval Date</i>	July 27 th 2015

POLICY STATEMENT

The purpose of this policy is to outline the criteria of which expenses are eligible for reimbursement, as well as guidelines relating to the approval process for the Surrey City Development Corporation ("SCDC"), its subsidiary companies and/or associated partnerships. This policy is to be read in conjunction with the Signing Authority policy.

POLICY

SCDC recognizes that in the fulfilling of workplace duties Employees may incur expenses. Also, Employees may expend funds when travelling or conducting business on behalf of SCDC. Employees will be reimbursed for reasonable expenses incurred in the execution of their duties for SCDC as these relate to approved business activities. Expenses should be able to withstand the test of reasonableness, appropriateness, scrutiny, and will be properly explained and documented.

1. GENERAL

Expenses of a reasonable nature incurred in the interest of SCDC business purposes are reimbursable. These include a number of specific items listed below, as well as general office supplies, training, licenses and business related memberships, and purchases of other goods or services on behalf of SCDC.



2. TRANSPORTATION

- a) When using a personal vehicle for business purposes, a mileage reimbursement per kilometer is claimable. This is to be calculated using the same mileage rate as used by the City of Surrey. Note: no mileage is claimable if the Employee has a car allowance.
- b) Road tolls and parking costs acquired on the course of business may also be claimed. Note: no road tolls are claimable if the Employee has a car allowance.
- c) If transit is taken in lieu of driving, then transit fair is claimable.
- d) Fuel, maintenance, speeding or other traffic violation fines, will not be reimbursed.
- e) For travel over 100 km., approval by the Immediate Report is required to establish the preferable economics of driving vs. flying, the traveller's time and per diem rates. Compensation for driving is not to exceed the cost of flying.

Vehicle Rental

1. General - It is recommended that automobile/vehicle rental arrangements be made through SCDC. The lowest available rental rate should be requested at time of booking. The Corporate credit card should be used where possible.

Rental cars should be used only when less expensive transportation is not available. Vehicle rental would be a reasonable method of transportation for round trip journeys up to 500 km. A rented vehicle should not normally be used for round trip journeys in excess of this distance. If a trip of greater distance is made, the maximum claimable expense is equivalent to economy air travel rate by the most direct route or rail fare with standard lower berth or roomette, whichever is less.

2. Standard for Vehicle Rental - The standard is a mid size car. For group travel where a vehicle rental is the most economical means of travel, one vehicle for each four travellers is permitted. The lowest available rate at the time of booking should be requested.
3. Receipt requirements - The original receipts required are: customer copy of the rental agreement, account statement, invoice and receipts for gasoline purchases.
4. Rental Insurance - Full coverage insurance is required for any car rental on SCDC company business.
5. Gasoline Refill - Gasoline is an eligible expense. The gas tank should be filled before returning the car to avoid a gasoline surcharge.



3. TRAVEL

Travel must be the most direct and economic option, with due consideration to effective use of the traveler's time. Luxury modes of travel, such as first class airfare or luxury model car rentals, are not reimbursable expenses.

Any travel outside the normal radius of SCDC's range (Surrey/Vancouver/ Vancouver Island, etc.) should be pre-authorized by the President & CEO.

The following applies:

- a. Employees will be reimbursed for all reasonable expenses incurred when travelling on company business, including accommodation and meal expenses;
- b. Whenever possible, accommodation costs should not exceed the cost of a standard room;
- c. For air travel, when a less expensive fare cannot be obtained, economy class is permitted;
- d. When travelling and staying with friends and family, an amount of \$50 per night is claimable for an accommodation charge;
- e. Combining business travel with personal travel is permitted as long as the costs submitted for reimbursement are no greater than they would have been if the personal travel had not been combined;
- f. Per Diem Allowance for Overnight Travel are to be at the same rate as used by the City of Surrey. As at May 2011 these rates were:
 - i. Breakfast \$12/day
 - ii. Lunch \$15/day
 - iii. Dinner \$35/day
 - iv. Incidentals \$18/day
- g. Per Diem rates will not be paid where other meal arrangements are provided, for example, a luncheon included with an event; and,
- h. Non-reimbursable items include personal items such as toiletries, expenses incurred by spouses, children or relatives, in-room movies or video games, sporting activities or shows (unless company related).

4. MEALS, ENTERTAINMENT AND HOSPITALITY

- a. All receipts submitted for meals, entertainment and hospitality must list the names of the individuals who attended, as well as a brief note as to the business purpose; and,
- b. Expenses must be necessary and economical with due regard for health, safety and security.

5. APPROVALS AND DOCUMENTATION

- a. Requests for reimbursement are to be submitted regularly (and no less than quarterly) on the standard SCDC Expense Reimbursement Form;



- b. Original receipts are required to be available for inspection. In cases of credit card payment, the invoice receipt rather than the credit card charge receipt is required. (This shows the breakdown of charges and HST). Where purchases were made by phone or online, a printed or fax receipt is acceptable. Exceptions to this must be approved on a case by case basis by the President & CEO;
- c. In cases where the purchase was for goods or services where a quote was obtained in advance, a copy of the quote is to be provided as part of the documentation;
- d. Expense reimbursements of Employees must be approved by the President & CEO; and,
- e. Expense reimbursements for the President & CEO must be approved by the Board Chair.

6. EDUCATION

Education costs will be reimbursed for attending short (1 day or less) seminars/workshops/industry related events (UDI, REIBC, etc.) with the pre-approval of the Immediate Report.

Tuition reimbursement for college, university and technical school courses are reimbursable at the discretion of the President & CEO, with pre-approval, taking into consideration:

- accreditation of college, university or technical school;
- relevance to the business of SCDC;
- professional and/or continuing education;
- scheduling and timing of course;
- length of course;
- agreement on the length of commitment to SCDC;
- meals, lodging, transportation, parking, etc.

Reimbursables include text books and mandatory fees when pre-approved by the President & CEO.

Reimbursement will be reduced by any grants, scholarships or other financial aids or discounts.

Reimbursement will not cover re-taken failed courses.

Reimbursement will require a "pass" or grade "C" or better.



APPENDIX "VII"

Policy Number	SCDC.PCY.007
Policy Title	Commitments
Policy Area	Finance, Development and Operations
Effective Date	
Applies to	Management, Employees
GHRCC Approval Date	June 9 th 2015
SCDC Board Approval Date	June 25 th 2015
Surrey City Council Approval Date	July 27 th 2015

POLICY STATEMENT

The purpose of this policy is to outline the procedure for purchasing goods and services on behalf of Surrey City Development Corporation ("SCDC"), its subsidiary companies and/or associated partnerships. This policy is to be read in conjunction with the Signing Authority policy.

POLICY

1. CONTRACTS AND DOCUMENTS

The following is a list of contracts/documents that are used to procure goods and services for SCDC:

Construction Contracts

When SCDC is undertaking a construction contract, an appropriate construction contract will be utilized with the general contractor, such as a CCDC contract.

For construction carried out by SCDC within a partnership, the type of construction contract will be dealt with within the partnership agreements.

Professional Services Agreement (PSA)

The PSA is primarily used for the purchase of services for development, such as, site servicing soft costs, environmental remediation, studies and inspections, repairs and maintenance, etc. This is a comprehensive document comprising standard legal clauses covering services, personnel, fees, insurance, terminations, confidentiality, scope of work, etc.

Purchase Order (PO)

The PO is primarily used for the purchase of physical objects and office needs, such as, minor office improvements, computers, internet services, stationery, cell phones, furniture, fencing, etc. This is a comprehensive document, similar to the PSA, reworded to accommodate additional items such as warranties, returns, etc.

SCDC.PCY.007: Commitments

SCDC Board Approval: June 25, 2015

Surrey City Council Approval: July 27, 2015



Standing Offer Agreement (SOA)

The SOA is a three year pre-approved agreement (using Professional Services Agreement clauses) with a range of pre-qualified companies, via a competitive process, who provide consistent services that SCDC requires regularly on an "as and when required" basis, for smaller tasks, with shorter timeframes, such as appraisal or survey services.

Requisition

This outlines the scope of work, cost, timeline, etc. and can take the form of an email, a proposal, a requisition form, etc.

2. SCOPE OF RESPONSIBILITIES

This restricts an employee to an area of responsibility directly connected to their position; for example, a Development Manager's area of responsibility is connected to projects and project development, whereas the Manager of Accounting's area of responsibility lies with goods and services to support the functioning of the Accounting Department.

3. PROCESS

When goods or services are to be purchased, where possible, a Professional Services Agreement, a Purchase Order or a Standing Offer Agreement is to be prepared. These are prepared by the Office Manager once a Requisition is provided. A Requisition for a new PSA, PO, SOA, or a change to an existing one, can be initiated by any employee within their scope of responsibilities. Responsibility for SCDC sign-off on these contracts is as per the Signing Authority Policy.

4. CHANGES

In addition to the items outlined above, there may be unforeseen additional charges and overages to the PSA, PO or SOA. There are two methods to deal with these overages:

- Within required approved dollar limits, a Change Order can be prepared and approved by SCDC (as outlined in the Signing Authority) and the Vendor.
- Within required approved dollar limits, and when reasonable, an Internal Change Order can be prepared and approved (as outlined in the Signing Authority policy) by SCDC only.



Internal Change Order	Authority
Construction contracts: Overages within a total of 10% of the contract amount, but cannot exceed an accumulated total of \$50,000.	Can be approved by all employees within their area of responsibility.
Professional Services Agreements/Standing Offer Agreements: Overages within a total of 5% of the contract amount but cannot exceed an accumulated total of \$10,000.	Can be approved by all employees within their area of responsibility.
Purchase Orders: Overages within a total of 5% of the contract amount but cannot exceed an accumulated total of \$500.	Can be approved by all employees within their area of responsibility.
All other Internal Change Orders exceeding the above.	To be approved by President & CEO and/or the VP, Development and Investment.