

MEMORANDUM OF UNDERSTANDING

Regarding a proposed public-private economic development venture between The Corporation of the City of London (the "City") and the London Economic Development Corporation ("LEDC")

Preliminary Matters

1. The initial term of the venture will end on April 30, 2000.
2. The understandings contained herein have regard to the following principles:
 - (a) LEDC will operate as a body independent from the City, able without requiring further approvals to execute decisions that it makes within its budget and to have its Chief Executive Officer accountable to its Board of Directors.
 - (b) Council remains ultimately accountable to the municipal taxpayer and to the broader public for expenditures and initiatives on economic development.
3. The City is acknowledged as having undertaken the initiative of developing and instituting the organization and processes which are efficient, highly aware of "customer service" and which generate a welcoming and friendly environment for business.
4. LEDC organization and activities will follow the *Investing In Prosperity* strategic plan, as received by the LEDC Board on February 10 until management, including the CEO, of LEDC are in place and an operating plan is in place. The document entitled *Proposed Economic Development Activities 1998 And Future*, as received by the Negotiating Teams on March 27 will serve as the City's operating plan for as long as the City has responsibility for economic development until LEDC's management is in place and has fully taken over responsibility for its functions mentioned in paragraph 7. LEDC acknowledges that it will honour commitments made by the City pursuant to its operating plan.

Purpose

5. LEDC's Mission Statement on page 18 of *Investing In Prosperity* dated February 1998 is accepted.
6. LEDC will perform the role of an operating economic development corporation, not an advisory body.
7. Economic development functions will be distributed between LEDC and the City as follows:
 - (a) LEDC will be generally responsible for:
 - (i) Strategic Planning and Analysis, including but not limited to
 - direction
 - mission, goals, objectives, targets, performance measurements
 - evaluation of successes and "near-successes"
 - (ii) Marketing and Attraction Programs For New Business, including

but not limited to

- media advertising
- direct mail
- trade shows
- face-to-face contacts
- "networking"

(iii) Retention and Expansion Programs For Existing Business, including but not limited to

- export promotion/trade missions/sister city programs
- strategic alliance matchmaking
- networking and cluster development
- access to capital for financing growth
- removing regulatory roadblocks
- seminars, trade shows and special events
- "Ombudsman" role

(iv) Technology Development and Commercialization, including but not limited to

- supplementing/expanding programs at UWO, IMTI and research institutes
- identifying sources with ability to identify technology having commercial potential
- sourcing venture capital and equity financing through London Enterprise Development Corporation (LEDCO) and other networks
- sourcing accounting, finance, legal and marketing assistance through LEDCO and other networks

(v) LEDC has the responsibility of arranging for LEDC Board Members and other London private sector representatives to meet and encourage prospective investors.

(b) The City will be generally responsible for:

(i) Coordination and Liaison

- coordination of, responsibility for and liaison with various organizations within local economic development sector (e.g. Tourism London, LEDCO, London Community Small Business Centre, etc.)

(ii) Entrepreneurial Development Programs

- counselling on "How To Start a Small Business"
- business incubation through London Community Small Business Centre
- entrepreneurial education and training programs
- mentoring programs

(iii) Targeted Projects and Initiatives

- industrial park development
- Downtown and East London redevelopment
- tourism and convention promotion through Tourism London and London Convention Centre Corporation
- infrastructure development
- regulatory review
- special events and tournaments

(iv) Development Facilitation

- "shepherding" customers through steps within City Hall

necessary to undertake and complete development

- (c) LEDC and the City will both have responsibility for and, where appropriate, will cooperate on:
- intergovernmental liaison
 - community revitalization initiatives
 - coordination of economic development

8. The "report card" concept on page 20 of *Investing In Prosperity* is generally accepted for use as performance indicators.

9. LEDC will operate within general City policy and procedures but Council will not countermand LEDC's decisions or pass *ad hoc* resolutions affecting LEDC.

10. LEDC and the City will carry out discussions where Council has a policy or position on community issues which have economic development implications (e.g. permanent gaming casinos).

Board of Directors

11. LEDC will take immediate steps:

- (a) to establish a process for the election or appointment of members of LEDC's Board of Directors to represent business constituencies, such process to be available for information at the public participation meeting; and
- (b) to appoint one designated City Council member, who is a Director, as a member of the Executive Committee of LEDC's Board of Directors.

12. LEDC will have discretion to establish the rules of confidentiality and procedure relating to the conduct of the meetings and access to information of its Board of Directors.

13. LEDC will adopt a Code of Conduct based on the Code of Conduct for City Council Members.

Chief Executive Officer

14. No active recruiting will be started before Council's approval of these understandings scheduled for April 20. LEDC may however immediately take preliminary steps in the recruitment process, not involving expenditures of money.

15. LEDC will take the lead in the recruitment.

16. The Mayor and the two Council members on LEDC's Board will be added to the Selection Committee already established by LEDC. The City Administrator will be a non-voting member of the Selection Committee for the purpose of ensuring that the preferred candidate can work effectively with the City's Senior Administration. The Selection Committee will report and recommend to LEDC's Board of Directors on the role of a recruiting firm. The Selection Committee for the CEO search will have an interview committee composed of Earl Orser, Dianne Haskett, Susan Sharpe, Peter Maurice, Joe Swan (or Russ Monteith) and Linda Reed.

17. The objective of undertaking an executive search is to secure the "best possible candidate".

18. LEDC will obtain Council's approval of the preferred candidate before hiring.

19. The CEO will be an employee of the City, seconded to LEDC, with a formal employment contract dealing with salary, benefits, severance, and related matters.

20. Ongoing liaison between LEDC's CEO and the City's Senior Administration will occur through the Senior Administration's Economic Development Coordinating Committee.

21. The City's Commissioner of Economic Development will provide a reasonable amount of time, when mutually convenient, to train and assist LEDC's CEO during the CEO's familiarization period.

22. Pending the hiring of its CEO, LEDC will:

- (a) commence training itself through familiarization with activities in other centres;
- (b) investigate funding sources available; and
- (c) assist City Hall, as appropriate, in presenting economic development potentials to outsiders.

Human Resources Below CEO

23. The management structure below the Chief Executive Officer proposed on page 27 of *Investing In Prosperity* is accepted. LEDC staff will be City employees seconded to LEDC.

24. The City will second the following existing City staff (who will remain City employees) to LEDC on a full-time basis:

Management Administrative Assistant (A06)
Administrative Clerk-Economic Development (C07)
Secretary-Economic Development (C04)

25. The City will retain the following existing staff within the City's Economic Development Office:

Sales and Marketing Assistant-Economic Development* (C10)

* The industrial land sales position.

Support Systems

26. The City will provide LEDC with standard City equipment, office space within City Hall or other mutually-acceptable City-owned or occupied location, accounting and other business systems.

Financial and Strategic Matters

27. An initial business plan will be prepared for 1998 and future years for Council's approval.

28. The formal agreement will set out the allocation between LEDC and the City of the City's 1998 Economic Development net operating budget of \$747,772.

29. After 1998 annual City funding of LEDC will be subject to Council's approval of LEDC's annual business plan and budget. The practice followed by Council in its consideration of LEDC's proposed budget will be consistent with that followed in the case of the annual budget of any board, commission or other body annually funded

in whole or in part by the City. LEDC will build its budget from a detailed consideration of its forecasted needs and, subject to LEDC adjusting expenditures within its approved budget to respond to changing conditions during the year for which no further approvals will be required, money will only be spent on items in its approved plan and budget.

30. LEDC will place future efforts toward obtaining some private sector funding toward its support.

31. LEDC's representative will meet every three months or at other mutually agreed times with Board of Control to provide a status report on LEDC's activities. Representatives of LEDC's Board will meet once a year with Board of Control or Council at a mutually acceptable time to present LEDC's annual report.

Miscellaneous

32. A suitable dispute resolution mechanism will be established.

33. Board of Control will review and report by January 31, 2000 with recommendations regarding:

- (a) LEDC's governance and organization that could or should facilitate the achievement of the objectives and mandate of the venture,
- (b) the procedures, policies and controls that could or should be implemented by LEDC to ensure efficient operations as affect the venture,
- (c) additional roles and responsibilities that may be assumed by LEDC, and
- (d) results of LEDC's efforts.

34. These understandings will be submitted to and recommended for final approval by City Council and LEDC's Board of Directors, and are subject to such final approval being given.

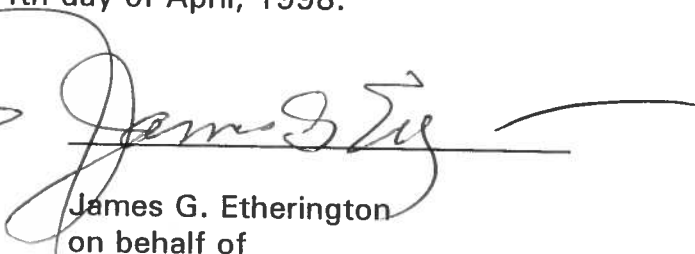
35. Upon their approval by City Council and LEDC's Board of Directors, these understandings will form the substance of a formal agreement to be eventually signed by the City and LEDC.

36. The 1995-1997 Council requested Board of Control to hold a public participation meeting for the purpose of receiving input from the community on the new Economic Development Model. If suggestions arise from the public participation meeting which warrant consideration by LEDC's and the City's Negotiating Teams, those suggestions will be considered by the Teams and, if approved, will result in amendments being made to the formal agreement prior to its being executed.

Dated at London, Ontario this 14th day of April, 1998.



Councillor Gordon D. Hume
on behalf of
City Negotiating Team



James G. Etherington
on behalf of
LEDC Negotiating Team