

# **TORONTO LANDS CORPORATION**

**(the “Corporation”)**

## **TERMS OF REFERENCE FOR THE FINANCE COMMITTEE**

(Adopted by the Board February 17, 2009)

### **1. Purpose**

The Finance Committee (the “Committee”) is a committee of the Board of Directors (the “Board”) of the Corporation. The Corporation is party to a Shareholder’s Direction (the “Shareholder’s Direction”) from the Toronto District School Board (“TDSB”) dated May 16, 2008. The role of the Committee is to assist the Board in financial planning and monitoring of the financial activities of the Corporation.

### **2. Authority**

- 2.1. The Committee is authorized to seek any information it requires from any officers of the Corporation in order to perform its duties.
- 2.2. The Committee is authorized to obtain, at the Corporation’s expense, outside legal or other professional advice on matters within its terms of reference.

### **3. Composition**

- 3.1. The Committee shall consist of five members of the Board.
- 3.2. Members of the Committee shall be appointed by the Board from the members of the Board. Two members of the Committee shall be appointed by the Board from members of the Board who are trustees of the TDSB and three members of the Committee shall be appointed by the Board from members of the Board who are not trustees of the TDSB. Members of the Committee shall serve until their successors are duly appointed or until the member resigns, is removed or ceases to be a member of the Board. Any member may be removed at any time by the Board and shall, in any event, cease to be a member of the Committee upon ceasing to be a member of the Board. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.
- 3.3. The Committee shall make a recommendation to the Board and the Board shall appoint one of the members of the Committee as the Chair of the Committee (the “Chair”). If the Chair is unavailable or unable to attend a meeting of the Committee, the Chair shall ask another member to chair the meeting, failing which a member of the Committee present at the meeting shall be chosen by a majority of the members of the Committee present to preside over the meeting. The Chair presiding at any meeting of the Committee shall not have a casting vote.

- 3.4. All members of the Committee shall be independent, as determined by the Board. An individual is independent if he or she has no direct or indirect interest or any business or other relationship which would reasonably be expected to materially interfere with the exercise of independent judgment.
- 3.5. All members of the Committee shall be financially literate, as determined by the Board. An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

#### 4. **Meetings**

- 4.1. The Committee shall meet at least four times a year, with authority to convene additional meetings as circumstances require. Meetings shall be held at the request of the Chair or any 2 members of the Committee or at the request of the Chair of the Board or the Chief Executive Officer.
- 4.2. Notice of the time and place of each meeting may be given orally, in writing, by facsimile or by electronic means to each member of the Committee at least 24 hours prior to the time of the meeting.
- 4.3. All Committee members are expected to attend each meeting. Committee members may participate in any meeting by means of a telephonic, electronic or other communication facility and a member participating by such means is deemed to be present at the meeting.
- 4.4. A majority of Committee members constitutes a quorum of the Committee. If no quorum exists only by reason of conflict of interest, the remaining members shall be deemed to constitute a quorum.
- 4.5. The Chief Executive Officer is expected to be available to attend meetings but shall not be a member of the Committee. The Chief Financial Officer of the Corporation, if there is one, or if not, the person who performs the role of Chief Financial Officer of the Corporation, is expected to be available to attend all meetings but shall not be a member of the Committee. Pursuant to the Shareholder's Direction, the Director of Education or any person appointed by the Director of Education shall be entitled to receive notice of, and to attend, meetings but shall not be a member of the Committee. The Committee may, by specific invitation, have other resource persons in attendance. The Committee shall have the right to determine who may be present at any time during a meeting of the Committee. Members of the Board, who are not members of the Committee, may attend Committee meetings on an ad hoc basis upon prior consultation and approval by the Chair or by a majority of the Committee.
- 4.6. The Committee shall appoint a secretary who shall take minutes of each meeting. Minutes of Committee meetings shall be sent to all Committee members. The Board

shall be kept informed of the Committee's activities, findings, conclusions and recommendations by a report at the first Board meeting following each Committee meeting.

## 5. Responsibilities

The Committee shall carry out the following responsibilities:

### 5.1. Annual Plan and Annual Budgets

- Oversee the development of a proposed annual operating budget, as required by the Shareholder's Direction, in form consistent with industry standards, which contains a separate monthly analysis of anticipated revenues and expenses for each Property (as defined in the Shareholder's Direction) on an accrual basis, and which provides a reasonable estimate of anticipated rate of return and monthly cash flow for each Property, and a reasonable estimate of revenue to be paid to the TDSB on a monthly basis.
- Oversee the development of an annual capital expenditure budget, as required by the Shareholder's Direction.
- Review, approve and recommend for Board approval the proposed annual operating budget, annual capital expenditure budget and amount of Reserves to be held over the applicable Fiscal Year.
- Review and advise the Board on the Annual Plan and Biannual Report required under the Shareholder's Direction.
- Review and monitor the financial performance of the Corporation and compare actual performance, revenues and expenses in relation to budget.
- Review and advise the Board regarding plans developed by management to address variances between budget and actual performance, revenues and expenses.
- Monitor implementation of plans to address variances and report to the Board.

### 5.2. Strategic Plan

- Review and advise the Board on the Strategic Plan required under the Shareholder's Direction, including:
  - i) the objectives and priorities of the Corporation over the five year period covered by the Strategic Plan;
  - ii) any major capital programmes; and
  - iii) the anticipated revenues of the Corporation, and the amount the Corporation expects to be able to contribute to the operations of the TDSB;

- Review and advise the Board regarding long-term financial goals and long-term revenue and expense projection.

### 5.3. Banking Arrangements and Operational Matters

- Develop and recommend for Board approval policies and procedures regarding banking and various operational matters, as required under the Shareholder's Direction, including:
  - i) the application of all revenues from Properties and other revenues of the Corporation;
  - ii) the investment of Reserves;
  - iii) the means of payment of all costs and expenditures in connection with the provision of the Services under the Shareholder's Direction;
  - iv) the payment of funds to TDSB;
  - v) which individuals have authority to make or authorize payments on behalf of Corporation;
  - vi) banking and accounting arrangements for the Corporation;
  - vii) collection of revenues and disbursement of expenses relating to the Properties;
  - viii) establishment and maintenance of appropriate Reserves;
  - ix) investment of funds of the Corporation and of funds of the TDSB for which the Corporation is responsible;
  - x) borrowing by the Corporation, if applicable; and
  - xi) fees payable to the Corporation in consideration of the Services (which fees will be subject to approval by the TDSB).
- Review and advise the Board on maintaining adequate insurance coverage for the Corporation, including insurance coverage required under the Shareholder's Direction.
- Review and advise the Board on financial and banking transactions involving the Corporation.

### 5.4. Reporting Responsibilities

- Regularly report to the Board about Committee activities, issues and related recommendations.

### 5.5. Other Responsibilities

- Perform other activities related to these terms of reference as requested by the Board.
- At least once a year, review its own performance, constitution and terms of reference in order to evaluate its effectiveness in fulfilling its mandate, and recommend any changes it considers necessary to the Board.
- Any other responsibilities prescribed by relevant legislation or the Shareholder's Direction.