4. Appointment of Sinking Fund Trustees
File GC-7 (Vol. 31)

ADMINISTRATIVE RECOMMENDATION:

That the following individuals be appointed to the Sinking Fund Trustees for the terms noted:

(a) Marshall G. Smith's term extended from October 31, 2002 to December 31, 2002.

(b) Scott Penman's term extended from October 31, 2002 to December 31, 2003.

(c) Jo-Anne Ferrier for a term from January 1, 2003 to December 31, 2005.

Re: APPOINTMENT OF SINKING FUND TRUSTEES

For submission to: **Executive Policy Committee**

Submitted by: **Chief Financial Officer**

Report date: **November 15, 2002**

In camera item: ☐ Yes ☒ NO

Recommendations:

That the following individuals be appointed to the Sinking Fund Trustees for the terms noted:

(a) Marshall G. Smith's term extended from October 31, 2002 to December 31, 2002.

(b) Scott Penman's term extended from October 31, 2002 to December 31, 2003.

(c) Jo-Anne Ferrier for a term from January 1, 2003 to December 31, 2005.

Report Summary

Key Issue(s):

Involves the appointment of representatives to the Sinking Fund Trustees.

Implications of the Recommendation(s):

General Implications

- ☒ None
- ☐ For the organization overall and/or for other departments
- ☐ For the community and/or organizations external to the City of Winnipeg
- ☐ Involves a multi-year contract

Policy implications

- ☒ No
- ☐ Yes

Financial implications

☐ Within approved current and/or capital budget
☐ Current and/or capital budget adjustment required

Comments: There are no financial implications with this report.

Report

Recommendations:

That the following individuals be appointed to the Sinking Fund Trustees for the terms noted:

(a) Marshall G. Smith's term extended from October 31, 2002 to December 31, 2002.

(b) Scott Penman's term extended from October 31, 2002 to December 31, 2003.

(c) Jo-Anne Ferrier for a term from January 1, 2003 to December 31, 2005.

Reason for the Report:

The new City of Winnipeg Charter provides for the continuation of the existing Sinking Fund Trustees for sinking fund debentures that are outstanding on the date the new Charter comes into force. The term for two of the current Trustees of the Sinking Fund, Marshall Smith and Scott Penman, expires on October 31, 2002.

Under Section 314(2) of the existing City of Winnipeg Act, provision is made for the appointment of Sinking Fund Trustees for The City of Winnipeg as follows:

> "314(2) The corporation referred to in subsection (1) shall consist of four trustees, of which the treasurer shall be one, and the other three trustees, none of whom shall be a member of council, shall be appointed by council."

History:

In accordance with The City of Winnipeg Act, the City is empowered to raise funds through the issuance of debt securities or other means of borrowing. When the City passes a by-law authorizing the issuance of a new debt instrument it may choose to issue a "sinking fund" note or debenture. The "sinking fund" debt security is characterized by a requirement that obliges the City to provide for its orderly repayment through a system of levies paid into a reserve fund known as the Sinking Fund. The by-law establishes the annual levy rate, which is paid to the Sinking Fund on its anniversary. This obligation to pay the levy is considered a debt of the City, which is to

be paid to the Sinking Fund Trustees. In turn, the Sinking Fund Trustees, at the request of the City, are obliged to pay to the City, at or before maturity date of each respective sinking fund debenture, all amounts collected by way of levy, together with interest accrued thereon.

In accordance with Sections 314 to 332 inclusive of The City of Winnipeg Act, the Sinking Fund Trustees are empowered to act and manage the monies deposited by the City into the Sinking Fund. The Sinking Fund Trustees have custody of the Sinking Fund for the purpose of investing the monies deposited into the Sinking Fund in a manner which shall accommodate the retirement of the sinking fund debt securities either before, or at, their respective maturities.

The new City of Winnipeg Charter provides for the continuation of the existing Sinking Fund Trustees for the purpose of continuing to manage sinking fund contributions for any sinking fund debentures outstanding on the date the new Charter comes into force or the refinancing of those debentures.

Discussion:

Since the new Charter requires the existing Sinking Fund Trustees to continue to manage the sinking fund contributions on sinking fund debentures that are outstanding at the time the new Charter comes into force, the City will need to ensure there are four trustees appointed for this purpose as per Section 314(2) of the existing City of Winnipeg Act. Section 314(2) of the Act specifies the treasurer shall be one (of the trustees)." For purposes of the existing City of Winnipeg Act, the treasurer position is the Chief Financial Officer of the City. Therefore, the Chief Financial Officer, R. P. Gannon, automatically becomes one of the trustees. One of the other three trustees, Dr. John McCallum, will be continuing on as his term does not expire until October 31, 2004. The other two individuals will need to have their terms renewed. One of these individuals, Marshall Smith, has agreed to stay on until the end of 2002. The other individual, Scott Penman, has agreed to remain on for a further one-year term. As the City will need one other individual to be part of the trustees starting on January 1, 2003, it is recommended that Jo-Anne Ferrier, City Treasurer, be appointed to the Sinking Fund Trustees of the City for the period commencing on January 1, 2003 and ending on December 31, 2005. Section 314(6) of the City of Winnipeg Act states that "Two trustees shall form a quorum."

Financial Impact Statement Date:

No financial impact

Carrie Erickson
Manager of Finance & Administration

In preparing this report, there was consultation with and concurrence by:

- Ken Hayes, Executive Director of Employee Benefits Board
- Ursula Goeres, City Solicitor

This Report Submitted By:

Department:	Corporate Finance Department
Division:	Financial Services
Prepared by:	Garry Steski
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