Appointment of Sinking Fund Trustees for The City of Winnipeg

File GC-7 (Vol. 31)

2. The Executive Policy Committee has been advised that Marshall G. Smith and Dr. John McCallum are City representatives on the Sinking Fund Trustees and their current terms expire on October 31, 2001.

Mr. Scott Penman is being appointed to replace Mr. Alan G. Howison who is "retiring" from the Sinking Fund Trustees following 24 years of meritorious service on the Sinking Fund Trustees.

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, is 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 314-332, 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, as trustees of the Sinking Fund, 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 Sinking Fund Trustees are also the trustees of eight City of Winnipeg Reserve Funds and are responsible for investing the monies deposited into these reserves in a manner which will achieve the reserves' stated objectives.

Mr. Marshall G. Smith and Dr. John McCallum have served on the Sinking Fund Trustees for many years and it is recommended that they be re-appointed as they continue to make a very valuable contribution.

It is further recommended that Mr. Scott Penman be appointed to the Sinking Fund Trustees to replace Mr. Alan Howison who is "retiring" following 24 years of meritorious service on the Sinking Fund Trustees. Mr. Penman has been with the Investors Group since 1981 and has been President and Managing partner of I.G. Investment Management Ltd., since 1998.

This recommendation is consistent with a separate report from the Chairperson of the Employee Benefits Board which also recommends the re-appointment of Mr. Smith and Dr. McCallum as Members of the Investment Committee and the appointment of Mr. Scott Penman.

There are no financial implications associated with the recommendations of the report.

Report of the Executive Policy Committee dated October 31, 2001

The Executive Policy Committee recommends:

I. That Mr. Marshall G. Smith be re-appointed to the Sinking Fund Trustees for a one year term, from November 1, 2001 to October 31, 2002.

II. That Dr. John McCallum be re-appointed to the Sinking Fund Trustees for a three year term, from November 1, 2001 to October 31, 2004.

III. That Mr. Scott Penman be appointed to the Sinking Fund Trustees for a one year term, from November 1, 2001 to October 31, 2002.

IV. That the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing.