Agenda - Executive Policy Committee - January 22, 2003

Report - Standing Policy Committee on Protection and Community Services - January 13, 2003

Item No. 5 Literacy for Life Fund Agreement
File L-1 (Vol. 16)

STANDING COMMITTEE RECOMMENDATION:

On January 13, 2003, the Standing Policy Committee on Protection and Community Services concurred in the administrative recommendation and recommended:

1. That Council approve the terms of the Literacy for Life Fund Agreement as outlined on Appendix 1.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing, including the execution of any documents related thereto.

Agenda - Executive Policy Committee - January 22, 2003

Report - Standing Policy Committee on Protection and Community Services - January 13, 2003

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On January 13, 2003, the Standing Policy Committee on Protection and Community Services concurred in the administrative recommendation, and submitted its recommendation to Executive Policy Committee and Council.

Re: *Literacy for Life Fund* Agreement

For submission to:	**The Standing Policy Committee on Protection and Community Services**
Original report signed by:	**Ursula Stelman, Director, Community Services Department**
Report date:	January 6, 2003

In camera item: No

Recommendation(s):

1. That City Council approve the terms of the *Literacy for Life Fund* Agreement (Appendix 1).

2. That the proper officers of the City of Winnipeg be authorized to do all things necessary to implement the foregoing.

Report Summary

Key Issues:

- The Winnipeg Foundation, the Community Services Department, Library Services Division and Literacy Partners of Manitoba, Inc. want to establish an endowment fund called the *Literacy for Life Fund* to support family literacy programs.
- The *Literacy for Life Fund* agreement will be administered by the Winnipeg Foundation (Appendix 1).
- Grants from $500.00 to $1,500.00 will be granted on an annual basis to branches of the Library Services Division for the purchase of books, materials, professional support and other programs.
- In order for the Library to be eligible for these grants in any given year it must at a minimum maintain a budgetary expenditure on children's materials of $489,000.00 (the 2002 budget) and match any grant, or portion thereof, applied for and received. Matching funds will come from within the library's current operating budget and/or other sources of funding the library is able to secure. If the library is unable to maintain a budgetary expenditure of $489,000 on children's materials in any given year, it will not be eligible for the grant that year.
- A Steering Committee will be established for the purpose of advising the Winnipeg Foundation on the use of available funds, and to recommend general policy guidelines to the Winnipeg Foundation related to the operation of the *Literacy for Life Fund* so that the entire community can benefit from any family literacy grants.

- In January 2003, the partners in this agreement are planning a formal launch of the *Literacy for Life Fund* to promote it to the community and encourage donations to the fund.

Implications of the Recommendation(s):

General Implications

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

Comment:

- The *Literacy for Life Fund* will provide branches of the Library Services Division with additional funds to help support literacy programs at the community level.

Policy implications

X	No
	Yes

Comment:

Financial Implications

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

Comment:

- For the Library to be eligible for these grants in any given year, it must at a minimum maintain a budgetary expenditure on children's materials of $489,000.00 (the 2002 budget) and match any grant, or portion thereof, applied for and received. Matching funds will come from within the library's current operating budget and/or other sources of funding the library is able to secure. If the library is unable to maintain a budgetary expenditure of

$489,000 on children's materials in any given year, it will not be eligible for the grant that year.

Report

Recommendation(s):

1. That City Council approve the terms of the *Literacy for Life Fund* Agreement (Appendix 1).

2. That the proper officers of the City of Winnipeg be authorized to do all things necessary to implement the foregoing.

Reason for the report:

Council approval is required for the funding commitments contained within the *Literacy for Life Fund* Agreement (Appendix 1).

History:

In June 2002, the Community Services Department, Library Services Division was approached by the Winnipeg Foundation with the idea of establishing an endowment fund to support family literacy programs. The proposed fund would be used by the Library to assist with special programs, collections and services that would support family literacy.

Over the past six months, the Library Services Division has been working with the Winnipeg Foundation and Literacy Partners of Manitoba, Inc., to determine how this fund would be set up and managed.

Discussion:

Family literacy initiatives are a growing area of service for public libraries and the Community Services Department, Library Services Division has begun to reach out into the community to help fill this need. In partnership with organizations such as Literacy Partners of Manitoba, Inc., the Library Services Division has been able to gain knowledge about the services and programs needed in the community. Through various community partnerships, the library has been able to improve the quality of its literacy collections, provide family literacy training for its staff, and fill a niche in the community by offering family literacy services and programs.

For example, the Library's summer Read Aloud Program (R.A.P.) is a unique library initiative that pairs young children with older teenagers in a casual setting where the skill

and love of reading can be practiced and continued when school is out. In 2002, the Library won a national award for this program from the Canadian Library Association.

In June 2002, the Winnipeg Foundation, the Library Services Division and Literacy Partners of Manitoba, Inc., came together to discuss establishing an endowment fund called the *Literacy for Life Fund* to support family literacy programs. A *Literacy for Life Fund* Agreement has been drafted for approval by the key sponsors (Appendix 1).

The fund is to be made up of gifts from the key sponsors ($1,000.00 each) as well as other potential sponsors from the general public to the other levels of government. Discussions are currently underway with the National Literacy Secretariat to provide a matching grant to the fund.

The long-term goal is to establish a $3,000,000 endowment fund from which to provide grants on an annual basis. The annual income generated by the fund will be used to support grants to branches of the library as well as other family literacy programs operating as registered charitable community organizations. Grants from $500.00 to $1,500.00 will be available on an annual basis to branches of the Library Services Division for the purchase of books, materials, professional support and other programs.

In order for the Library to be eligible for these grants in any given year, it must, at a minimum, maintain a budgetary expenditure on children's materials of $489,000.00 (the 2002 budget) and match any grant, or portion thereof, applied for and received. Matching funds will come from within the library's current operating budget and/or other sources of funding the library is able to secure. If the library is unable to maintain a budgetary expenditure of $489,000 on children's materials in any given year, it will not be eligible for the grant that year.

The maximum potential grant available to the Library from the fund on an annual basis is $30,000.00 (based on 20 branches each receiving a $1,500.00 grant). In order to be eligible for this amount, or any portion thereof, the Library would have to provide matching funding.

The *Literacy for Life Fund* will be set up as a separate specified fund and will be administered by the Winnipeg Foundation.

A Steering Committee will be established for the purpose of advising the Winnipeg Foundation on the use of available funds, and to recommend general policy guidelines to the Winnipeg Foundation related to the operation of the *Literacy for Life Fund* so that the entire community can benefit from any family literacy grants. The Steering Committee will be made up of members from the three sponsoring groups as well as other key literacy partners in the community.

The Steering Committee will be set up for an initial ten-year period from 2002 until 2012, at which point all parties involved will decide if the Steering Committee is still needed to support the ongoing operation of the fund.

In January 2003, the partners in this agreement are planning a formal launch of the *Literacy for Life Fund* to promote it to the community and encourage donations to the fund.

Financial Impact:

There is no financial impact from entering into this agreement as the library is only eligible to receive funds if it maintains a budgetary expenditure on children's materials of $489,000 (the 2002 budget) and matches all grants, or portion thereof, applied for and received. Matching funds will come from within the library's current operating budget and/or other sources of funding the library is able to secure.

In preparing this report there was consultation and concurrence by:

This report was prepared in consultation with Corporate Services, Legal Services Division.

This Report Submitted By:

Department: Community Services
Division: Library Services
Prepared by: Rick Walker
File No:

Appendix 1

THIS AGREEMENT made in triplicate as of the 10th day of October, 2002, BETWEEN:

LITERACY PARTNERS OF MANITOBA, INC.

(hereinafter called “Literacy Partners”),

OF THE FIRST PART,

- and -

THE CITY OF WINNIPEG,

(hereinafter called “The Library”)

OF THE SECOND PART,

- and -

THE WINNIPEG FOUNDATION,

(hereinafter called “The Foundation”),

OF THE THIRD PART.

WHEREAS Literacy Partners of Manitoba is dedicated to the promotion of adult and family literacy as well as the support of the literacy field through the provision of resources while striving to establish, maintain and foster partnerships with the public and private sectors to meet the literacy needs of Manitobans;

AND WHEREAS The City of Winnipeg operates a public library system to provide quality, responsive and innovative information services which foster the individual pursuit of knowledge and enhance the cultural, economic and intellectual vitality of the community;

AND WHEREAS The Foundation is a body corporate and its purposes and powers are set out in The Winnipeg Foundation Act, R.S.M. 1990, Chapter 222 (hereinafter called the "Act");

AND WHEREAS the term "family literacy" is generally understood as a holistic approach that recognizes the importance of the family in the development of individual literacy skills and the importance of literacy skills to the well-being of the family. Family literacy is learner-centered and as a result, involves a wide variety of programming options that address the literacy needs of adults (parents and caregivers) while explicitly planning literacy-related outcomes for children for an intergenerational benefit.

AND WHEREAS Literacy Partners, The Library and The Foundation (collectively the "initial fund sponsors") share a common desire to support family literacy programs and to that end, have decided to work together as the initial sponsors in creating an endowment fund with The Foundation known as the *Literacy for Life Fund* made up of gifts of money from the initial fund sponsors, other sponsors or contributors and the general public;

AND WHEREAS any annual income generated by the *Literacy for Life Fund* shall be directed to family literacy programs as set out in this agreement;

AND WHEREAS ownership of all contributions of money now or hereafter deposited to the *Literacy for Life Fund* shall vest in The Foundation;

AND WHEREAS the *Literacy for Life Fund* shall be maintained as a separate specified fund in accordance with the terms of this agreement;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of these premises and One Dollar ($1.00) and other good and valuable consideration, the sufficiency of which is acknowledged, the parties covenant and agree, each with the other, as follows:

1. The Foundation shall establish a fund on its books to be known as the *Literacy for Life Fund* for the purpose of generating annual income to be directed to the support of family literacy programs, as follows:

(a) First and foremost for grants to branches of The Library ranging from $500 to $1500 and to family literacy programs operating at registered charitable community organizations ranging from $500 to $3000 (in 2002 dollars; to be adjusted for inflation annually by the percentage increase in the Canadian Consumer Price Index) where there is need for extra funding for such support as books, materials, professional support and other program, outreach and access assistance, provided that:

(i) all successful grant applications support “family literacy” as defined in the preamble to this agreement;

(ii) for The Library to be eligible for these grants in any given year, it must at a minimum maintain a budgetary expenditure on children’s library materials of $489,000 (the 2002 budget) and The Library must match any grant, or portion thereof, applied for and received; and

(iii) preference is given, in the case of other non Library applicants, to organizations that offer literacy programs to families at risk in inner city type neighbourhoods (defined by demographic not geographic factors) where easy access to The Library is more likely to be more restricted by financial or other barriers.

(b) Secondarily for larger program grants or for research grants that add to the knowledge base of those implementing family literacy programs for children and families in Winnipeg and Manitoba or that reveal barriers or explanations of different family literacy levels and why some children and families make less use of library or similar community facilities; and

(c) Thirdly for other grants in the family literacy field of interest that are consistent with the purpose of this fund as may be determined from time to time.

2. Literacy Partners, The Library and The Foundation as the initial fund sponsors, agree:

(a) to establish a Steering Committee (hereinafter called "the Committee") for the purpose of:

(i) advising The Foundation on the use of any income generated by the *Literacy for Life Fund* during the period from 2002 to 2012;

(ii) conducting appropriate marketing and communication activities related to the *Literacy for Life Fund* in order to promote its growth and use; and

(iii) assisting with the development of sound research related to family literacy in Winnipeg and Manitoba;

(b) to add to or delete from the membership of the Committee beyond the initial fund sponsors;

(c) to recommend any general policy guidelines to The Foundation related to the operation of the *Literacy for Life Fund* giving balance so that the entire community can benefit from any family literacy grants generated by the *Literacy for Life Fund* while giving greater financial support to those with the greatest need*;* and

(d) to dissolve the Committee before the end of the year 2012 unless Literacy Partners, The Library and The Foundation all concur that its continued operation will add value to the purposes of the *Literacy for Life Fund* for a longer period of time.

3. The initial fund sponsors agree to make a minimum initial gift of $1000 each to establish the *Literacy for Life Fund* and all future sponsors shall similarly be requested to make an initial contribution to the *Literacy for Life Fund.*

4. All initial gifts from the initial fund sponsors and at least fifty percent (50%) of all subsequent gifts, donations, bequests, contributions and legacies which are directed to the *Literacy for Life Fund* shall hereinafter be used by The Foundation to purchase units in its Consolidated Trust Fund and held in the *Literacy for Life Fund* in trust as a field of interest endowment fund. The remaining portion up to fifty percent (50%) of such subsequent gifts,

donations or contributions may be directed to immediate community grants from the *Literacy for Life Fund* consistent with Clause 1 of this agreement;

5. The Consolidated Trust Fund shall be invested in investments authorized by the Act and any amendments thereto. The Foundation shall exercise its best judgment in managing the Consolidated Trust Fund. It is agreed that The Foundation shall incur no responsibility or liability for any losses suffered as a result of The Foundation administering the *Literacy for Life Fund*, nor shall The Foundation have any claim on profits realized therefrom.

6. The Foundation may annually recoup from the *Literacy for Life Fund* a portion of its external investment management and custodial expenses; provided that the amount so charged shall not exceed one-half percent (0.5%) of the fiscal year end market value of contributed capital attributable to the *Literacy for Life Fund's* portion of the Consolidated Trust Fund.

7. The Foundation may annually capitalize realized capital gains and up to 10% of interest and dividend income to further The Foundation's objective of protecting the purchasing power of contributed capital. The *Literacy for Life Fund* will benefit from this capitalization policy on the same per unit basis as all funds held by The Foundation.

8. (a) For the purposes of this Agreement, "net income" shall be calculated in accordance with The Foundation's Spending Policy set out in *Schedule "A"*, as amended by it from time to time, for the *Literacy for Life Fund* portion of the Consolidated Trust Fund, less:

(i) any costs charged pursuant to Clause 6 of this Agreement; and

(ii) any amount capitalized pursuant to Clause 7 of this Agreement.

8.(b) The net income from the *Literacy for Life Fund* portion of the Consolidated Trust Fund shall be paid annually at the discretion of The Foundation in community grants consistent with Clause 1 of this agreement. The Foundation shall take into account the advice of the Committee so long as the Committee shall exist.

9. When the *Literacy for Life Fund* is fully developed and the Committee is dissolved or wound up, The Foundation shall allocate and pay the net income earned thereafter by the *Literacy for Life Fund* in a fashion that is consistent with Clause 1 of this Agreement, as determined in the discretion of The Foundation. In the event that The Foundation determines that family literacy programs are no longer a need in the community, then The Foundation may direct the annual income of the *Literacy for Life Fund* to such other charitable organization as The Foundation may in its discretion select but in this circumstance will consider, as an option, returning any contributed capital that the Government of Canada has provided to the *Literacy for Life Fund*.

10. Each year and as soon as may be reasonably convenient after the close of The Foundation's fiscal year, The Foundation shall furnish to the Committee so long as it shall exist a copy of the Annual Report of The Winnipeg Foundation including audited financial statements and a statement showing:

(a) particulars of the value of the units attributable to the *Literacy for Life Fund* portion of the Consolidated Trust Fund as at the close of the last fiscal year of The Foundation;

(b) particulars of the net income attributable to the *Literacy for Life Fund* portion of the Consolidated Trust Fund during the last fiscal year of The Foundation;

(c) particulars of all gifts received for the *Literacy for Life Fund* including those treated as capital received for the *Literacy for Life Fund* during The Foundation's last fiscal year to be held in perpetuity and those treated as flow through gifts directed immediately as community grants from the *Literacy for Life Fund*.

11. All contributions of capital to the *Literacy for Life Fund* not used immediately as flow through grants to the community shall be treated, in all filings with Canada Customs and Revenue Agency, by The Foundation as a "specified gift" as defined by paragraph 149.1(1) of The Income Tax Act (Canada).

12. The *Literacy for Life Fund* shall be retained, administered and invested by The Foundation in accordance with this Agreement, the Act and The Foundations usual policies and procedures from time to time relating to the investment of its property which, for the time being, shall be The Foundation's Asset Management Governance Plan and its Statement of Investment Policies and Guidelines approved October 29, 1999, as amended from time to time.

13. The parties hereto represent and covenant, each to the others, that each has the power and authority to enter into this Agreement and carry out the terms and obligations set out herein.

14. No supplement, termination, modification, waiver or amendment of this Agreement shall be binding unless executed in writing by the initial fund sponsors and the parties hereto covenant and agree that the initial fund sponsors shall have the authority to effect same and that any supplement, termination, modification, waiver or amendment of this Agreement made by the initial fund sponsors shall be valid, effective and binding upon the parties hereto and anyone having any interest in the *Literacy for Life Fund*; provided that if any one or more of the initial fund sponsors shall be wound up or cease to exist, the remaining initial fund sponsors, or if only one, that one, shall have the authority to effect such supplement, termination, modification, waiver or amendment of this Agreement.

15. This Agreement shall be construed in accordance with the laws of the Province of Manitoba.

16. This Agreement shall be binding upon and enure to the benefit of the parties hereto and each of their respective successors, administrators and assigns.

IN WITNESS HEREOF the parties hereto have hereunto affixed their respective corporate seals attested to by the proper officers the day and year first above written.

LITERACY PARTNERS OF MANITOBA INC.;

Per:_____

Per:_____

THE CITY OF WINNIPEG;

Approved as to content and detail;

_____ _____

(Director, Community Services) (Mayor)

Certified as to form:

_____ _____

(City Solicitor) (City Clerk)

THE WINNIPEG FOUNDATION;

Per:_____

Per:_____

Schedule A

TO THE AGREEMENT CREATING THE

"Literacy for Life Fund"

The Spending Policy of The Winnipeg Foundation:

> "The Winnipeg Foundation shall annually make available for grantmaking activities an amount not less than 5.0% of the average of the three preceding year's market value of each fund in the Consolidated Trust Fund.
>
> It is the standard policy of The Winnipeg Foundation to apply an annual administrative recovery charge of 0.5% of current market value to endowment funds for operational expenses."

If the Consolidated Trust Fund earns more income than required to meet the spending policy or if there is a capital gain in the value of the units in the Consolidated Trust Fund, the units held in the *Literacy for Life Fund* will benefit on the same basis as all other units with the appreciated market value affecting the spending policy calculation in following years.

The spending policy of the Winnipeg Foundation may be amended from time to time.