Agenda – Council – February 23, 2011

Report "A" – Executive Policy Committee – February 16, 2011

Item No. 5 Sinking Fund Trustees – Investment Management Agreement

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On February 16, 2011, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and recommends to Council:

1. That Garry Steski be appointed to the Sinking Fund Trustees of the City for a three-year term ending December 31, 2013.

2. That Nestor Theodorou be appointed to the Sinking Fund Trustees of the City for a two-year term ending December 31, 2012.

3. That the City enter into an Investment Management Agreement with the Sinking Fund Trustees.

4. That the Trustee compensation recommended in the report from the Winnipeg Public Service dated February 11, 2011, be approved.

5. That the Chief Administrative Officer be delegated the authority to finalize and execute any and all agreements relating to the Investment Management Agreement with the Sinking Fund Trustees and that the investments be managed to comply with the Investment Policy of the Sinking Fund Trustees.

6. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing.

Report "A" – Executive Policy Committee – February 16, 2011

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On February 16, 2011, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

ADMINISTRATIVE REPORT

ISSUE: **Sinking Fund Trustees – Investment Management**

Critical Path: **Executive Policy Committee - Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
R. Provencher	J. Ferrier	M. Ruta Acting CAO	M. Ruta Acting CAO

RECOMMENDATIONS

1. That Garry Steski be appointed to the Sinking Fund Trustees of the City for a three-year term ending December 31, 2013;
2. That Nestor Theodorou be appointed to the Sinking Fund Trustees of the City for a two-year term ending December 31, 2012;
3. That the City enter into an Investment Management Agreement with the Sinking Fund Trustees;
4. That the Trustee compensation recommended in the report be approved;
5. That Council delegate authority to the Chief Administrative Officer to finalize and execute any and all agreements relating to the Investment Management Agreement with the Sinking Fund Trustees and that the investments be managed to comply with the Investment Policy of the Sinking Fund Trustees;
6. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing.

REASON FOR THE REPORT

Council approval is required to appoint Sinking Fund Trustees and to enter into the agreements required to manage the assets of the Sinking Fund Trustees.

IMPLICATIONS OF THE RECOMMENDATIONS

The Sinking Fund Trustees of the City of Winnipeg manage a Sinking Fund for City debentures issued prior to December 31, 2002. The Trustees have contracted the investment and operational services of the Winnipeg Civic Employees Benefits Program (WCEBP) through the terms agreed upon in the Investment Management Agreement

since 1995. The WCEBP was previously known as The Employee Benefits Board of the City of Winnipeg. The WCEBP advised the Sinking Fund Trustees they are not able to continue with the provision of investment management and operational services and gave ninety days notice of termination with an effective date of termination of January 24, 2011. The termination date was subsequently extended to February 28, 2011.

The City of Winnipeg's Financial Services Division manages the City's sinking fund investments for sinking fund debentures issued subsequent to December 31, 2002. The Division reports to the City Treasurer and has the required investment and operational experience necessary to perform the investment management function as required by the Sinking Fund Trustees.

Sinking Fund Trustee, Rob Provencher (Manager of Financial Services), will tender his resignation to the Secretary of the Board as he will be responsible for investment management services and the internal control environment under the proposed structure. Dr. John McCallum (former Chairperson, Sinking Fund Trustees) has tendered his resignation to the Secretary of the Board.

The Board of Trustees is comprised of four Trustees. Three are appointed by Council and the fourth Trustee is the City Treasurer. Eric Stefanson is the current Chairperson of the Sinking Fund Trustees. Two appointments by Council are required to fill the Board vacancies.

Trustee compensation for each meeting is recommended at five hundred dollars for the Chairperson and four hundred dollars for Trustees not employed by the City. The plan is to meet four to six times per year.

HISTORY

The Sinking Fund Trustees were created as a body corporate under the City of Winnipeg Act (repealed) to administer and perform the duties required to manage a Sinking Fund. Sinking fund levies are deposited to the Sinking Fund for investment management. The intent of the levies is to retire debenture issues at maturity.

The transitional provisions of the City of Winnipeg Charter 520(1) (a) confirmed the role of the Sinking Fund Trustees to "have the same rights, privileges, powers, duties, and obligations that they have on December 31, 2002."

The City of Winnipeg's Financial Services Division manages the City's sinking fund investments for sinking fund debentures issued subsequent to the City of Winnipeg Charter coming into force.

FINANCIAL IMPACT STATEMENT

No financial impact

"Original signed by R Abeysekera"
R. Abeysekera
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

In preparing this Report there was consultation with:

Legal Services (as to legal issues)
Sinking Fund Trustees

SUBMITTED BY

Department: Corporate Finance Department
Division: City Treasurer's Division
Prepared by: Rob Provencher, Manager of Financial Services
Date: February 11, 2011
File No.