Agenda - Executive Policy Committee - December 3, 2003

REPORTS

Item No. 1 Appointment of Sinking Fund Trustees
File FI-4

ADMINISTRATIVE RECOMMENDATION:

That Scott Penman's term on the Sinking Fund Trustees be extended from December 31, 2003 to December 31, 2004.

ADMINISTRATIVE REPORT

RE: APPOINTMENT OF SINKING FUND TRUSTEES

FOR SUBMISSION TO: EXECUTIVE POLICY COMMITTEE

ORIGINAL REPORT SIGNED BY: CHIEF FINANCIAL OFFICER

REPORT DATE: November 14, 2003

RECOMMENDATION(S):

That Scott Penman's term on the Sinking Fund Trustees be extended from December 31, 2003 to December 31, 2004.

REPORT SUMMARY:

Key Issue(s):

The report requests an extension to the term of one of the representatives to the Sinking Fund Trustees.

Implications of the Recommendation(s):

General Implications

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

Comment(s):

Policy Implications

- [X] **No**
- [ ] **Yes**

Comment(s):

Environmental Implications:

- [X] **No**
- [ ] **Yes**

Comment(s):

Human Resources Implications:

X	**No**
	Yes

Comment(s):

Financial implications

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

Comment(s): There are no financial implications with this report.

REASON FOR THE REPORT:

Section 520(1) of 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 came into force. The term for one of the current Trustees of the Sinking Fund, Scott Penman, expires on December 31, 2003.

Under Section 314(2) of the former City of Winnipeg Act, provision was 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."

Section 520(1)(b) of the new City of Winnipeg Charter states "the city continues to have the same rights, duties and obligations set out in the former Act to (ii) appoint and remunerate the trustees of The Sinking Fund Trustees of the City of Winnipeg."

HISTORY:

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 came into force or the refinancing of those debentures.

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 fund known as the Sinking

Fund. The by-law establishes the annual levy rate, which is paid to the Sinking Fund on its anniversary. Under the former City of Winnipeg Act, 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 former 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.

DISCUSSION:

Since the new Charter requires the existing Sinking Fund Trustees to continue to manage the sinking fund contributions on sinking fund debentures that were outstanding at the time the new Charter came into force, the City will need to ensure there are four trustees appointed for this purpose as per Section 314(2) of the former City of Winnipeg Act. Section 314(2) of the Act specifies the treasurer shall be one (of the trustees). For purposes of the former 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. Two of the other three trustees, Dr. John McCallum and Jo-Anne Ferrier, City Treasurer, will be continuing on as their terms do not expire until October 31, 2004 and December 31, 2005 respectively. The other trustee will need to have his term renewed. Scott Penman has agreed to remain on for a further one-year term, commencing on January 1, 2004 and ending on December 31, 2004. Section 314(6) of the City of Winnipeg Act states that “Two trustees shall form a quorum.”

FINANCIAL IMPACT STATEMENT

No financial impact

"Original signed by Carrie Erickson"
Carrie Erickson
Manager of Finance & Administration

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

- Glenda Willis, Executive Director of The Winnipeg Civic Employees Benefits Program
- Ursula Goeres, City Solicitor

THIS REPORT SUBMITTED BY:

Corporate Finance Department
Financial Services
Prepared by: Garry Steski, Manager of Financial Services
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