

Date Nov. 9/10



City Council Committee Report

To: Mayor Compton & Members of Council

Fr: Charlotte Edie

Re: Kenora Citizens' Prosperity Trust Fund

Recommendation: THAT Council hereby accept the report on the Kenora Citizens' Prosperity Trust Fund.

Background: Early in 2008 the KMTS entities were sold to Bell Aliant. In December 2008, City Council approved the establishment of the Kenora Citizens' Prosperity Trust Fund. In an effort to ensure there was no impact on property taxes as a result of the sale, the decision was made to transfer the proceeds of disposition from the sale to the Trust Fund where the assets would be safeguarded. The original transfer to the Trust was \$40,787,328. Residual activity after the initial transfer was reflected as adjustments to the original amount.

In order to offset lost net revenues as a result of the sale of the KMTS entities, the City requires an annual return of \$1,100,000 in income from the Trust, in addition to the elimination of long term debt payments which occurred in 2007. Any erosion of the balance of the Trust will result in an additional burden on City taxpayers.

The Trust Fund assets are held in two portfolios. The ONE Public Sector Group of Funds accounts for almost one third of the Trust Fund. The market value of this investment is at October 31, 2010 is \$13,215,017. All ONE Fund investments are held in a bond fund. The October statement is attached.

The remainder of the funds are managed by MFC Global Investment Management with RBC Dexia Investor Services as custodians. The City receives quarterly reports from MFC and information from the September 30, 2010 report is attached. The market value of all investments is \$30,197,217. Securities held in this portfolio are largely bank and federal and provincial government issues.

The combined market value of the two portfolios is \$43,412,236 at the end of September. According to the Trust agreement the Fund 'owes' the City 11/12 months x \$1,100,000 or \$1,008,333 to the end of November.

Budget: There is no expected budget impact as a result of this report.

Communication Plan/Notice By-law Requirements: For information purposes to Council.

One Fund Statement of Account
October 01 to October 31, 2010

Attention: City Of Kenora



The Public Sector Group of Funds

Account Type: Bond Fund

Account Number: 570000170-30

Transaction	Date	Market Value of Transaction	Realized Gain/(Loss) on Redemption or Transfert Out	Book Value	Unrealized Change in Market Value of Investments	Market Value of Investments
Opening Balance	01-Oct-10			\$13,026,497.88	\$157,912.07	\$13,184,409.95

Activity for the Month

Reinvested Income	29-Oct-10	\$36,736.24		\$36,736.24		
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Closing Balance	31-Oct-10			\$13,063,234.12	\$151,785.05	\$13,215,019.17
Change In Period				\$36,736.24	(\$6,127.02)	\$30,609.22
Totals		\$36,736.24	\$0.00			

Book Value Year to Date Summary (from January 1, 2010)

Opening Balance 01-Jan-10	Year to Date Invest / Trans In	Year to Date Withdraw/Trans Out	Year to Date Reinvested Inc.	Closing Balance 31-Oct-10
\$13,768,978.29	\$0.00	(\$1,104,420.25)	\$398,676.08	\$13,063,234.12

Market Value Year to Date Summary (from January 1, 2010)

Opening Balance 01-Jan-10	Year to Date Invest / Trans In	Year to Date Withdraw/Trans Out	Year to Date Reinvested Inc.	Year to Date Chg in Mkt Value	Closing Balance 31-Oct-10
\$13,870,455.44	\$0.00	(\$1,100,000.00)	\$398,676.08	\$45,887.65	\$13,215,019.17

Should any further clarification or information be required please contact at 1 800 450 7177 or (416) 362-9001

PORTFOLIO ASSET MIX

Asset Mix	Market Value (\$)	Ratings	%
Cash and Short Term Notes	6,039.4	AAA	30
Federal	2,264,791.3	AA	70
Provincial	5,154,665.0		
Municipal	1,778,616.1		
Agency	3,490,798.3		
Corporate	17,505,327.0		
Total	30,197,217	Total	100

