



Date Feb. 3/12

City Council Committee Report

To: Mayor Canfield & 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: In 2008, City Council approved the establishment of the Kenora Citizens' Prosperity Trust Fund. The proceeds of disposition from the sale of the KMTS entities of \$40,787,328 were transferred to this Fund.

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 December 31, 2011 is \$9,002,114. All ONE Fund investments are held in a bond fund. The return on ONE fund investments for 2011 to date is 4.22%.

The largest portion of the funds are managed by Manulife Asset Management with RBC Dexia Investor Services as custodians. The City receives quarterly reports and information from the December 31, 2011 report is attached. The market value of all investments is \$31,563,063. Securities held in this portfolio are largely bank and federal and provincial government issues. The return on these funds to the end of the year is 5.37%. The rate of return information since inception is attached.

In addition, the Citizens' Trust Fund holds \$2,278,368 of the investment which was repaid from the Health Care Centre which will be reinvested subsequent to year end.

The combined market value of the investments is \$42,843,545 at the end of December. This amount is net of the 2011 transfer of \$1,100,000 to the City of Kenora pursuant to the Trust Fund agreement.

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

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