



**Date** April 30/12

## **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 March 31, 2012 is \$9,006,349. All ONE Fund investments are held in a bond fund. The return on ONE fund investments for 2012 to date is .19%. This rate reflects the total return including market impact. The market value of the bonds held in the ONE Fund has been decreasing over the first three months of 2012. The return on book value for the first quarter of 2012 is 3.3%.

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 March 31, 2012 report is attached. The market value of all investments is \$31,597,414 less the \$8,787,923 to be transferred to the City of Kenora for the debenture issues. Securities held in this portfolio are largely bank and federal and provincial government issues. The return on these funds for the first three months of 2012 is 5.33% annualized. The rate of return information since inception is attached 4.12%. These returns also take the market impact into account.

In addition, the Citizens' Trust Fund now holds \$8,787,923 in debentures from the City of Kenora. The rate of return on these debentures is 3%.

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

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