

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JULY 22, 2014
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	INCLUSION OF LONDON CONVENTION CENTRE FUNDS IN CITY OF LONDON'S INVESTMENT PORTFOLIO

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions **BE TAKEN** regarding the Agreement between The Corporation of the City of London and London Convention Centre Corporation to include London Convention Centre funds in the City of London's investment portfolio:

- a) The attached proposed by-law (Appendix A) **BE INTRODUCED** at Municipal Council on July 29, 2014, to authorize the Agreement between the Corporation of the City of London and London Convention Centre Corporation and;
- b) The Mayor and City Clerk **BE AUTHORIZED** to execute the Agreement (Appendix A, Schedule 1).

BACKGROUND

On January 23, 2014 PricewaterhouseCoopers (PwC) completed an internal audit with respect to revenue and growth opportunities for London Convention Centre Corporation (LCC). PwC recommended that LCC invest their idle cash, including the operating reserve, in longer term investments that mirror the projected operation need for the funds.

In response to PwC's recommendation LCC contacted the City to make inquiries relating to investments. After some discussion, the City recommended LCC consider investing their funds within the City's investment portfolio. LCC would benefit from economies of scale in regards to investment yield as well as expertise of the City's portfolio advisor.

LCC was incorporated pursuant to private legislation and is a local board of the City. Section 420 of the *Municipal Act, 2001* and O.Reg 285/09, authorizes the City to enter into a joint investment agreement with a local board.

Attached (Appendix A, Schedule 1) is the agreement that outlines the arrangement between the City and LCC. The intention for LCC partnering with the City is for LCC to earn higher interest rates on excess reserve and operating cash as recommended by PwC.

PREPARED BY:	REVIEWED BY:
Annette Ripepi Manager of Modelling, Forecasting & Systems Control	Jason Senese Manager of Financial Planning & Policy
CONCURRED BY:	RECOMMENDED BY:
Larry Palarchio Director of Financial Planning & Policy	Martin Hayward Managing Director, Corporate Services and City Treasurer, Chief Financial Officer,

Attach. Appendix A

Cc: Mike Turner, Deputy City Treasurer

APPENDIX A

Bill No.
2014

By-law No.

A By-law to approve an agreement between the Corporation of the City of London and the London Convention Centre Corporation (LCC); and to authorize the Mayor and City Clerk to execute the agreement.

WHEREAS subsection 5(3) of the *Municipal Act, 2001* provides that a municipal power shall be exercised by by-law;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The agreement to be entered into between The Corporation of the City of London and LCC regarding the investment of LCC funds in the City's investment portfolio, attached as Schedule 1 to this by-law, is approved.
2. The Mayor and the City Clerk are authorized to execute the agreement approved under section 1 above.
3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council , 2014.

Joni Baechler
Mayor

Catharine Saunders
City Clerk

First reading -
Second reading -
Third reading -

SCHEDULE 1

Agreement dated, [insert date] 2014

Between:

The Corporation of the City of London (the "City")

and

London Convention Centre Corporation (the "LCC")

WHEREAS the LCC was incorporated under the City of London Act, 1992, S.O. 1990 c. Pr49 and pursuant to section 17 thereof is a local board of the City;

AND WHEREAS the LCC desires to invest certain funds, including reserves within the City's investment portfolio in order to benefit from economies of scale and the City's portfolio advisor;

AND WHEREAS section 420 of the *Municipal Act, 2001* authorizes the City to enter into agreements with its local boards for the investment of money;

AND WHEREAS section 418 of the *Municipal Act, 2001* authorizes the City to invest in securities prescribed in O. Reg. 438/97 made under the *Municipal Act, 2001*;

NOW THEREFORE in consideration of the mutual covenants and other terms and conditions in this Agreement, the parties agree each with the other as follows:

1. The LCC may from time to time transfer funds from its operating reserves to the City to be held by the City in its mid-term (one to five years) investment account. Prior to such transfer, the LCC shall indicate to the City the amount of the funds to be transferred and that such funds are to be held in the mid-term investment account.
2. The City's mid-term investment account is currently managed by Scotia Private Client Group held with Scotiatrust. The City may in its sole discretion change the account manager or custodian of investments at any time without notice to the LCC.
3. The LCC acknowledges and agrees that the City makes no representation, warranty or guarantee as to the rate of return that may be realized on funds held in the City's mid-term investment account.
4. All funds transferred by the LCC to the City shall be held by it and invested and managed in accordance with the *Municipal Act, 2001* and any regulations made thereunder and the City's policies and procedures related to investments as from time to time.
5. All income earned on the funds transferred by the LCC will be re-invested into the LCC's portfolio. Income earned, means LCC's proportionate share of net yield from the City's portfolio. Net yield means investment income (interest, dividends, capital gains and losses) earned net of Scotia Private Client Group (or any successor) management fees and Scotiatust (or any successor) custody fees.
6. The City will report all income earned on the LCC funds to the LCC each month on or before the 30th day of the following month and portfolio performance on a quarterly basis as reported to it by Scotia Private Client Group or any successor account manager or custodian of investments.
7. LCC may withdraw funds invested on its behalf together with any income earned and accrued in the portfolio at any time by providing the City with 30 days notice in writing. The LCC shall be permitted to make up to three (3) withdrawals during a calendar year at no cost. Any further withdrawals shall be subject to a reasonable administration fee to be established by the City.
8. This Agreement may be terminated by either party at any time by providing 30 days notice in writing.

9. Upon termination of this Agreement, the City shall return to the LCC any amounts invested by it together with any income earned and accrued only. For greater certainty, the LCC shall not be entitled to any further capital appreciation (realized gain) or depreciation (realized loss), except as provided for in section 5.

10. (a) Any notice required or permitted to be given under this Agreement shall be given or provided by personal delivery, mail, courier service, fax or e-mail at the postal address, fax number or e-mail address, as the case may be, of the receiving party as set out below:

The City:

City Clerk
300 Dufferin Avenue
London, Ontario
N6A 4L9
Fax: 519-661-4892

The LCC:

CEO & General Manager
300 York Street
London, On N6B 1P8
FAX: 519-661-5990

(b) Any notice that is delivered personally or by courier service shall be deemed to have been received upon delivery, or if sent by mail five working days after the date of mailing, or in the cases of fax or e-mail, one working day after they are sent.

11. This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements, arrangements, understandings, negotiations and discussions, whether oral or written, of the parties.

12. This Agreement may be changed only by a written amendment signed and sealed by authorized representatives of the parties.

In WITNESS WHEREOF the parties have affixed their respective corporate seals, attested by the hands of their respective officers duly authorized in that behalf this [insert date] 2014.

THE CORPORATION OF THE CITY OF LONDON

Joni Baechler, Mayor

Catharine Saunders, City Clerk

LONDON CONVENTION CENTRE CORPORATION

Name:
Title:

Name:
Title: