

<b>TO:</b>	<b>CORPORATE SERVICES COMMITTEE MEETING NOVEMBER 4, 2014</b>
<b>FROM:</b>	<b>MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>PUC ENVIRONMENTAL RESERVE FUND</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the by-law, as attached in Appendix A, **BE APPROVED** to establish the PUC Environmental Reserve Fund.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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**London Hydro Promissory Note Agreements** - (August 27, 2014 meeting of the Strategic Priorities and Policy Committee)

<http://sire.london.ca/mtgviewer.aspx?meetid=742&doctype=MINUTES>

**London Hydro Promissory Note to the City of London** - (July 28, 2014 meeting of Strategic Priorities and Policy Committee)

<http://sire.london.ca/mtgviewer.aspx?meetid=732&doctype=MINUTES>

**London Hydro Inc. – Promissory Note** - (September 30, 2009 meeting of the Board of Control)

<http://council.london.ca/CouncilArchives/Reports%20and%20Minutes/Board%20of%20Control%20Minutes/Board%20of%20Control%20Reports%202009/2009-09-30%20Report/24th%20Report%20of%20the%20Board%20of%20Control.pdf>

**Promissory Note** – (January 29, 2003 meeting of the Board of Control)

**London Hydro Inc. – Reduction of Promissory Note** - (August 1, 2001 meeting of the Board of Control)

<b>BACKGROUND</b>
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The purpose of this report is to establish a reserve fund to invest the proceeds from the payment of the \$70 million promissory note from London Hydro for the specific purpose. Civic Administration has been authorized to invest the proceeds into a professionally-managed investment portfolio that is in compliance with the City of London Investment Policy and Ontario Regulation 438/97 Eligible Investments and Related Financial Agreements. The \$70 million principal is to be held for the Public Utility Commission of the City of London for the purposes of investigation, remediation, restoration and any other related costs with respect to lands held by the Public Utility Commission of London that may require remediation. Civic Administration has been directed to apply the interest earned on the \$70 million principal to the City of London's general fund to ensure that the current total annual dividend and interest of \$7.2 million is maintained. Any additional interest earned will be contributed to the Economic Development Reserve Fund (Council Resolution September 3, 2014).

<b>PREPARED BY:</b>	<b>REVIEWED BY:</b>
<b>Tanya Landry, Financial Planning &amp; Policy</b>	<b>Alan Dunbar, Manager of Financial Planning &amp; Policy</b>
<b>CONCURRED BY:</b>	<b>RECOMMENDED BY:</b>
<b>Larry Palarchio, Director of Financial Planning &amp; Policy</b>	<b>Martin Hayward, Managing Director, Corporate Services and City Treasurer, Chief Financial Officer</b>

## APPENDIX A

Bill No.  
2014

By-law No.

A by-law to establish the PUC Environmental Reserve Fund

WHEREAS section 9 of the *Municipal Act, 2001* as amended provides that a municipality has all of the rights, powers and privileges of a natural person;

AND WHEREAS subsection 10(1) of the *Municipal Act, 2001* as amended provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS subsection 10(2) of the *Municipal Act, 2001* as amended provides that a municipality may pass by-laws respecting the financial management of the municipality (paragraph 3) and services or things that the municipality is authorized to provide under subsection 10(1) (paragraph 7);

AND WHEREAS section 417 of the *Municipal Act, 2001*, as amended, provides that a municipality may establish a reserve fund for any purpose for which it has authority to spend money;

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

1. A Reserve fund is hereby established to be known as the PUC Environmental Reserve Fund (hereinafter called the "Fund").
2. The monies standing in the Fund shall be used by The Corporation of the City of London (the "Corporation") for the purposes of investigation, remediation, restoration and any other related costs with respect to the coal tar affected lands held by The Public Utility Commission of the City of London.
3. The Managing Director, Corporate Services and City Treasurer, Chief Financial Officer or written designate is authorized to allocate funds from the Fund.
4. The Managing Director, Corporate Services and City Treasurer, Chief Financial Officer may invest the monies standing in the Fund in such securities as are permitted under subsection 418(1) of the *Municipal Act, 2001* and in so doing, may consolidate the monies standing in the Fund with other funds that the Corporation may hold from time to time provided that any earnings derived from the monies standing in the Fund shall accrue to and form part of the Fund.
5. Notwithstanding that provision may not be made by the Council in the estimates of the current or any subsequent year for contributions to the Fund, it shall continue and be maintained, and the Council shall always be taken as considering the Fund as necessary so long as this by-law continues in force.

6. This by-law comes into force on the day it is passed.

PASSED in Open Council on November 11, 2014.

J. Baechler  
Mayor

Catharine Saunders  
City Clerk

First Reading - November 11, 2014  
Second Reading - November 11, 2014  
Third Reading - November 11, 2014