

<b>TO:</b>	<b>CHAIR AND MEMBERS INVESTMENT AND ECONOMIC PROSPERITY COMMITTEE MEETING ON JUNE 5, 2012</b>
<b>FROM:</b>	<b>MIKE TURNER DEPUTY CITY TREASURER</b>
<b>SUBJECT:</b>	<b>FAIR CITY JOINT VENTURE AGREEMENT AMENDMENTS</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Deputy City Treasurer, the following actions be taken with respect to agreements pertaining to the Fair-City Joint Venture for the 4-Pad Arena Complex to reflect the new accounting standards applicable to the Venture:

- a) the attached proposed by-law (Appendix A) to approve the Amending Agreement to the Joint Venture Agreement between The Corporation of the City of London and the Western Fair Association and to authorize the Mayor and City Clerk to execute the Amending Agreement **BE INTRODUCED** at the Municipal Council meeting of June 12, 2012; and
- b) the attached proposed by-law (Appendix B) to approve the Amending Agreement to the Loan Agreement between The Corporation of the City of London and the Fair-City Joint Venture and to authorize the Mayor and City Clerk to execute the Amending Agreement **BE INTRODUCED** at the Municipal Council meeting of June 12, 2012.

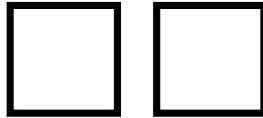
<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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None.

<b>BACKGROUND</b>
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The Corporation of the City of London and the Western Fair Association entered into the Joint Venture Agreement on September 1, 2000, relating to the construction and operation of the Western Fair 4-Pad Arena Complex. Also on September 1, 2000, the Fair City Joint Venture entered into a Loan Agreement with the City of London for \$12 million towards the construction of the 4-pad arena. Civic Administration is proposing amendments to these Agreements. These amendments are necessary at this time due to the implementation of new accounting standards attributable to the Joint Venture. Civic Administration is also proposing an amendment to the section in the Joint Venture Agreement with respect to the appointment of members to the Management Committee, as the Agreement currently specifies named individuals for these appointments.

On December 15, 2009 the Accounting Standards Board (AcSB) issued new accounting standards for private enterprises (ASPE). Previously, the AcSB had announced that International Financial Reporting Standards (IFRS) will be required for Canada's publicly accountable enterprises and would be optional for private enterprises. Both sets of standards are effective for fiscal years commencing on or after January 1, 2011. The Joint Venture has determined that it intends to adopt ASPE effective for the year commencing July 1, 2011.



The wording in the original Joint Venture Agreement had led the Fair City Joint Venture (FCJV) into accounting in a manner that created a qualified opinion from external auditors. With the City of London's change to the amended Public Sector Accounting Board (PSAB) standards in 2009, this combination of accounting changes allows the Joint Venture to amend its accounting to no longer receive qualified opinions.

The recommended changes to the Amending Agreements are predominantly related to changes required to the wording to allow for the accounting to be changed, but still allows for the allocation of surplus funds towards the capital reserve and any residual amounts to be split between the venturers in the previous method.

The only other amendment is in Section 3.3 to the Joint Venture Agreement, which is to amend the wording appointing members to the Management Committee, which previously identified specific staff from the venturers to more generic wording.

The Western Fair Board has approved these amendments at their Board meeting on May 16, 2012. The Fair City Joint Venture Working Committee has approved these amendments on June 4, 2012.

A by-law to approve the Amending Agreement to the Joint Venture Agreement is attached as Appendix "A" with Schedule "A" to the proposed by-law being the Amending Agreement.

A by-law to approve the Amending Agreement to the Loan Agreement is attached as Appendix "B" with Schedule "A" to the proposed by-law being the Amending Agreement.

<b>RECOMMENDED BY:</b>
<b>MIKE TURNER</b> <b>DEPUTY CITY TREASURER</b>

- c. B. Coxhead
- M. Hayward
- S. Stafford

Attachments