

12.4

REPORT TO COMMON COUNCIL

M & C 2014 – 73

May 26, 2014

Adopted
May 26/14



City of Saint John

His Worship Mayor Mel Norton and
Members of Common Council

Your Worship and Councillors:

SUBJECT: Establishment of an “Investment Fund – P.R.O. Kids Program”

BACKGROUND:

The P.R.O. Kids program receives funding from grants, donations, and fundraisers which are placed in the **Special Purpose Fund - P.R.O Kids Program** and disbursed for placing economically disadvantaged children from the Greater Saint John area in sport, recreation, art and cultural activities.

In January of 2013, Common Council accepted a bequest of 2483 common shares in the Royal Bank of Canada from the Estate of Deborah Ann Chapman with a current market value of just over \$180,000. The shares were bequeathed to the City of Saint John for the sole use and benefit of the P.R.O. Kids Program.

The P.R.O. Kids Program does not have an investment fund or policy in place to determine what is to be done when bequests or gifts of shares are donated for the use of the P.R.O. Kids Program. As a result, the P.R.O. Kids advisory committee consulted with an independent investment manager as well as the City of Saint John Finance and Legal Departments to explore the various investment options available. The result of those consultations was the recommended creation of a policy here-after called **Investment Fund – P.R.O. Kids Program** (Schedule C) to give direction to city staff on how to manage these shares and future donated shares or bequests made to P.R.O. Kids.

The P.R.O. Kids Advisory Committee unanimously agreed that although significant, the principal amount of the RBC shares did not warrant the use an independent investment manager to manage the fund at this time due to the costs involved. The advisory committee moved that the shares remain in their current form as RBC Shares and be administered by the City of Saint John Finance Department. The advisory committee felt that if more bequests or shares were

donated to P.R.O. Kids in the future, the option for outside independent management may be revisited at that time.

The P.R.O. Kids advisory committee also unanimously agreed to include a mechanism for spending as part of this recommended policy and they request Common Council give the P.R.O. Kids Advisory Committee the authorization and discretion to request the City of Saint John Finance Department to liquidate shares from this **Investment Fund – P.R.O. Kids Program** and transfer the amount requested to the **Special Purpose Fund – P.R.O. Kids Program** for use in placing children in programs. Any request for liquidation of shares would be made annually in March and/or October and submitted to the Finance Department in writing.

ANALYSIS

Based on discussions with investment managers and the City of Saint John Finance and Legal Departments, due to the nature and costs associated with managing the shares with an outside investment manager, it is most economical at this time to have the City of Saint John Finance Department act as custodian of shares given to the P.R.O. Kids program.

The City of Saint John Finance Department does not have the capacity or mandate to act as an investment manager for a P.R.O. Kids investment portfolio but does have the ability to act as a custodian for this fund, retain shares given to P.R.O. Kids, receive dividends, and liquidate shares as directed.

As all sources of funding for the placement of children through P.R.O Kids come from donations, fundraising and grants, there are times during the year when P.R.O. Kids does not have sufficient funds to place children in programs. Having the option to liquidate shares, gives P.R.O. Kids more flexibility to place children in programs and will shorten the length of time a child is on the waiting list which currently ranges from 2-5 months and is contingent on funds being available.

RECOMMENDATIONS

It is recommended that Common Council approve the “**Investment Fund – P.R.O. Kids Program**” policy attached as Schedule “C” to this M&C report.

Respectfully submitted,



David Dobbelsteyn, BA
P.R.O Kids Manager



Kevin Watson, BPE
Recreation Manager



Jacqueline Hamilton, MCIP, RPP
Commissioner of Growth and
Community Development Services



J. Patrick Woods, CGA
City Manager

**Investment Fund – P.R.O. Kids Program Policy
Schedule “C”**

Purpose

The P.R.O. Kids program receives funds from grants, donations, and fundraisers which are placed in the **Special Purpose Fund - P.R.O Kids Program** for placing children in sport, recreation, art and cultural activities. The **Investment Fund – P.R.O. Kids Program** is established for the purpose of receiving, holding and disbursing shares given or bequeathed to the P.R.O Kids program. At the request of the P.R.O. Kids Advisory committee, Common Council directs the City of Saint John Finance Department to:

1. Act as custodian for the **Investment Fund – P.R.O. Kids Program** and retain any stocks or shares donated to the P.R.O. Kids program in accordance with the provisions of this policy by holding them in trust for sole use by the P.R.O. Kids program. At no time shall any part of this Fund be used for or diverted to purposes other than set forth in the terms of this Policy without the further approval of Common Council.
2. Transfer the amount of the dividends received from the **Investment Fund – P.R.O. Kids Program** to the **Special Purpose Fund - P.R.O Kids Program**, to be used in the placement of children in sport, recreation, art and cultural activities.
3. Liquidate and transfer an amount of the principal of the **Investment Fund – P.R.O. Kids Program** to the **Special Purpose Fund - P.R.O Kids program** as the PRO Kids Advisory Committee may request on an annual basis in March and/or October.
 - 3.1. Any request made will be at the discretion of the P.R.O. Kids Advisory Committee and based on the financial needs of the P.R.O. Kids Program.
 - 3.2. Any request will be made in writing and delivered to the City of Saint John Finance Department.
 - 3.3. The City of Saint John Finance Department is authorized at this request to liquidate shares from the **Investment Fund – P.R.O. Kids Program**, and deposit the amount requested to the **Special Purpose Fund - P.R.O Kids Program** to be used in the placement of children in sport, recreation, art and cultural activities.