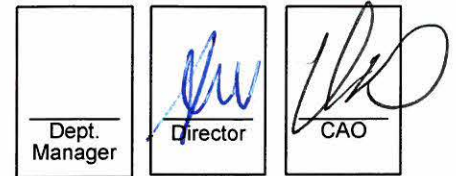


COUNCIL AGENDA/INFORMATION			
<input type="checkbox"/> In Camera	Date: _____	Item # _____	
<input type="checkbox"/> Regular	Date: _____	Item # _____	
<input type="checkbox"/> Agenda Addendum	Date: _____	Item# _____	
<input type="checkbox"/> Info Package			
<input type="checkbox"/> Council Workshop	DM# _____	Date: _____	Mailbox: _____



The District of North Vancouver REPORT TO COUNCIL

April 23, 2020

File:

Tracking Number: RCA -

AUTHOR: Andy Wardell, GM, Finance / CFO

SUBJECT: 2020 Centennial Bursary Trust Fund

RECOMMENDATION:

“That Council award bursaries to fourteen students from the District of North Vancouver in the amount of \$790 per bursary.”

BACKGROUND:

In 2019 Council approved seven bursaries in the amount of \$775 to students from the District of North Vancouver. For 2020, it is suggested that the number of bursaries be adjusted to fourteen based on a review of the Centennial Trust Wind-Up options presented to the Finance and Audit Committee on July 24, 2019 and their recommendation to Council in agreement of this option (see attachment 1). The original recommendation was for fifteen bursaries but fourteen is requested for ease of administration as there are seven high schools in North Vancouver and each would qualify for 2 bursaries. Also, there is an expectation from year to year that the amount of the bursary will be equal or greater than the year before to keep pace with inflation so it is proposed that the District increase the 2020 bursaries to \$790 (2% inflation rounded to the nearest \$5).

ANALYSIS:

Following Council’s decision, letters will be sent to each of the seven high schools in North Vancouver inviting bursary nominations.

Under the terms of the trust:

- The District can charge an administrative fee of 5% of annual income (not currently charged)
- A minimum of \$1,500 must be disbursed in any one year.
- Bursaries are limited to a maximum of \$300 per bursary.

- Up to a maximum of 20% of the principal of the Trust together with the whole of the income of the trust can be distributed to eligible students in any one year.

The Trust has the capacity to support fourteen bursaries totalling \$4,200.

The amount of income available for distribution in 2020 is \$922 which means that \$3,278 will need to be contributed from the principal of the trust. This is well within the 20% maximum principal contribution available of \$6,407.

The bursary amount must be supplemented by \$6,860 from the Council Reserve in order to fund the \$790 amount of each bursary. The Council Reserve available is currently \$90,000.

Timing/Approval Process: The bursaries are granted annually. The solicitation of nominations occurs in April/May, the selection and award in June and the cheques distributed in September.

Options:

1. Award seven Bursaries (same number as last year) at \$790. Council contributes \$3,430 from Council Reserve to supplement the Trust minimum contribution of \$2,100.
2. Award fourteen Bursaries at \$790. Council contributes \$6,860 from Council Reserve to supplement the Trust minimum contribution of \$4,200.

Respectfully submitted,

Andy Wardell
GM, Finance / CFO

Attachments:

Report to F&A Committee July 24, 2019 – Centennial Trust Wind Up

REVIEWED WITH:	REVIEWED WITH:	REVIEWED WITH:	REVIEWED WITH:
<input type="checkbox"/> Sustainable Community Development	<input type="checkbox"/> Clerk's Office	External Agencies:	Advisory Committees:
<input type="checkbox"/> Development Services	<input type="checkbox"/> Corporate Services	<input type="checkbox"/> Library Board	<input type="checkbox"/> _____
<input type="checkbox"/> Utilities	<input type="checkbox"/> Communications	<input type="checkbox"/> NS Health	<input type="checkbox"/> _____
<input type="checkbox"/> Engineering Operations	<input type="checkbox"/> Finance	<input type="checkbox"/> RCMP	<input type="checkbox"/> _____
<input type="checkbox"/> Parks & Environment	<input type="checkbox"/> Fire Services	<input type="checkbox"/> Recreation Commission	
<input type="checkbox"/> Economic Development	<input type="checkbox"/> Human resources	<input type="checkbox"/> Other: _____	
	<input type="checkbox"/> ITS		
	<input type="checkbox"/> Solicitor		
	<input type="checkbox"/> GIS		

AGENDA INFORMATION	
<input type="checkbox"/> Council Workshop	Date: _____
<input type="checkbox"/> Finance & Audit	Date: _____
<input type="checkbox"/> Advisory Oversight	Date: _____
<input type="checkbox"/> Other:	Date: _____

	<i>[Signature]</i>	<i>[Signature]</i>
Dept. Manager	GM/ Director	CAO <i>[Signature]</i>

**The District of North Vancouver
REPORT TO COMMITTEE**

May 2, 2019
File:

AUTHOR: Andy Wardell, General Manager, Finance and CFO
SUBJECT: Centennial Trust Wind-up

RECOMMENDATION:
THAT the Finance and Audit Committee recommend to Council:

THAT Bursaries to School District #44 students from Centennial Bursary Trust be adjusted, each year, to fifteen bursaries.

REASON FOR REPORT:

SUMMARY:

On April 24th, the Finance and Audit Committee received a staff commendation to wind-up the trust starting in 2020. The Committee requested that, rather than wind-up the trust focused on the maximum bursaries allowable each year that staff present, at the next meeting, an option to wind the trust up using an average annual number of bursaries each year.

Staff projects that 15 annual bursaries would wind the trust up by 2033. In 2019, Council augmented each of the \$300 trust bursaries with \$475 of District funds. Should Council wish to continue to contribute to these Trust bursaries with District funds, starting in 2022 the contribution would increase by inflation on the entire bursary amount and require additional augmentation starting in 2024. In 2024, it is projected that the Trust will not hold sufficient funds to sustain \$300 bursaries. Trust bursaries will then reduce in value until 2029 when the minimum bursary threshold of \$100 is estimated to be met.

There are two minimum thresholds under the Trust being a) an obligation to disburse \$1,500 each year and b) bursaries must be no less than \$100. Once those threshold tests are triggered the Trust will only sustain itself for a limited number of years.

BACKGROUND:

At the direction of Council, the District took control of the Centennial Foundation Trust from the Canada Trust Company on an interim basis in 2006. This custodial trusteeship is in alignment with the authority granted to the District per the Community Charter (Section 184) which includes the ability to apply to the Supreme Court to vary the terms or trusts as the court considers will better further both the intention of the donor, settlor, transferor or will-maker and the best interests of the municipality.

The terms of the trust dictate that it is to be in perpetuity. Past legal opinions have suggested that actions inconsistent with this term would negatively impact the potential success of a court petition given the clear tenor of the original documentation. In addition, any move to reduce the number of awards may also be seen as detrimental to potential beneficiaries (as it reduces the chance of award).

In consideration of these potential legal hurdles, Council formalized the current practice of providing one bursary to a North Vancouver District student for each District #44 high school. Each year the full annual income is distributed and partial use of the Trust capital has been accessed, if required, to support seven bursaries at \$300 each.

The terms and conditions of this trust have been identified (for many years) as not continuing to be as relevant today as was originally intended in the 1958 trust deed and have been subject to a number of legal reviews over the years.

As custodial trustee the District ensures the following common law requirements of custodial trusteeship are met:

- (a) Duty of care
- (b) Duty to investment trust funds
- (c) Evenhandedness between beneficiaries
- (d) Duty not to make an unauthorized profit.

Since 2006 Council has augmented the Trust bursaries with District resources. In 2019, the bursary amount was augmented by Council in order to fund seven bursaries at \$775 each.

Trust Wind-up

Members of the last Council expressed a desire to wind-up the Trust. The terms and conditions of this trust have been identified (for many years) as not continuing to be as relevant today as was originally intended in the 1958 trust deed and have been subject to a number of legal reviews over the years. Specifically, \$300 bursaries are of minimal interest to students in this day and age. Trust terms restrict bursaries to a maximum of \$300. The future value of a \$300 bursary (for 60 years @ 2.5%) would be \$1,320 today. This is over ten times the trust maximum.

Given the perpetual nature and design of the Trust, wind-up can be achieved as follows:

1. Charge an administrative fee of 5% of annual income and cover incidental expenses (not recommended as it takes away from bursary resources).
2. Distribute 100% of the annual income earned in a given year (recommended).
3. Contribute from the principal of the trust with the intent of ensuring the 20% maximum principal contribution is leveraged in any given year (recommended).
4. Within the limitations noted above there is no maximum limit on the number of bursaries that could be issued in any given year other than:
 - a. Worthy students must have graduated from any high school in District #44 and been resident in the District of North Vancouver for not less than two years.
 - b. Bursaries shall be awarded on the basis of scholarship, leadership, character and need.
 - c. No student shall be eligible for more than one bursary.
 - d. Bursaries are awarded on the basis of matriculation.
 - e. Students are eligible for three years after high school graduation.
5. Once the capital of the Trust falls below \$1,000 and not be increased to a minimum of \$1,500 within one year, the Trust shall cease and determine. The balance would be paid to the University of British Columbia.

Should Council wish to action the above recommendation staff recommend the Municipal Solicitor update the letter to school in District #44 to confirm compliance with the Trust terms and the expansion of available bursaries.

Council should also consider any desire to top up bursaries with additional District financial contributions. The staff recommendation for 2019 was \$475 per bursary (each bursary was for \$775).

Financial Impacts:

- The Trust is projected to cease and determine around the year 2033.
- See attachment financial projection based on a distribution of 15 annual bursaries.

Liability/Risk:

None.

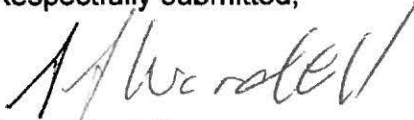
Concurrence/Risk:

Municipal Solicitor

SUBJECT: Centennial Trust Wind-up
May 2, 2019

Page 4

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Andy Wardell". The signature is written in a cursive style with a large initial "A" and a long, sweeping underline.

Andy Wardell,
General Manager, Finance and CFO

REVIEWED WITH:		
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<input type="checkbox"/> Development Services _____	<input type="checkbox"/> Communications _____	<input type="checkbox"/> Library Board _____
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