

Memo



Date: September 20, 2011
File: 0265-01
To: City Manager
From: Director, Financial Services
Subject: Modification to the Host Financial Assistance Agreement (Casino Revenues)

Recommendation:

THAT Council authorizes the City to enter into the Host Financial Assistance Agreement Modification Agreement with the Province of British Columbia in the form attached to the Report of the Director, Financial Services dated September 20, 2011;

AND THAT the Mayor and City Clerk be authorized to execute all documents necessary to complete the Modification Agreement.

Purpose:

To obtain Council support for changes to the Host Financial Assistance Agreement (Casino Revenue sharing).

Background:

In 1999 the City signed an agreement with the Province as a host community for a casino. Under the agreement the Province pays 10% of the Net Gaming Income as financial assistance for any purpose that would be of public benefit to the host community. Kelowna has used the funding to offset the cost of providing police services to the city.

The Province has prepared modifications to the existing agreement that will help reduce the current administrative burden. There are three changes to the agreement:

1. Quarterly payments from the Province will be made at the end of the month rather than the 15th of the month following the end of the quarter.
2. Removal of the requirement for the host local government to establish a separate 'special account' for the receipt and payment of proceeds.
3. Change from a semi-annual report requirement to an annual report at the end of a calendar year.

The two week delay in payment will be offset by the reduced administrative cost of not having to have a separate bank account and the tracking/balancing requirements of the separate account.

Financial/Budgetary Considerations:

The proposed changes will slightly reduce the interest income from delaying the receipt of payment by two weeks.

A handwritten signature in blue ink, appearing to be "J.P.", located in the bottom right corner of the page.

Considerations not applicable to this report:

Internal Circulation:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

Personnel Implications:

External Agency/Public Comments:

Community & Media Relations Comments:


Alternate Recommendation:

Submitted by:



K. Grayston, Director, Financial Services

Approved for inclusion:



Paul Macklem, *General Manager, Corporate Sustainability*

CC: Special Projects Manager



**HOST FINANCIAL ASSISTANCE AGREEMENT
MODIFICATION AGREEMENT**

(With Respect to Chances Gaming Entertainment Kelowna)

THIS AGREEMENT made as at the _____ day of September, 2011

BETWEEN

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF
BRITISH COLUMBIA, as represented by the Minister of Public Safety and
Solicitor General

(the "Province")

OF THE FIRST PART

AND:

CITY OF KELOWNA, a municipal corporation duly incorporated by Letters
Patent, having its office at 1435 Water Street, Kelowna, British Columbia,
V1Y 1J4

(the "Host")

OF THE SECOND PART

WHEREAS:

- A. The Parties entered the Host Financial Assistance Agreement (the "Agreement") on August 10, 2005;
- B. The Parties have agreed to amend the Agreement by deleting the requirement to establish a "Special Account" for financial assistance payments received, adjusting quarterly financial assistance payment dates and adjusting reporting requirements;

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties agree as follows:

- 1. To delete subparagraph 1(i)
- 2. To delete the payment dates of October 15th; January 15th; April 15th; and July

15th in paragraph 3 and replace with the dates October 31st; January 31st; April 30th; and July 31st.

3. To delete subparagraphs 4(a) and 4(b) and replace with the following:

(a) The Host will use funds paid to it by the Province pursuant to this Agreement only on account of payment of Eligible Costs.

4. To delete subparagraph 5(a) and replace it with the following:

(a) Establish and maintain accurate books of account and records (including, supporting documents) of all Eligible Costs and all related expenditures; and

5. To delete subparagraph 7(b) and replace it with the following:

(b) all payments required to be made pursuant to paragraph 3 will be applied by the Host against Eligible Costs;

6. To delete paragraph 6 and subparagraphs and replace with:

6. During the Term of this Agreement, the Host will submit to the Minister annual statements in the form attached to this Agreement as Schedule "A" (as may be revised by the Province from time to time) on January 31st for the period ending December 31st.

IN WITNESS WHEREOF the parties hereto have executed this Agreement the day and year first above written.

SIGNED on behalf of Her Majesty the Queen in)
right of the Province of British Columbia by a duly)
authorized representative of the Ministry of Public)
Safety and Solicitor General, in the presence of:)

Signature of Witness)

Name of Witness)

Address of Witness)

Occupation of Witness)

For the Minister of Public Safety and Solicitor
General

SIGNED on behalf of the City of Kelowna by its)
duly authorized signatories in the presence of:)

Signature of Witness)

Name of Witness)

Address of Witness)

Occupation of Witness)

Sharon Shepherd, Mayor

Stephen Fleming, City Clerk

**HOST FINANCIAL ASSISTANCE AGREEMENT
MODIFICATION AGREEMENT**

(With Respect to Lake City Casino - Kelowna)

THIS AGREEMENT made as at the _____ day of September, 2011

BETWEEN

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF
BRITISH COLUMBIA, as represented by the Minister of Public Safety and
Solicitor General

(the "Province")

OF THE FIRST PART

AND:

CITY OF KELOWNA, a municipal corporation duly incorporated by Letters
Patent, having its office at 1435 Water Street, Kelowna, British Columbia,
V1Y 1J4

(the "Host")

OF THE SECOND PART

WHEREAS:

- A. The Parties entered the Host Financial Assistance Agreement (the "Agreement") on October 21, 1999;
- B. The Parties have agreed to amend the Agreement by deleting the requirement to establish a "Special Account" for financial assistance payments received, adjusting quarterly financial assistance payment dates and adjusting reporting requirements;

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties agree as follows:

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2. To delete the payment dates of October 15th; January 15th; April 15th; and July

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(b) all payments required to be made pursuant to paragraph 3 will be applied by the Host against Eligible Costs;

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6. During the Term of this Agreement, the Host will submit to the Minister annual statements in the form attached to this Agreement as Schedule "A" (as may be revised by the Province from time to time) on January 31st for the period ending December 31st.

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right of the Province of British Columbia by a duly)
authorized representative of the Ministry of Public)
Safety and Solicitor General, in the presence of:)

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Signature of Witness)

_____)
Name of Witness)

_____)
Address of Witness)

_____)
Occupation of Witness)

_____)
For the Minister of Public Safety and Solicitor)
General)

SIGNED on behalf of the City of Kelowna by its)
duly authorized signatories in the presence of:)

_____)
Signature of Witness)

_____)
Name of Witness)

_____)
Address of Witness)

_____)
Occupation of Witness)

_____)
Sharon Shepherd, Mayor)

_____)
Stephen Fleming, City Clerk)