

Municipal Client Questionnaire (MCQ)

Recommended Review: The MCQ should be reviewed and updated annually in conjunction with the review of the Investment Policy Statement.

However, an update should happen within 90 days if:

- a. There is a significant change in the municipality's financial circumstances, or
- b. There is a significant change in the municipality's "money not required immediately"

A complete update is not needed for in-year change. Municipalities can provide written notice of changes by using the mid-year MCQ update form.

1. CLIENT INFORMATION

1.1 NAME OF MUNICIPALITY: Town of Innisfil

1.2 ADDRESS: 2101 Innisfil Beach Road, Innisfil, ON L9S 1A1

1.3 TREASURER INFORMATION

i. Name: Audrey Webb

ii. Phone Number: (705) 436-3740 - x2302 iii. Email: _____

iii. Email: awebb@innisfil.ca

1.4 PRIMARY DAY-TO-DAY CONTACT INFORMATION**

i. Name: Mike Melinyshyn

ii. Title: CFO, Director of Corporate Services

iii. Phone Number: (705) 436-3740 - x2301 iv. Email: mmelinyshyn@innisfil.ca

**Primary day-to-day contact should have a comprehensive understanding of the Municipality's financial position and investment needs.

2. INVESTMENT KNOWLEDGE AND EXPERIENCE

2.1. Which statement best describes the Municipality's level of investment knowledge and experience with financial markets and products?

- ☐ Very limited knowledge
- ☐ Basic knowledge and minimal experience
- ☒ Good knowledge and some investment experience
- ☐ Strong knowledge and experience
- ☐ Advanced knowledge and extensive experience

2.2 Check the following list of investments that apply to the Municipality's current investment portfolio. [Check all that apply]

- ☒ Canadian money market securities (e.g. Cash, bank accounts, HISA etc.)
- ☒ Locked-in Investments (GIC's PPN's etc.)
- ☒ Local Distribution Corporation Securities
- ☒ Securities held in third party trusts (i.e. cemetery trust, legacy fund etc.)
- ☒ Fixed income (government and/or corporate bonds)
- ☒ Equities

3. INVESTMENT OBJECTIVES AND RISK TOLERANCE

This section of the Questionnaire asks about the Municipality's Money Not Required Immediately (MNRI). In general, investors can expect a higher annualized rate of return if the investor is also willing to accept volatility or fluctuation in the market value of their investments. For example, investors can expect that the average annual rate of return for a five-year period will be higher where the portfolio's returns are varied when measured on a year by year basis, with some years having negative returns. A portfolio which has a steady return year over year, with little possibility of negative returns in any year, will most likely have a lower annualized return when measured on a rolling five-year average.

3.1 Which of the following best reflects the Municipality's investment objectives for its MNRI?

- ☐ Capital preservation is the main objective. Willingness to accept low returns in order to minimize the likelihood of losses.
- ☒ Achieve moderate growth without excessive risk to capital.
- ☐ Willingness to accept higher risk, including risk of loss of capital, for potentially higher returns over the longer term

3.2 What is the Municipality's risk tolerance for its MNRI?

- ☐ Conservative Approach: A very small chance of loss of capital over a 5-year period
- ☒ Moderate chance of loss of capital over a 5-year period
- ☐ Greater uncertainty of outcomes with potential of higher returns over a 5-year period

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3.3 Tolerance for losses: Quantify the temporary decline (an unrealized loss) in the value of investment your Municipality can tolerate over a one-year period? Note the ONE JIB invests MNRI with the objective of attaining returns over the *long term*. Minimizing short-term volatility also reduces long term growth potential.

- ☐ Less than 5% decline
- ☒ 5-10% decline
- ☐ 10-15% decline
- ☐ More than 15% decline

3.4 Other information: Is there any other information about the Municipality's investment objectives and risk tolerance for its MNRI that is relevant to the IPS or Investment Plan?

Sections 4 and 5 of this Questionnaire asks about the Municipality's assets, liabilities and cash flow and is not limited to MNRI. It is intended to assist ONE Investment in obtaining an understanding of the Municipality's financial circumstances, including its cash flow needs.

4. FINANCIAL INFORMATION

4.1 Summary of financial information. Kindly confirm that the municipality has provided a recent copy of its audited financial statements with this MCQ.

- ☒ Yes ☐ No

4.2 Please provide a table showing reserves and reserve funds divided into "Money Required Immediately" and "Money Not Required Immediately" with investment time horizons. A template is provided on the following page as a guide.

Note: MNRI can be determined on the basis of time, source of funds, purpose of funds, or such other means as the municipality may decide is appropriate. As such, 'zero to 18 months' column of MNRI in the template might not be applicable for all municipalities.

Summary of Municipal Accounts for Investment Planning Purposes

[illegible]

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4.3 Cash Flow Projections affecting MNRI by year (please provide details that may help inform the ONE JIB about potential drawdowns/additions to MNRI that you anticipate in coming years. Supporting documentation may be provided as needed.)

Type	2022	2023	2024	2025	2026-2030
Anticipated MNRI Drawdowns	See Attached				
Anticipated MNRI Contributions					
Net change in MNRI					

4.4 Please provide a copy of the Municipality's multi-year capital plan and its asset management plan, to the best of your ability, by year and funding source.

Funding/Expenditure Analysis

4.5 How does the Municipality manage unanticipated requests for funding? Can you characterize the probability that the municipality may need to draw down MNRI to fund unexpected budget shortfalls?

The Town lacks a good 10 yr capital plan and are behind in our asset mgmt planning, therefore any financial plans that we have are not reliable.

As a result, our MNRI requirements are expected to change over the coming years as these plans get refined/completed.

4.6 If the Municipality has completed a capital budget and asset management plan, how many years does this forecast extend?

☐ Less than 3 years ☐ 3-5 Years ☒ 5-10 Years ☐ 10 years or more

4.7 Are the reserves and reserve funds that represent MNRI growing annually for the Municipality?

☐ Yes ☒ No

4.8 If yes, at what approximate annual rate are they growing?

☐ 1 to 2 % ☐ 3 to 4 % ☐ Greater than 5 %

4.9 If no, at what approximate annual rate are they declining?

☐ 1 to 2 % ☐ 3 to 4 % ☒ Greater than 5 %

4.10 At what annual rate is the Municipality's capital expenditures rising?

☐ 1 to 2 % ☐ 3 to 4 % ☒ Greater than 5 %

4.11 Is there a particular year when the Municipality had unusual, large expected capital expenditure(s)?

☒ Yes ☐ No

4.12 If so, please explain the timing and nature of the expenditure(s)

2023 - Road Urbanization(RDS276); 2024 - Roads Urbanization(RDS309), New Library Branch(LIB47)

2026 - Lefroy Arena Redevelopment (PKS135) 2029 - Stroud Arena Redevelopment(PKS136)

4.13 Potential capital grants that are received could impact the municipality's MNRI. Please characterize any large grants that your municipality has a reasonable expectation of materializing.

Nothing anticipated or budgeted in addition to regular OCIF & Federal Gas Tax.

4.14 The use of debt financing to fund future capital projects may reduce the need to drawdown MNRI to fund the projects. Please characterize how the municipality anticipates using debt financing to fund capital projects.

See debt capacity tab for details on anticipated debt requirements. This has already been incorporated into cash flow projections .

5. PORTFOLIO INFORMATION 5.1

MNRI details as at [date] <u>June 8, 2021</u>	
ONE PI Funds + HISA (Under ONE JIB)*	\$ 16,926,251.37
Locked in portion (LDC shares or notes) Per 2020 Financial Statements	\$ 28,028,576.00
Pledged (in kind) Securities (Bonds, GIC's, PPN's, etc.) *	\$
Expected Additions (withdrawals) of MNRI from ONE JIB Date funds to be remitted/paid: (DD/MM/YY) <u>01</u> / <u>07</u> / <u>21</u>	\$ 10,000,000.00
Total MNRI	\$ 54,954,827.37

<p>* prices of securities may change between the date they are pledged to the ONE JIB and when they are actually contributed to the ONE JIB. Drift in the security price after they have been pledged to the ONE JIB should not compel the municipality to adjust their contribution to the ONE JIB.</p>	
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5.2 Less liquid securities can be pledged to the ONE JIB as part of the MNRI when the municipality joins the ONE JIB. It is contemplated that the proceeds from these pledged securities would be transitioned into the ONE Prudent Investor Outcomes at maturity or at an earlier date at the discretion of the participating municipality. Please identify below the details of pledged securities that the municipality may have.

- ☐ The municipality does not have locked in investments that represent a portion of MNRI
- ☐ The municipality has locked in investments that have previously been pledged to the ONE JIB as part of their MNRI
- ☐ The municipality is joining the ONE JIB and will need to include the following investments as pledged securities to the ONE JIB to represent a portion of their MNRI:

Type/Description	Amount	Maturity Date

6. INVESTMENT RESTRICTIONS

6.1 Are the Municipality's investments subject to any prohibited investment or other similar restrictions that are not fully disclosed in the Municipal IPS?

☐ Yes ☒ No

If Yes, please specify.

7. ACKNOWLEDGEMENT

I confirm that information provided to ONE Investment in this form is complete and accurate to the best of my knowledge as at the date below.



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Dated this 21st day of June, 20 21

A handwritten signature in black ink, appearing to read "A Webb".

Audrey Webb, Treasurer
Name and Signature of Treasurer

A handwritten signature in red ink, appearing to read "Mike Melinyshyn".

Mike Melinyshyn, CFO Director of Corporate Services
Second Signature (if Required)

Appendix 1 – Midyear MCQ Updates Form

Kindly provide details that explains the nature of the requested change. This should describe: the dollars involved, the timing of transactions required, and any other context to support the change request. This will allow the ONE JIB to understand how this update changes the cashflow characteristics or investment horizons of money representing MNRI relative to the most recent update to the MCQ.

4.2 Summary of Municipal Accounts for Invesment Planning Purposes

Reserve Type	Description	MRI (%)	MNRI (%)	MRI Amount	MNRI Amount	Investment Horizon of MNRI			10+ years	Total Available Cash	
						0-24 months (to Dec 2023)	(2024-2025)	(2026-2030)			
Asset Renewal	Asset renewal reserve funds. Largest RF is the Capital Reserve Fund, which is where our 1% capital levy is directed to.			30,018,596	7,093,939	30,018,596	1,691,782	5,402,158		37,112,535	0
Growth				25,173,997	10,721,649	25,173,997		10,721,649		35,895,646	0
	DCs & other externally restricted funds, such as Cash-in-lieu of Parkland. It also includes our ARS(Alternative Revenue Source) reserve fund, which is where our OLG gaming revenues are directed towards. The largest component of the ARS funds is to be used to fund the non-growth(BTE) share of growth projects.										
Operating Reserves	Tax rate stabilization reserve and inspection stabilization reserve			89,500	8,873,159	89,500	146,700	8,726,459		8,962,659	0
				55,282,093	26,688,747	55,282,093	1,838,482	24,850,265	0	81,970,840	

4.3 Cash Flow Projections

MNRI (to Dec 2023) Type	2022	2023	2024	2025	2026	2027	2028	2029	2030
Opening MNRI	26,688,747	26,688,747	26,688,747	39,507,402	33,736,648	23,749,930	44,357,934	65,596,587	70,348,994
Anticipated MNRI Contributions(Drawdowns)			12,818,655	(5,770,754)	(9,986,718)	20,608,005	21,238,653	4,752,407	(70,348,994)
Net change in MNRI	0	0	12,818,655	(5,770,754)	(9,986,718)	20,608,005	21,238,653	4,752,407	(70,348,994)
	26,688,747	26,688,747	39,507,402	33,736,648	23,749,930	44,357,934	65,596,587	70,348,994	0