

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: City of Kenora

1.2 ADDRESS: 1 Main Street South

#### 1.3 TREASURER INFORMATION

- i. Name: Charlotte Edie
- ii. Phone Number: ( 807) 467 - 2013 iii. Email: cedie@kenora.ca
- iii. Email: cedie@kenora.ca

#### 1.4 PRIMARY DAY-TO-DAY CONTACT INFORMATION\*\*

- i. Name: Charlotte Edie
- ii. Title: Director of Finance/Treasurer
- iii. Phone Number: ( 807) 467 - 2013 iv. Email: cedie@kenora.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. (*This reflects CPTF portion*)
- ☒ Achieve moderate growth without excessive risk to capital. (*This reflects General Account*)
- ☐ 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 (*This reflects CPTF portion*)
- ☒ Moderate chance of loss of capital over a 5-year period (*This reflects General Account*)
- ☐ Greater uncertainty of outcomes with potential of higher returns over a 5-year period

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.

### CPTF Account

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

### General Account

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

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?

*The CPTF is a trust where the capital is intended to be held it perpetuity. The City is more sensitive to capital losses for this account and the losses that are acceptable for the CPTF account are relative to the initial investment values rather than a one-year drop.*

*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

Reserve Type	Brief Description	MRI (%)	MIN RI (%)	MRI Amount	MNRI Amount	Investment Horizon of MNRI				
						Zero to 24 months	24 months to 3 years	3 to 5 years	5 to 10 years	10+ years
Infrastructure	Water Treatment reserve	100%		1,400,039		1,400,039				
Rate Stabilization	Various stabilization reserves		100%		5,000,000				2,500,000	2,500,000
Contingency	Various contingency reserves		100%		4,000,000		1,000,000		3,000,000	
	Future Land Development		100%		1,000,000			1,000,000		
Various	Other municipal reserves		100%		8,283,426			2,041,613	6,041,633	200,000
	Total General Account (MNRI)				18,283,426	1,400,039	1,000,000	3,041,793	11,541,633	2,700,000
Perpetual Trust	CPFT (MNRI)		100%		28,537,555					28,537,555

Note that the City is currently considering use of Infrastructure Ontario financing facilities and is deliberating on a harbor front project. Both of these initiatives may have a notable impact on the budget and municipal planning. The estimates above may need to be adjusted based on progress on these initiatives. More clarity is expected within the next 12 months, which could lead to a revision in the budget, cashflow projections and require a MCQ update.



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	<i>Cashflow forecasts</i>				
Anticipated MNRI Contributions	<i>pending review</i>				
Net change in MNRI	<i>see comment below</i>				

*The CPTF portion has a perpetual investment horizon where notable drawdowns in MNRI are not expected in the foreseeable future.*

*The general account portion continues to require about \$3 million available to finance City projects within the next 5 years. There is considerable uncertainty as the City is considering the use of Infrastructure Ontario Debt facilities and as the City considering a Harbor front project within the next two years, but the timeline is dependent on securing grants. This may lead to meaningful changes in MNRI and cashflow projections that may lead to the City revisiting this MCQ within the next 12 months depending on the developments related to these two initiatives. A more informed understanding may lead to a revision in cashflow forecasts at that time.*

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?

*Unanticipated requests are funded by reserves. It is not anticipated that a draw down will be required. Harbor front project under consideration that may lead to revision in MNRI.*

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)

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.

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.

City currently investigating use of Infrastructure Ontario Financing, which could impact cashflow and MNRI estimates.

## 5. PORTFOLIO INFORMATION 5.1

### A – General Account

MNRI details as at as at May 31, 2021	
ONE PI Funds + HISA (Under ONE JIB)*	\$ 18,197,945.28
Locked in portion (LDC shares or notes)	N/A
Pledged (in kind) Securities (Bonds, GIC's, PPN's, etc.) *	N/A
Expected Additions (withdrawals) of MNRI from ONE JIB <i>Release of WTP reserve fund to operations (MRI)</i>	\$ (1,400,038.69)
Reclassification to CPTF Account (MNRI Portion)	\$ 1,485,519.40
Total MNRI	\$ 18,283,425.99



## 5.1 B – CPTF Account

MNRI details as at May 31, 2021	
ONE PI Funds + HISA (Under ONE JIB)*	\$ 23,372,533.55
Locked in portion (LDC shares or notes)	N/A
Unallocated Cash (Coupons received on In-Kind bonds)	\$ 73,616.81
Pledged (in kind) Securities (Bonds, GIC's, PPN's, etc.) *	\$ 5,020,597.34
Expected Additions (withdrawals) of MNRI from ONE JIB <i>Debt Repayment (From MRI portion of General Account)</i>	\$ 1,556,326.93
Reclassification to General Account (MNRI Portion)	\$ (1,485,519.40)
Total MNRI - CPTF	\$ 28,537,555.23
<b>Total Kenora MNRI (CPTF+ General Account)</b>	<b>\$ 46,820,981.22</b>

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



## Municipal Client Questionnaire (MCQ)

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.

Dated this 21<sup>st</sup> day of September, 2021

Charlotte Edie

Charlotte Edie

Name and Signature of Treasurer

\_\_\_\_\_  
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.

The Council of the City of Kenora recently approved the transfer of internal debt through the Citizens' Prosperity Trust Fund to the TD Bank. The balance of the debt is \$11,749,038. As a result these funds are now available in the Citizens' Prosperity Trust Fund for investment through the ONE JIB. These funds are to be invested under the same criteria as the other CPTF funds.

There are no other changes from the previously submitted MCQ.

*Charlotte Edin 21/09/21*