

Review and update the MCQ annually in conjunction with the review of the Investment Policy Statement.

However, update the MCQ 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"

For changes between annual reviews, provide written notice of changes by using the mid-year MCQ update form on the last page of this document.

1. CLIENT INFORMATION

1.1 NAME OF MUNICIPALITY: The Corporation of the City of Thunder Bay

1.2 ADDRESS: 500 Donald St E, Thunder Bay, ON P7C 5K4

1.3 TREASURER INFORMATION

i. Name: Emma Westover (Acting Treasurer until June 30, 2023)

ii. Phone Number: () _____ - _____ iii. Email: _____

1.4 PRIMARY DAY-TO-DAY CONTACT INFORMATION*

i. Name: Emma Westover

ii. Title: Director Financial Services

iii. Phone Number: (807) 630 ____ - 1280 ____ iv. Email: emma.westover@thunderbay.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 Municipal staff (person most responsible for managing investments)'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

Does Municipal staff (person most responsible for managing investments) have prior investment industry education/designations/experience? Please describe:

No formal investment education or designation. Municipal investment experience would include working with Investment Managers and Advisors for the City's previous Legal List Portfolio.

2.3 Check the following list of investment vehicles with which your municipality has used within the past five years. [Check all that apply]

- ☒ Canadian money market securities (e.g., Cash, bank accounts, HISA etc.)
- ☒ Locked-in Investments (e.g., GICs, PPNs 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
- ☐ Other – Please Describe

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



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3.1 In relation to MNRI, which of the following best reflects the Municipality's longer-term investment objectives (return), risk tolerance (volatility of returns) and shorter-term tolerance for losses (actual or unrealized)?

		Investment Objective	Risk Tolerance	Tolerance for short-term (3 year) losses*
<input type="checkbox"/>	Lower risk/return	Capital preservation is the main objective. Willingness to accept lower returns to reduce the likelihood of losses	Conservative Approach: A small chance of loss of capital over a 5-year period	Less than 5% decline
<input checked="" type="checkbox"/>	Moderate risk/return	Achieve moderate growth without excessive risk to capital	Moderate chance of loss of capital over a 5-year period	5-15% decline
<input type="checkbox"/>	Higher risk/return	Willingness to accept higher risk, including risk of loss of capital, for potentially higher returns	Greater uncertainty of outcomes with potential of higher returns over a 5-year period	More than 15% decline

* these percentages is for illustrative purposes only and to determine sensitivity to potential capital loss and do not represent a guarantee by ONE JIB or ONE Investment.

3.2 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?

Please see section 5.2.1 of the IPS for Long Term Money investment objectives, risk tolerances and liquidity preferences for target date, contingency, stable return and cash outcomes.

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

Note: MNRI can be determined by time, source of funds, purpose of funds, or such other means as the Municipality may



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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 (values in \$ thousands)

Reserve Type	Brief Description	MNRI Amount	Investment Horizon of MNRI			
			Less than 3 years	3 to 5 years	5 to 10 years	10+ years
Capital Reserves	Program Reserves and Capital Reserves	75,620.1	9,223.2	14,689.1	35,978.6	15,729.2
Obligatory Reserve Funds	Building Permit Reserve Fund, Gas Tax Reserve Funds, Ontario Community Infrastructure Fund, Subdivider Contributions	7,585.5	385.1	4,178.2	2,668.4	353.8
Stabilization & Contingency	Operating Reserve Funds, Vested Property Rehabilitation Reserve	31,993.0	3,681.6	5,185.0	18,658.8	4,467.6
Total		115,198.6	13,289.9	24,052.3	57,305.8	20,550.6

4.2 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.)

Summary of potential drawdowns/additions to MNR (values in \$ thousands)

Type	Next year	2 years	3 to 5 years	5 to 10 years	Greater than 10 years
Anticipated MNRI Drawdowns		(\$13,289.9)	(\$24,052.3)	(\$57,305.8)	(\$20,550.6)
Anticipated MNRI Contributions					
Net change in MNRI		(\$13,289.9)	(\$24,052.3)	(\$57,305.8)	(\$20,550.60)

Although the table above indicates the City would withdraw funds, the City does not anticipate draw down of the portfolio in the specified terms. The Chart is based on information on-hand at this time and is a conservative representation of cash flows to assist ONE JIB in informing the investment allocation. As part of the annual update, the City will review the MCQ and IPS for amendments if applicable, for Council approval.

4.3 Do the MNRI drawdown forecasts in 4.2 reflect:

- ☐ Drawdowns of current reserve balances
- ☐ Drawdowns of current reserve balances inclusive of projected future budgetary contributions

4.4 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

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 for funding must be approved by Council and every effort is made to minimize these requests outside of the budget process. Financial Services monitors reserve fund commitments and therefore is aware of uncommitted and committed reserve fund balances. It is unlikely that the City will need to draw down MNRI for unexpected budget shortfalls.

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

☒ Yes ☐ No

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

From 2012 to 2017 there were significant capital expenses related to the Wastewater Treatment Plan as a result of a severe rainfall event in May 2012.

4.8 Is there any near-term (within the next 24 months) decisions or uncertainties that could have a material impact on your MNRI forecasts? (e.g., projects contingent on unsecured grants, potential significant changes to debt financing strategy, significant acquisition or disposal/divestment). Provide details here:

The cash flow forecast includes estimated commitments for potential significant projects which may be contingent upon Council decisions. However, the forecast is conservative and therefore in the next 24 months it is not expected that MNRI would be materially impacted. Due to the timing of potential Council decisions, awarding contracts and any construction and/or project work beginning, it is not expected that significant amounts of money would be required in the next 24 months. The City will update ONE JIB immediately should cash flow forecasts be significantly different than expected.

5. PORTFOLIO INFORMATION

5.1

MNRI details as at April 30, 2023	
Invested in ONE JIB Outcomes.	\$114,522,002
Value as at (DD/MM/YY) <u>30/04/23</u>	
Pledged (in kind) Securities (Bonds, GIC's, PPN's, etc.).	\$0
Value as at (DD/MM/YY) <u>/</u> / <u></u>	
Expected Contributions (withdrawals) of MNRI	\$0
Date funds to be remitted/paid: (DD/MM/YY) <u>/</u> / <u></u>	
Locked in portion (LDC shares or notes)	\$109,272,789
Value as at (DD/MM/YY) <u>31/12/21</u>	
Total MNRI *	\$223,794,791
* The market value of securities may change between the date they are pledged to the ONE JIB and the date they are contributed to the ONE JIB.	

5.2 The Municipality may pledge less liquid securities to ONE JIB as part of MNRI. 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



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- ☐ The Municipality has the following investments as pledged securities that represent a portion of MNRI:

6. EXISTING INVESTMENTS

6.1. Please provide a table showing your current investments deemed MNRI and their characteristics.

<i>Security/Investment</i>	<i>Type</i>	<i>Manager/Institution</i>	<i>Book Value</i>	<i>Market Value</i>	<i>Maturity Date (if applicable)</i>

6.2. Describe your overall investment strategy or investment objectives.

7. OTHER INFORMATION

7.1 Please provide any additional information or context on the information provided that you consider relevant to ONE JIB's understanding of your municipality's MNRI.

None at this time.

8. INVESTMENT RESTRICTIONS

8.1 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.

9. 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 17 day of may, 2023

Emma Westover


Name and Signature of Treasurer

Second Signature (if Required)



Appendix 1 – Midyear MCQ Updates Form

Please provide details that explain the nature of the requested change. This should describe: the money 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 MNRI relative to the most recent update to the MCQ.

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 _____ day of _____, 20__

Name and Signature of Treasurer

Second Signature (if required)