

## 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.

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### 1. CLIENT INFORMATION

1.1 NAME OF MUNICIPALITY: \_\_\_\_\_

1.2 ADDRESS: \_\_\_\_\_

#### 1.3 TREASURER INFORMATION

i. Name: \_\_\_\_\_

ii. Phone Number: ( ) \_\_\_\_\_ - \_\_\_\_\_ iii. Email: \_\_\_\_\_

iii. Email: \_\_\_\_\_

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

i. Name: \_\_\_\_\_

ii. Title: \_\_\_\_\_

iii. Phone Number: ( ) \_\_\_\_\_ - \_\_\_\_\_ iv. Email: \_\_\_\_\_

\*\*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 statements 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 avoid any years with 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

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?

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*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 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					
Anticipated MNRI Contributions					
Net change in MNRI					

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4.3 What percentage of the MNRI portion of the portfolio is required by the Municipality in the following time periods? (Timeframes can be changed based on the Municipality's circumstances)

18 months to 3 years: \_\_\_\_\_

3 to 5 years: \_\_\_\_\_

5 to 7 years: \_\_\_\_\_

7 to 10 years: \_\_\_\_\_

More than 10 years: \_\_\_\_\_

### Funding/Expenditure Analysis

4.4 How often is a cash flow analysis of reserves, reserve funds and expected expenditures completed by the Municipality?

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4.5 Please specify month and year of the last update to the cash flow analysis.

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4.6 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?

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4.7 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

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

☐ Yes

☐ No

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

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

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

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

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

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

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

☐ Yes    ☐ No

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

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4.14 Potentially 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.

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4.15 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.

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## 5. PORTFOLIO INFORMATION

### 5.1

MNRI details as at [date] _____	
ONE PI Funds + HISA (Under ONE JIB)*	\$
Locked in portion (LDC shares or notes)	\$
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) ____/____/____	\$
Total MNRI	\$
* 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.	

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



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If Yes, please specify.

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### 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 \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

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Name and Signature of Treasurer

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Second Signature (if Required)

## Appendix 1 – Midyear MCQ Updates Form

[ this form to be developed at a later date]