



## Attachment 2

### Municipal Client Questionnaire (MCQ)

The MCQ needs to be updated and reviewed annually in conjunction with your review of your Investment Policy Statement.

Additionally, update the MCQ within 90 days if you experience any significant changes, including:

- a. A significant change in your municipality’s financial circumstances, or
- b. A significant change in the amount of your municipality’s “money that it does not require 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.

#### **Section 1 – Client Information**

Name of Municipality: The Regional Municipality of Durham

Address: 605 Rossland Road East Whitby, Ontario, L1N8Y9

#### *Treasurer Information*

Name: Nancy Taylor, BBA, CPA, CA

Phone Number: 905-668-4113 Extension: 2300

Email: Nancy.Taylor@durham.ca

#### *Primary Day to Day Contact Information\**

*Check if same information as Treasurer above*

Name: Duane Ramkissoon

Phone Number: 365-688-9753 Extension: n/a

Email: duane.ramkissoon@durham.ca

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

**Section 2 - Investment Knowledge and Experience**

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 experience
- Strong knowledge and experience
- Advanced knowledge and extensive experience

2. If Municipal staff have strong or advanced knowledge, please describe where this knowledge was acquired (e.g., education, designations experience).

Duane Ramkissoon, Manager Investment Portfolio holds a CPA designation and has completed the CSC. Gained knowledge and experience in municipal investments as the Manager, Investment Portfolio at the Region of Durham for the last 2 years and Senior Investment Analyst at the Town of Whitby in the 4 years prior to that. Also gained investment knowledge in various positions at RBC and a small institutional investment firm.

Sujeev Jegatheeswaran, Senior Investment Analyst holds CFA and FRM designations. He was a Junior Trader for approximately three years, where he was responsible for developing trading strategies and executing trades across different asset classes including Fixed Income. He held the Treasury manager role at Mizuho Bank Canada for approximately one year, where he was in charge of Asset Liability management of CAD portfolio.

Funmi Adekoya, Senior Investment Analyst holds a CFA designation and a MBA in Finance. Funmi has over eight years of experience within the financial services industry. She began her career structuring trade finance products for large corporates, and moved on to a boutique investment bank as a currency trader for two years where she managed the proprietary trading book on behalf of the bank. She was also an investment associate at a pension fund for three years, where she performed investment analysis and made recommendations on behalf of the fund beneficiaries.

3. Please indicate if your municipality has used / held any of the following investment types within the past five years. *[check all that apply]*

- Canadian money market securities
- Locked-in Investments (e.g., GICs, PPNs etc.)
- Local Distribution Corporation Securities (LDC 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

## Section 3 – Investment Objectives and Risk Tolerance

This section of the MCQ asks about your Municipality’s **Money that it Does Not Require 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 over 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 possibly 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.

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

Description	Investment Objective	Risk Tolerance	Tolerance for short-term (3 year) losses*
<b>Lower risk / return</b> <input type="checkbox"/>	Capital preservation is the main objective.  Willingness to accept lower returns to reduce the likelihood of losses.	Small chance of loss of capital over a 5-year period	Less than 5% decline
<b>Moderate risk / return</b> <input checked="" type="checkbox"/>	Balanced growth (combination of growth and income) is the main objective.  Willingness to accept moderate level of risk to achieve moderate growth without excessive risk to capital.	Moderate chance of loss of capital over a 5-year period	5-15% decline
<b>Higher risk / return</b> <input type="checkbox"/>	Growth of capital is the main objective.  Willingness to accept higher risk, including risk of loss of capital, for potentially higher returns.	Higher risk of loss of capital over a 5-year period	More than 15% decline

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

5. *If applicable*, is there any other information about your Municipality's investment objectives and risk tolerance for its MNRI that is relevant to your Investment Policy Statement or Investment Plan?

The investment objectives and risk tolerances for MNRI will evolve over time and inform the Region's asset allocation.

Due to growth in the borrowing program, the Region will be required to issue sinking fund debt on behalf of itself and local municipalities. The MCQ and Investment Plan will need to integrate unique investment objectives and risk tolerances for any Sinking Fund Portfolio(s) established for the purposes of retiring debt. Sinking Fund investments must be maintained in segregated accounts/portfolios and not commingled with other MNRI investments.

6. How sensitive is your municipality to recognizing investment gains and losses from portfolio adjustments and market fluctuations?

Short-Term (3-5 years) - Risk tolerance is low (5% annual downside risk loss)

Medium-Term (6-10 Years) - Risk tolerance is low to moderate (7.5% annual downside risk loss)

Long-Term (>10 years) - Risk tolerance is moderate (10% annual downside risk loss)

The Region of Durham recognizes that maximum losses cannot be guaranteed and may exceed the percentage threshold indicated for each outcome.

**Sections 4 and 5** of this MCQ below ask about your Municipality's MNRI, cash flow and other financial assets that may be applicable. It is intended to assist ONE Investment in obtaining an understanding of your Municipality's financial circumstances, including its cash flow needs.

### ***Section 4 – Financial Information***

7. Please provide your municipality's **MNRI** (*see note below*) by reserve (or reserve categories) with expected investment time horizons. This information can be provided in the template provided, or in a separate document.

**Note:** MNRI can be determined by time, source of funds, purpose of funds, or such other means as your Municipality may decide is appropriate. It is defined for your municipality in the Investment Policy Statement approved by your Council. For example, the 'less than 3 years' column of MNRI in the template might not be applicable for all municipalities.



Information has been provided as an attachment to this MCQ

## Summary of Money not Required Immediately for Investment Planning Purposes

Example Reserve Name or Category	Brief Description or Purpose	Total MNRI Amount	Investment Horizon of MNRI			
			Less than 3 years	3 to 5 years	5 to 10 years	10+ years
Roads Mitnc Reserve	Ongoing Maintenance	\$8,000,000	\$1,500,000	\$1,500,000	\$3,500,000	\$3,500,000
Infrastructure Reserve	Road Lane Widening	\$5,000,000		\$1,000,000	\$4,000,000	

Reserve Name or Category	Brief Description or Purpose	Total MNRI Amount	Investment Horizon of MNRI			
			Less than 3 years	3 to 5 years	5 to 10 years	10+ years
<b>Total MNRI</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

8. Please provide your Municipality’s current **Cash Flow Projections for MNRI** by year. This information informs the ONE JIB about potential drawdowns /additions to MNRI that you anticipate in coming years. Supporting documentation may be provided as needed.

	Next Year	2 years	3 to 5 years	5 to 10 years	Greater than 10 years
Anticipated MNRI Drawdowns			105,921,407	84,717,581	2,645,919,993
Anticipated MNRI Contributions					
Net change in MNRI	0	0	105,921,407	84,717,581	2,645,919,993

*Other information or comments (if applicable)*

9. Does the MNRI drawdown forecasts in Question 8 above reflect:

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

10. What **assumptions or factors** does your municipality include in the reserve cash flow projections? For example: inflation assumptions on capital projects, assumptions on future tax-based reserve contributions, forecasted development charge revenue etc.

1) Includes projected interest revenue  
 2) Includes future projected Development Charge receipts (we do not assume indexing of DC rates yet we do assume the phasing/freezing and exemption impacts re Bill 23 and related legislation)  
 3) Includes future projected Tax levy/User Rate contributions for those contributions that are part of the Region’s base budget – we do not include projected tax levy/user rate contributions that result from surplus etc.  
 4) Does not include inflationary assumptions on planned capital expenditures

11. If your Municipality has completed a **capital budget forecast**, how many years does this forecast extend?

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

12. If your Municipality has completed an **asset management plan**, how many years does this forecast extend?

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

13. To what extent has your Municipal asset management plan been integrated into the capital budget process?

To some extent. The Asset Management Plan identifies projected investment needs to ensure the Region's assets are maintained in a state of good repair. The Plan identifies additional annual investments that are needed to meet service levels.

### Funding/Expenditure Analysis

14. How does your Municipality manage unanticipated requests for funding? What is the probability that your municipality may unexpectedly need to draw down MNRI to fund unexpected budget shortfalls?

The Region's current low debt levels and modest reserve/reserve fund balances provides the Region with the flexibility to respond to unanticipated capital expenditures as well as leverage external funding opportunities when available.

15. Is there a particular year(s) in your Capital Forecast or Asset Management Plan when your Municipality anticipates unusual or large capital expenditure(s)?

- Yes     No

*If yes, please explain the timing and nature of the expenditure(s)*

The Region is projecting significant capital investments over the next 10 years (front-end loaded in the first five years) due in part to significant growth pressures to achieve provincial housing targets. The capital expenditures are required to provide servicing in advance of the growth as well as infrastructure to provide ongoing municipal programming for new households. The 2024 Capital Budget and Nine-Year Forecasts for both Water/Sewer Services and Property Tax Services provides information on projected capital spending levels by year. These expenditures are subject to change based on actual rates of growth.

16. Do you anticipate any decisions / factors within the **next 24 months** that could have a material impact on your MNRI forecasts – either positive or negative? (e.g., projects contingent on unsecured grants, potential significant changes to your debt financing strategy, significant acquisitions or disposals/divestments).

Yes

No

*If yes, please provide details*

In addition to the infrastructure needed to service growth and maintain the Region's existing assets in a state of good repair, there are a number of major capital projects that the Region is actively considering that will have significant impacts on the Region's capital expenditures over the next five to seven years including:

- i. Electrification of the Durham Region Transit fleet
- ii. Construction of a new Long-term Care Home
- iii. Redevelopment of a number of Durham Regional Local Housing Corporation Properties
- iv. Development of new Social Housing Facilities
- v. Construction of four new GOTransit Stations
- vi. District Energy Centre

The Region is actively pursuing a number of external funding opportunities for the above projects including grant funding (i.e., FCM, federal sustainable Transit Fund and ZETF), debt financing (CIB, FCM, and directly from capital markets) and potentially internal borrowings.



## Section 5 – Portfolio Information

17. Please provide the breakdown of your MNRI, In-Kind securities and LDC securities by Investment type

Description	As of Date (MM/DD/YY)	Value*
Invested in ONE JIB Outcomes as of <i>Date</i> (A)	Please see attached	Please see attached
Expected contributions (withdrawals) of MNRI and <i>Date</i> MNRI to be transferred / received (B)	Please see attached	Please see attached
<b>Total MNRI to be invested in ONE JIB Outcomes (A + B)</b>		Please see attached
In-Kind securities (Bonds, GICs, PPNs etc.) as of <i>Date</i> (C)	Please see attached	Please see attached
<b>Total Current MNRI, expected contributions to MNRI and In-Kind securities (A + B + C)</b>		Please see attached
LDC securities as of <i>Date</i> (D)	Please see attached	Please see attached
<b>Total Municipal MNRI, In-Kind securities and LDC securities (A + B + C + D)</b>		Please see attached

\* The market value of In-Kind securities may change between the date control and management is given to ONE JIB and the date they mature after which the cash proceeds can be invested by ONE JIB.

*Other information or comments (if applicable)*

An excel summary of in-kind securities and MNRI transitioning to ONE JIB is attached with granular details. GICs will be designated as in-kind securities on a cost basis. Any GICs qualifying as MRI between the prudent effective date and the first anniversary date will be addressed in the 2025 Investment Plan update. Bonds are identified in the Investment Plan at face value and will be free delivered to ONE's custodian and held to maturity. Coupon and/or principal payments for in-kind bonds will be reinvested in the OCIO solution.

## Section 6 – Existing Investments

18. Your Municipality may have given control and management of In-Kind securities and LDC securities to ONE JIB with its MNRI (*refer to Section 5 above*). If applicable, please identify below any details of In-Kind securities and LDC securities that your municipality may have. A template and sample have been provided on the next page for your reference, or you may attach a copy of your statement(s). If your Municipality has no such In-Kind securities/LDC securities *proceed to Section 7 of the MCQ*.



## Municipal Client Questionnaire (MCQ)

The applicable information is provided as an attachment to the MCQ:

<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>
<i>SAMPLE CIBC Global Blue Chip Growth Deposit Notes, Series 12</i>	<i>PPN</i>	<i>CIBC</i>	<i>\$5,000,000</i>	<i>N/A</i>	<i>February 2030</i>
<i>SAMPLE London 3.2% May 9, 2026</i>	<i>Bond</i>	<i>N/A</i>	<i>\$1,000,000</i>	<i>\$1,098,000</i>	<i>May 9, 2026</i>
<i>SAMPLE Canada 2 7/8 July 2, 2028</i>	<i>Bond</i>	<i>N/A</i>	<i>\$2,000,000</i>	<i>\$1,945,000</i>	<i>July 2, 2028</i>

<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>

*Other information or comments (if applicable)*

Please see attached excel summary.

***Section 7 – Other Information***

19. If there have been major changes in circumstances since the last MCQ updates (if applicable) that you would feel would require a reallocation of MNRI for your Municipality. Please advise what has changed since the last MCQ update.

N/A

20. Please provide any additional information or context that you consider relevant to ONE JIB's understanding of your municipality's MNRI, In-Kind securities and LDC securities.

N/A

***Section 8 – Investment Restrictions***

21. Are your Municipality's investments subject to any prohibited investment or other similar restrictions that are not fully disclosed in your Municipal Investment Policy Statement?

Yes

No



# Municipal Client Questionnaire (MCQ)

If yes, please specify

### Section 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 14 day of May, 2024

Nancy Taylor, Commissioner of Finance

\_\_\_\_\_

\_\_\_\_\_

[Nancy Taylor \(May 17, 2024 08:53 EDT\)](#)

Name and Signature of Treasurer

\_\_\_\_\_

Second Signature (if Required)



## Municipal Client Questionnaire (MCQ)

### Appendix 1 – Midyear MCQ Updates Form

Please provide details below that explain the nature of your 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 ONE JIB to understand how this update may change the cashflow characteristics or investment horizons of MNRI and In-Kind securities (and possibly LDC securities) relative to your current MCQ and Investment Plan.

#### 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)