



The Regional Municipality of Durham

Finance & Administration Committee Agenda

Council Chambers
Regional Headquarters Building
605 Rossland Road East, Whitby

Tuesday, January 18, 2022

9:30 AM

Please note: In an effort to help mitigate the spread of COVID-19, and to generally comply with the directions from the Government of Ontario, it is requested in the strongest terms that Members participate in the meeting electronically. Regional Headquarters is closed to the public, all members of the public may [view the Committee meeting](#) via live streaming, instead of attending the meeting in person. If you wish to register as a delegate regarding an agenda item, you may register in advance of the meeting by noon on the day prior to the meeting by emailing delegations@durham.ca and will be provided with the details to delegate electronically.

1. Roll Call

2. Declarations of Interest

3. Adoption of Minutes

- A) Finance & Administration Committee meeting –
December 14, 2021

Pages 3 - 4

- B) Finance & Administration Committee meeting –
December 15, 2021

Pages 5 - 20

4. Statutory Public Meetings

There are no statutory public meetings

5. Delegations

There are no delegations

6. Presentations

There are no presentations

7. Administration

7.1 Correspondence

7.2 Reports

- A) 2022 Municipal Elections Compliance Audit Committee (2022-A-1) 21 - 30

8. Finance

8.1 Correspondence

8.2 Reports

- A) Statement of Investment Policy and Goals Update (2022-F-1) 31 - 59
- B) Public Process for the Passage of a new Regional Transit Development Charge By-law (2022-F-2) 60 - 63

9. Advisory Committee Resolutions

There are no advisory committee resolutions to be considered

10. Confidential Matters

There are no confidential matters to be considered

11. Other Business

12. Date of Next Meeting

Tuesday, February 8, 2022 at 9:30 AM

13. Adjournment

Notice regarding collection, use and disclosure of personal information:

Written information (either paper or electronic) that you send to Durham Regional Council or Committees, including home address, phone numbers and email addresses, will become part of the public record. This also includes oral submissions at meetings. If you have any questions about the collection of information, please contact the Regional Clerk/Director of Legislative Services.

The Regional Municipality of Durham

MINUTES

FINANCE & ADMINISTRATION COMMITTEE

Tuesday, December 14, 2021

A regular meeting of the Finance & Administration Committee was held on Tuesday, December 14, 2021 in the Council Chambers, Regional Headquarters Building, 605 Rossland Road East, Whitby, Ontario at 9:30 AM. Electronic participation was offered for this meeting.

1. Roll Call

Present: Councillor Foster, Chair
Councillor Collier, Vice-Chair
Councillor Ashe
Councillor Drew
Councillor Leahy
Councillor Mulcahy
Councillor Nicholson
Regional Chair Henry
***all members of Committee participated electronically**

Also
Present: Councillor Highet
Councillor Kerr
Councillor Mitchell
Councillor Smith

Staff
Present: E. Baxter-Trahair, Chief Administrative Officer
D. Beaton, Commissioner of Corporate Services
N. Taylor, Commissioner of Finance
T. Fraser, Committee Clerk, Corporate Services – Legislative Services
W. Holmes, General Manager, DRT
J. Hunt, Regional Solicitor/Director of Legal Services, Corporate Services – Legal
R. Inacio, Systems Support Specialist, Corporate Services - IT
N. Pincombe, Director, Business Planning & Budgets
R. Walton, Regional Clerk/Director of Legislative Services
L. Fleury, Legislative Officer and Deputy Clerk Pro Tem, Corporate Services – Legislative Services

The Chair advised that due to technical difficulties the Region is unable to livestream the meeting and as a result the meeting is unable to proceed. He also advised that a special meeting would be called in accordance with the Procedural By-law to consider the agenda items at a later date. The Special Meeting was called for December 15, 2021 immediately following the Committee of the Whole meeting.

Respectfully submitted,

A. Foster, Chair

L. Fleury, Legislative Officer

The Regional Municipality of Durham

MINUTES

SPECIAL FINANCE & ADMINISTRATION COMMITTEE

Wednesday, December 15, 2021

A special meeting of the Finance & Administration Committee was held on Wednesday, December 15, 2021 in the Council Chambers, Regional Headquarters Building, 605 Rossland Road East, Whitby, Ontario at 12:45 PM. Electronic participation was offered for this meeting.

1. Roll Call

Present: Councillor Foster, Chair
Councillor Collier
Councillor Ashe
Councillor Drew
Councillor Leahy
Councillor Mulcahy
Councillor Nicholson
Regional Chair Henry
***all members of Committee participated electronically**

Also
Present: Councillor Crawford
Councillor Dies
Councillor Highet, attended for part of the meeting
Councillor Kerr
Councillor Mitchell
Councillor John Neal
Councillor Pickles
Councillor Wotten, attended for part of the meeting

Staff
Present: E. Baxter-Trahair, Chief Administrative Officer
D. Beaton, Commissioner of Corporate Services
N. Taylor, Commissioner of Finance
J. Demanuele, Director of Business Services, Works Department
W. Holmes, General Manager, DRT
J. Hunt, Regional Solicitor/Director of Legal Services, Corporate Services – Legal
R. Inacio, Systems Support Specialist, Corporate Services - IT
T. Lavery, Manager, Corporate Communications
N. Pincombe, Director, Business Planning & Budgets
S. Siopis, Commissioner of Works
R. Walton, Regional Clerk/Director of Legislative Services

L. Fleury, Legislative Officer and Deputy Clerk Pro Tem, Corporate Services
– Legislative Services

2. Declarations of Interest

Councillor Collier made a declaration of interest, later in the meeting, under the Municipal Conflict of Interest Act with respect to Item 7.2 F) re: Report #2021-F-37: Durham Region Transit U-Pass Agreement Update. He indicated that his son attends Ontario Tech University and pays for a U-Pass.

Councillor Mulcahy made a declaration of interest, later in the meeting, under the Municipal Conflict of Interest Act with respect to Item 7.2 F) re: Report #2021-F-37: Durham Region Transit U-Pass Agreement Update. She indicated that she has a child that attends Durham College.

3. Adoption of Minutes

Moved by Regional Chair Henry, Seconded by Councillor Mulcahy,
(91) That the minutes of the regular Finance & Administration Committee meeting held on Tuesday, November 9, 2021, be adopted.
CARRIED

4. Statutory Public Meetings

There were no statutory public meetings.

5. Delegations

There were no delegations.

6. Presentations

- 6.1 Nancy Taylor, Commissioner of Finance, Nicole Pincombe, Director, Business Planning and Budgets and John Presta, Director of Environmental Services, re: 2022 Business Plans and Budget and Nine Year Capital Forecast for the Consolidated Water Supply and Sanitary Sewerage Systems (Report #2021-F-34) and Recommended 2022 Water and Sanitary Sewer User Rates (Report #2021-F-35)
-

N. Taylor, Commissioner of Finance, N. Pincombe, Director, Business Planning and Budgets, and J. Presta, Director of Environmental Services, provided a presentation with respect to 2022 Business Plans and Budget and Nine Year Capital Forecast for the Consolidated Water Supply and Sanitary Sewerage System and the Recommended 2022 Water and Sanitary Sewer User Rates. Highlights of the presentation included:

- 2022 User Rates
 - Regional Water and Sewer
 - Factors Impacting User Rates

- 2022 Proposed User Rates
 - 2022 Proposed User Rates – Impacts
 - 2021 Proposed User Rates – Comparisons
- Details of the 2022 Budget
 - 2022 Budget Priorities
 - Water Supply and Sanitary Sewerage Services
 - 2021 Accomplishments
 - 2022 Proposed Expenditures and Financing
 - 2022 Priorities and Highlights
- Overview of the Capital Program
 - Asset Condition Ratings (2020)
 - Ten-Year Capital Plan
 - Proposed Financing
 - Projected Debt Servicing Costs
- Details of the 2022 Capital Budget
 - 2022 Water Supply and Sanitary Sewerage Capital
 - 2022 Major Projects: Sanitary Sewerage
 - Duffin Creek Water Pollution Control Plant
 - Newcastle Water Pollution Control Plan – Capacity Re-rating 4 MLD to 7 MLD
 - Water Street Sanitary Sewage Pumping Station – Expansion/Replacement Township of Scugog
 - 2022 Major Projects: Water Supply
 - Zone 1 Feedermain from Whitby Water Supply Plant to Thornton Road, Whitby/Oshawa
 - Whitby Water Supply Plant – Expansion from 109 MLD to 218 MLD
 - Liberty Street Zone 1 Reservoir, Zone 2 Water Pumping Station
 - Port Perry Water Storage Facility – Additional Capacity 2.8 ML and watermain
 - 2022 Major Projects: Water Supply and Sanitary Sewerage
 - Oshawa Water Supply Plan – Rehabilitation of the Filters 1 to 6
 - Courtice Feedermain and Sanitary Trunk Sewer Phase 3
 - Watermain Replacement on Brown Street from Queen Street to Victoria Street, Municipality of Clarington
- Concluding Thoughts

Staff responded to questions with respect to the budget for water meter replacements and the optimization upgrades for the Uxbridge Water Pollution Control Plant.

7. Administration

7.1 Correspondence

There were no communications to consider.

7.2 Reports

A) Sole Source Purchase of Meeting Management Software (2021-A-22)

Report #2021-A-22 from D. Beaton, Commissioner of Corporate Services, was received.

Moved by Councillor Drew, Seconded by Councillor Mulcahy,
(92) That we recommend to Council:

- A) That approval be granted for sole source purchase of meeting management software from eSCRIBE Software Ltd. ("eSCRIBE") at a total estimated cost of \$594,461 (inclusive of one-time \$34,190 implementation fee and estimated total \$560,271 annual fees for the entire 5-year term of the contract) with \$130,590 in implementation and one year licensing costs to be funded from the approved capital project for the Council Chamber Modernization and the annual licensing costs for 2023 to 2026 totalling \$463,871 to be funded from future annual Corporate Services Business Plans and Budgets; and
- B) That the Commissioner of Finance be authorized to execute the necessary agreement and amendments to the agreement.

CARRIED

8. **Finance**

8.1 Correspondence

A) Memorandum from the Works Committee, re: Works Department – 2022 Water Supply and Sanitary Sewerage Business Plans and Budgets (2021-W-51)

Moved by Regional Chair Henry, Seconded by Councillor Mulcahy,
(93) That the Memorandum from the Works Committee re: Works Department – 2022 Water Supply and Sanitary Sewerage Business Plans and Budgets, be referred to consideration of Report #2021-F-34.

CARRIED

8.2 Reports

A) Temporary Borrowing By-law for 2022 (2021-F-32)

Report #2021-F-32 from N. Taylor, Commissioner of Finance, was received.

Moved by Councillor Ashe, Seconded by Councillor Drew,
(94) That we recommend to Council:

- A) That the Regional Chair and the Treasurer be authorized in 2022 to borrow funds not to exceed \$500 million in order to meet current expenditures and

liabilities until such time as the general tax revenues and other revenues of the Region are received; and

- B) That approval be granted for the requisite by-law(s).

CARRIED

B) 2022 Interim Regional Property Tax Levy (2021-F-33)

Report #2021-F-33 from N. Taylor, Commissioner of Finance, was received. N. Taylor responded to a question regarding if discussions have been held with the local area municipalities about whether seven days after the instalment due dates provides sufficient time to pay the interim property tax levies.

Moved by Councillor Mulcahy, Seconded by Councillor Drew,
(95) That we recommend to Council:

- A) That a 2022 interim regional property tax levy be imposed on the lower-tier municipalities for all property tax classes;
- B) That the amount due from each lower-tier municipality is estimated to be equivalent to 50% of their respective share of the regional property taxes collected in 2021;
- C) That the 2022 interim regional property tax levy be paid by the lower-tier municipalities seven days subsequent to the instalment due dates established by each lower-tier municipality for the collection of their respective interim municipal property taxes;
- D) That the Regional Clerk be requested to advise the lower-tier municipalities of the imposition of the 2022 interim regional property tax levy for all property tax classes; and,

- E) That approval be granted for the requisite by-law.

CARRIED

C) 2022 Business Plans and Budget and Nine Year Capital Forecast for the Consolidated Water Supply and Sanitary Sewerage Systems (2021-F-34)

Report #2021-F-34 from N. Taylor, Commissioner of Finance, was received. Staff responded to questions from Councillor Nicholson with respect to the water supply project on Farewell Street from Harbour Road to Bloor Street in the City of Oshawa, including why it was not included in the 2022 budget as was previously indicated. S. Siopis advised that she will provide Councillor Nicholson with a response to his questions prior to the December 22nd Regional Council meeting.

Staff responded to additional questions with respect to whether there are opportunities outside of the budget process to identify priority projects for pre-servicing, if servicing projects can be advanced while interest rates are low, and where a list of priority projects for pre-servicing could be found.

Chair Foster commented that consideration should be given to installing a power source at the top of the Port Perry water tower so that lights can be put on the tower for special occasions.

Moved by Councillor Leahy, Seconded by Councillor Mulcahy,
(96) That we recommend to Council:

- A) That the 2022 Business Plans and Budgets for the Water Supply System, with a total gross expenditure of \$200.3 million (net user rate supported expenditure of \$118.2 million) and related financing as set out below, be approved:

	2021 Gross Budget (\$ 000's)	2022 Gross Budget (\$ 000's)	Variance Incr/(Decr) (\$ 000's)
<u>EXPENDITURES</u>			
Operations:			
Watermain Cleaning and Repairs	3,691	3,545	(146)
Valves and Hydrants	3,042	3,255	213
Water Connections	4,281	4,725	444
Water Meter Repair and Testing	562	594	32
Depot Operations	6,163	6,220	57
Water Supply Plants - Plants East	3,368	3,332	(36)
Water Supply Plants - Plants Central	14,226	14,601	375
Water Supply Plants - Plants North	2,882	3,011	129
Sun Valley Co-Operative Water System	29	30	1
Engineering and Staff Support	7,835	8,293	458
Facilities Management	7,514	8,184	670
Administration	335	342	7
Headquarters Shared Costs	1,125	1,153	28
Utility Finance	3,449	3,552	103
Share of Regional Corporate Costs	12,534	13,043	509
Subtotal Operations	71,036	73,880	2,844
Capital/Debt Charges:			
TCA Capital	4,905	6,812	1,907
Construction of Municipal Services	76,337	118,304	41,967
Debt Charges	1,311	1,312	1
Subtotal Capital/Debt Charges	82,553	126,428	43,875
TOTAL EXPENDITURES	153,589	200,308	46,719
<u>FINANCING</u>			
Contributions from Reserve Funds:			
Residential Development Charges - Growth Related Capital	26,536	63,793	37,257
Commercial Development Charges - Growth Related Capital	714	2,420	1,706
Industrial Development Charges - Growth Related Capital	1,460	1,607	147
Industrial Development Charges - Debt Charges	415	415	-
Institutional Development Charges - Debt Charges	22	22	-
Water Rate Stabilization Reserve Fund	-	4,265	4,265
Asset Management Reserve Fund	5,486	5,623	137
Servicing of Employment Lands	250	500	250
Equipment Replacement Reserve	-	63	63
Fees and Service Charges	3,185	3,240	55
Financing From Others:			
Federal Grant	-	67	67
Financing From Non-User Revenue Sources	38,068	82,015	43,947
User Revenues Financing (including frontage charges)	115,521	118,293	2,772
TOTAL FINANCING	153,589	200,308	46,719

- B) That the Nine Year Capital Forecast for 2023 to 2031 inclusive, in the amount of \$1.4 billion as detailed in the Water Supply System Capital Budget, be received for information;

- C) That the 2022 Current and Capital Business Plans and Budgets for the Sanitary Sewerage System with a total gross expenditure of \$273.6 million (net user rate supported expenditure of \$117.5 million) and related financing as set out below, be approved:

	2021 Gross Budget (\$ 000's)	2022 Gross Budget (\$ 000's)	Variance Incr/(Decr) (\$ 000's)
EXPENDITURES			
Operations:			
Cleaning, Repairs and Maintenance Holes	2,143	2,188	45
Sewer Connections	3,418	3,567	149
Depot Operations	3,407	3,492	85
WPCPs and Pumping Stations	25,496	25,240	(256)
Duffin Creek WPCP	38,043	38,399	356
Regional Environmental Laboratory	3,083	3,213	130
Engineering and Staff Support	7,461	8,076	615
Facilities Management	8,595	9,516	921
Administration	338	345	7
Headquarters Shared Costs	1,125	1,153	28
Utility Finance	3,450	3,552	102
Share of Regional Corporate Costs	15,783	16,436	653
Subtotal Operations	112,342	115,177	2,835
Capital/Debt Charges:			
Duffin Creek WPCP - TCA Capital	1,767	3,044	1,277
Regional Environmental Lab - TCA Capital	196	1,057	861
TCA Capital	2,536	4,804	2,268
Construction of Municipal Services	92,418	136,460	44,042
Debt Charges	14,482	13,028	(1,454)
Subtotal Capital/Debt Charges	111,399	158,393	46,994
TOTAL EXPENDITURES	223,741	273,570	49,829
FINANCING			
Contributions from Reserve Funds:			
Residential Development Charges - Growth Related Capital	22,581	25,703	3,122
Residential Development Charges - Debt Charges	8,103	7,836	(267)
Commercial Development Charges - Growth Related Capital	1,455	2,341	886
Commercial Development Charges - Debt Charges	873	820	(53)
Industrial Development Charges - Growth Related Capital	1,707	192	(1,515)
Industrial Development Charges - Debt Charges	532	532	-
Institutional Development Charges - Debt Charges	8	8	-
Sanitary Sewer Rate Stabilization Reserve Fund	-	7,632	7,632
Asset Management Reserve Fund	9,049	9,275	226
Servicing of Employment Lands	968	503	(465)
Equipment Replacement Reserve	-	44	44
Regional Environmental Lab Equipment Replacement Reserve	160	750	590
Fees and Service Charges	6,870	7,044	174
Financing From Others:			
Federal Grant	15	27	12
Region of York - TCA	1,387	2,505	1,118
Region of York - Construction of Municipal Services	14,285	60,883	46,598
Oversizing Costs Related to Seaton/Federal Lands	14,792	-	(14,792)
Region of York - Operating	29,142	29,488	346
Region of York Environmental Lab Operations	441	456	15
Financing From Non-User Revenue Sources	112,368	156,039	43,671
User Revenues Financing (including frontage charges)	111,373	117,531	6,158
TOTAL FINANCING	223,741	273,570	49,829

- D) That the Nine Year Capital Forecast for 2023 to 2031 inclusive, in the amount of \$1.8 billion as detailed in the Sanitary Sewerage System Capital Budget, be received for information;
- E) That capital project approval be granted for expenditures and financing for the 2022 capital projects detailed in the 2022 Capital Project Appendices within the 2022 Consolidated Water Supply and Sanitary Sewerage Systems Business Plans and Budget, where contract awards are compliant with the Regional Budget Management Policy; and
- F) That the necessary By-laws with respect to the 2022 Current and Capital Business Plans and Budgets for the Consolidated Water Supply and Sanitary Sewerage Systems be presented to Regional Council.

CARRIED

D) Recommended 2022 Water and Sanitary Sewer User Rates (2021-F-35)

Report #2021-F-35 from N. Taylor, Commissioner of Finance, was received.

Comments were made with respect to residents in traditional neighbourhoods paying for growth in new neighbourhoods through water and sewer user rates, and the need for a long-term strategy to rehabilitate and modernize the water and sewer systems in traditional neighbourhoods.

Moved by Councillor Mulcahy, Seconded by Councillor Ashe,

(97) That we recommend to Council:

- A) That the 2022 Regional Water and Sanitary Sewer User Rates increase by 1.8 per cent for an average residential customer effective January 1, 2022, with the Regional water rates increasing by 0.5 per cent and the Regional sanitary sewer rates increasing by 3.1 per cent from the 2021 user rate levels as set out in Schedule 1 and Schedule 2 of Report #2021-F-35 of the Commissioner of Finance respectively;
- B) That the 2022 Raw Water rates for the Whitby raw water customer be increased by 0.5 per cent as set out in Schedule 1 of Report #2021-F-35, effective January 1, 2022;
- C) That the 2022 water charges for the Sun Valley Heights Homeowners Co-operative Water System be as set out in Schedule 3 to Report #2021-F-35, effective January 1, 2022;
- D) That the 2022 Regional Water and Sanitary Sewer Systems Miscellaneous Fees and Charges be as set out in Schedule 4 of Report #2021-F-35, effective January 1, 2022;
- E) That the 2022 fee schedule for laboratory services at the Regional Environmental Laboratory located at the Duffin Creek Water Pollution

Control Plant be as set out in Schedule 5 of Report #2021-F-35, effective January 1, 2022; and

- F) That the Regional Solicitor be instructed to prepare the necessary by-laws to implement the foregoing recommendations.

CARRIED

- E) Final Recommendations Regarding Amendments to the Seaton Water Supply and Sanitary Sewerage Area Specific Development Charge By-law No. 38-2019 (2021-F-36)
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Report #2021-F-36 from N. Taylor, Commissioner of Finance, was received.

Moved by Regional Chair Henry, Seconded by Councillor Leahy,
(98) That we recommend to Council:

- A) That Pursuant to Section 10(1) of the Development Charges Act, 1997, the Seaton Water Supply and Sanitary Sewerage Area Specific Development Charge Background Study dated October 12, 2021 be adopted;
- B) That effective January 1, 2022, Seaton Water Supply and Sanitary Sewerage Area Specific Development Charge By-law No. 38-2019 be amended, as set out in the amending by-law (Attachment No. 1 to Report #2021-F-36 of the Commissioner of Finance) to address the changes to Development Charges Act, 1997, resulting from Bill 108: *More Homes, More Choice Act, 2019*, Bill 138: *Plan to Build Ontario Together Act, 2019*, Bill 197, *COVID-19 Economic Recovery Act 2020* and O. Reg. 454/19 and to modify the development charge calculations for updated capital costs estimates;
- C) That the Seaton Residential Development Charges for Water Supply and Sanitary Sewerage as indicated in Table 1 below be imposed, effective January 1, 2022 (including indexing):

Table 1

Region of Durham Recommended Seaton Residential Development Charges \$ Per Dwelling Unit			
Service Category	Single Detached & Semi-Detached	Medium Density Multiples	Apartments
Sanitary Sewerage	\$	\$	\$
(i) Seaton Landowners Constructed Works	6,087	4,809	2,801
(ii) Regional Constructed Works	2,551	2,016	1,173
(iii) Regional Attribution	2,541	2,007	1,169
Subtotal – Sanitary Sewerage	11,179	8,832	5,143
Water Supply			
(i) Seaton Landowners Constructed Works	2,526	1,996	1,162
(ii) Regional Constructed Works	6,066	4,793	2,790
(iii) Regional Attribution	4,312	3,406	1,983
Subtotal – Water Supply	12,904	10,195	5,935
Total Development Charges	<u>\$24,083</u>	<u>\$19,027</u>	<u>\$11,078</u>

- D) That the Seaton Institutional Development Charges as indicated in Table 2 below be imposed, effective January 1, 2022 (including indexing):

Table 2 Region of Durham Recommended Seaton Institutional Development Charges \$ Per Square Foot Of Gross Floor Area	
Service Category	\$
Sanitary Sewerage	
(i) Seaton Landowners Constructed Works	0.62
(ii) Regional Constructed Works	0.25
(iii) Regional Attribution	0.58
Subtotal – Sanitary Sewerage	1.45
Water Supply	
(i) Seaton Landowners Constructed Works	0.08
(ii) Regional Constructed Works	0.21
(iii) Regional Attribution	0.46
Subtotal – Water Supply	0.75
Total Development Charges	<u>\$2.20</u>

- E) That the Seaton Non-Institutional Development Charges for each service as indicated in Table 3 below be imposed, effective January 1, 2022 (including indexing):

Table 3 Region of Durham Recommended Seaton Non-Institutional Development Charges \$ Per Square Foot Of Gross Floor Area	
Service Category	\$
Sanitary Sewerage	
(i) Seaton Landowners Constructed Works	1.76
(ii) Regional Constructed Works	0.74
(iii) Regional Attribution	1.70
Subtotal – Sanitary Sewerage	4.20
Water Supply	
(i) Seaton Landowners Constructed Works	0.25
(ii) Regional Constructed Works	0.59
(iii) Regional Attribution	1.34
Subtotal – Water Supply	2.18
Total Development Charges	<u>\$6.38</u>

- F) That the Seaton Prestige Employment Land Area Development Charges as indicated in Table 4 below be imposed, effective January 1, 2022 (including indexing):

Table 4

Region of Durham Recommended Seaton Prestige Employment Land Area Development Charges \$ Per Net Hectare	
Service Category	\$
Sanitary Sewerage	
(i) Seaton Landowners Constructed Works	85,624
(ii) Regional Constructed Works	35,920
(iii) Regional Attribution	81,299
Subtotal – Sanitary Sewerage	202,843
Water Supply	
(i) Seaton Landowners Constructed Works	12,511
(ii) Regional Constructed Works	28,983
(iii) Regional Attribution	64,247
Subtotal – Water Supply	105,741
Total Development Charges	<u>\$308,584</u>

- G) That any complete submission for the preparation of a subdivision agreement received by the Development Approvals Division of the Regional Works Department on or before December 31, 2021 be given the option of being processed under the rates of the current Development Charges By-Law No. 38-2019, where a complete submission requires all of the following to have been submitted to, and received by, the Development Approvals Division in a form satisfactory to the Region:

- i) Ministry of the Environment and Climate Change approval;
- ii) Detailed cost estimate;
- iii) Three (3) copies of the proposed Final Plan (M-Plan);
- iv) Regional Planning approval of the Final Plan;
- v) Three (3) copies of all proposed Reference Plans (R-Plans);
- vi) Three (3) copies of approved General Plan of Services (signed by the Local Municipality and the Region); and
- vii) Regional Subdivision Agreement Information Checklist.

Subdivision agreements which have been processed according to By-Law No. 38-2019, excluding the impact from the recommended amendments, must be executed within three months following the effective date of the amendments,

which are recommended to take effect on January 1, 2022. Otherwise, the subdivision agreements shall be deemed cancelled and will be replaced with a subdivision agreement processed according to By-law No. 38-2019 as amended. The execution of the subdivision agreements requires all of the following to have been submitted to, and received by, the Regional Legal Department in a form satisfactory to the Region:

- i) signed Subdivision Agreement, including all schedules;
 - ii) payments of fees identified in the agreement;
 - iii) securities identified in the agreement;
 - iv) prepayment of Development Charges for Sanitary Sewerage, Water Supply and Regional Roads, and
 - v) Insurance Certificate.
- H) That Regional Council determine that no further public meeting is required;
- I) That the Regional Solicitor be instructed to prepare the requisite amending Development Charge By-law for presentation to Regional Council and passage;
- J) That the Regional Solicitor be instructed to revise future development agreements and any by-law(s) relating thereto to reflect any changes required to implement the foregoing recommendations, and that any such revised by-law(s) be presented to Council for passage;
- K) That the Regional Treasurer be instructed to prepare the requisite development charge pamphlet and related materials pursuant to the Development Charges Act, 1997; and
- L) That the Regional Clerk be instructed to follow the notification provisions pursuant to the Development Charges Act, 1997.

CARRIED

At this point in the meeting Councillor Collier made a declaration of interest under the Municipal Conflict of Interest Act with respect to Item 7.2 F) re: Report #2021-F-37: Durham Region Transit U-Pass Agreement Update. He indicated that his son attends Ontario Tech University and pays for a U-Pass.

Councillor Mulcahy also made a declaration of interest under the Municipal Conflict of Interest Act with respect to Item 7.2 F) re: Report #2021-F-37: Durham Region Transit U-Pass Agreement Update. She indicated that she has a child that attends Durham College.

F) Durham Region Transit U-Pass Agreement Update (2021-F-37)

Report #2021-F-37 from N. Taylor, Commissioner of Finance, was received.

Moved by Councillor Leahy, Seconded by Councillor Drew,
(99) That we recommend to Council:

That the existing U-Pass agreement with Durham College, Ontario Tech University and Trent University (Durham Campus) be extended through the 2022-2023 academic year, including a 1.9 per cent increase in the fee per eligible student from \$144.50 per semester to \$147.25 per semester for the period of September 1, 2022 to August 31, 2023.

CARRIED

G) Request from the Durham Regional Police Services Board for 2022 Pre-Budget Approval for the Purchase of New Replacement Vehicles (2021-F-38)

Report #2021-F-38 from N. Taylor, Commissioner of Finance, was received. Staff responded to questions with respect to why Durham Regional Police Services (DRPS) vehicles are purchased through pre-budget approval rather than through the budget process.

Councillor Drew as the Chair of the DRPS Board, responded to questions with respect to whether the Board has considered using electric vehicles and in what capacity.

Moved by Councillor Drew, Seconded by Councillor Mulcahy,
(100) That we recommend to Council:

That the request from the Durham Regional Police Services Board for 2022 pre-budget approval for the purchase of 55 new vehicles, at a total cost not to exceed \$2,340,536 be approved provided that this expenditure will be financed within the 2022 DRPS budget guideline established by Regional Council.

CARRIED

9. Advisory Committee Resolutions

There were no advisory committee resolutions to be considered.

10. Confidential Matters

There were no confidential matters to be considered.

11. Other Business

There was no other business to be considered.

12. Date of Next Meeting

The next regularly scheduled Finance & Administration Committee meeting will be held on Tuesday, January 18, 2022 at 9:30 AM in Council Chambers, Regional Headquarters Building, 605 Rossland Road East, Whitby.

13. Adjournment

Moved by Regional Chair Henry, Seconded by Councillor Mulcahy,

(101) That the meeting be adjourned.
CARRIED

The meeting adjourned at 2:00 PM

Respectfully submitted,

A. Foster, Chair

L. Fleury, Legislative Officer



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Corporate Services
Report: #2022-A-1
Date: January 18, 2022

Subject:

2022 Municipal Elections Compliance Audit Committee

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

- A) That the draft Terms of Reference included as Attachment #1 to this report be approved.
 - B) That the Regional Clerk be authorized to bring forward a by-law for the remuneration and appointment of a roster of individuals as per the draft Terms of Reference; and
 - C) That at such time as the above by-law is enacted by Council, that the 2022 Municipal Election Compliance Audit Committee be deemed to be established in accordance with the Municipal Elections Act.
-

Report:

1. Purpose

- 1.1 The purpose of this report is to approve the 2022 Municipal Elections Compliance Audit Committee Terms of Reference, provide authority to the Regional Clerk to recruit members for a joint Compliance Audit Committee roster in cooperation with other participating bodies (Town of Ajax, City of Oshawa, City of Pickering and the Town of Whitby) and then to prepare a by-law for Council's consideration to appoint the members to the roster and thereby establish the 2022 Municipal Elections Compliance Audit Committee in accordance with the Municipal Elections Act.

2. Background

- 2.1 For the 2018 municipal election, the Region of Durham (“Region”), City of Oshawa, Town of Whitby, City of Pickering and the Durham District School Board partnered to form a joint Compliance Audit Committee. At that time, the Regional Clerk was granted the authority by Council to:
- a. Establish and approve the 2018 Compliance Audit Committee’s terms of reference and administrative practices and procedures.
 - b. Establish membership criteria and qualifications required to ensure a competent Compliance Audit Committee can be formed, consistent with the Municipal Elections Act, 1996.
 - c. Recruit and appoint a roster of individuals eligible to be Compliance Audit Committee members; and
 - d. Call and constitute a Compliance Audit Committee among the roster of appointed eligible members, in keeping with the Committee’s terms of reference, and administrative practices and procedures.
- 2.2 For the 2022 municipal election there has been consideration given as to whether the same approach should be taken. This discussion amongst the area Clerks and Solicitors in the municipalities of Ajax, Clarington, Oshawa, Pickering, Whitby and the Region has largely centered on the interpretation of the Municipal Elections Act (“Act”) as it pertains to the appointment of members to compliance audit committees and whether the Regional Clerk can in fact be granted the authority by Council to appoint those members. Another item contemplated has been the number of members permitted to be on a joint compliance audit committee roster.
- 2.3 There are differing opinions on the interpretation of the Act as it pertains to these matters, and in the interest of a harmonized and uniform approach the participating bodies have determined that it is prudent to request that each Council approve the appointment of members to the roster by by-law and that the roster contain no more than seven (7) members.
- 2.4 The Regional Clerk, along with the Clerks from the municipalities of Ajax, Oshawa, Pickering and Whitby, have formed a partnership in order to recruit and appoint a roster of eligible members for their respective Compliance Audit Committees. Working together will streamline the administrative processes involved with the recruitment and training of members and also allow for a larger pool of eligible members. It may also provide greater opportunities for the members to participate in the compliance audit process and gain valuable experience in this regard.
- 2.5 It is our understanding that the Clerks in the northern municipalities of Brock, Scugog and Uxbridge will establish a joint Compliance Audit Committee, similar to what was done for the 2018 Municipal Election. The Municipality of Clarington will appoint their own committee.

3. Legislative Requirements

- 3.1 Section 88.37 of the Municipal Elections Act (“Act”) requires the Region of Durham to establish a Compliance Audit Committee prior to October 1 of a municipal election year.
- 3.2 The Act provides that a Compliance Audit Committee shall consist of between three and seven members and cannot include any employees or officers of the Region of Durham, any members of Regional Council, any candidate in the election for which the Compliance Audit Committee is established, or any persons who are registered third party advertisers in the election for which the committee is established. In accordance with the Act the term of office for the Compliance Audit Committee shall run concurrently with the term of Council.
- 3.3 A Committee of three would be constituted by the appropriate municipality when an application for a compliance audit or a report from the Clerk is received, by selecting available eligible members from the roster. Members will be selected based on availability and with the goal of having varied knowledge and experience on the Committee. The Region’s Compliance Audit Committee would only consider applications or reports related to candidates for the Office of Regional Chair. Should the Region have the need to constitute a second or subsequent Committee, different members from the roster may be called upon.
- 3.4 Under the Act, candidates are bound by specific election campaign finance rules and must file provincially prescribed financial statements with the Regional Clerk outlining their campaign finance activities. Section 88.33 (1) of the Act, provides that an eligible elector, who believes on reasonable grounds that a candidate has contravened a provision of the Act relating to election campaign finances, may apply for a compliance audit of the candidate’s election campaign finances, even if the candidate has not filed a financial statement under section 88.25. The application must be submitted to the Regional Clerk in writing, include the reasons for the application, and must be made within 90 days after the latest of the following four dates:
 - a. The filing date for financial statements.
 - b. The date the candidate filed a financial statement, if the statement was filed within 30 days after the applicable filing date.
 - c. The candidate’s supplementary filing date, if any; or
 - d. The date on which the candidate’s extension, if any, expires.

The Committee must consider any applications received within 30 days.

- 3.5 The Act allows for compliance audits of registered third party advertisers. Section 88.35 (1) of the Act, provides that an eligible elector who believes on reasonable grounds that a registered third party has contravened a provision of the Act relating to campaign finances, may apply for a compliance audit of the campaign finances of the registered third party, even if the registered third party has not filed a financial statement under Section 88.29. Requests for compliance audits of a third party advertiser's campaign finances would be filed with the Clerk of the municipality in which the third party advertiser registered, not the Regional Clerk.
- 3.6 The Act requires the Regional Clerk to prepare reports dealing with apparent campaign contributions in excess of the permitted limits in accordance with sections 88.34 or 88.36 of the Act. Should the Clerk determine that a contributor has exceeded the limits; the Clerk must prepare a report and forward it to the Compliance Audit Committee.
- 3.7 The Compliance Audit Committee's role includes the following five duties:
- a. Reviewing applications for compliance audits.
 - b. Granting or rejecting applications.
 - c. Appointing an external auditor selected by the Committee (if application granted).
 - d. Commencing legal proceedings if an audit identifies an apparent contravention; and
 - e. Reviewing reports filed by the Regional Clerk.
- 3.8 The Auditor's role includes the following three duties:
- a. Promptly conducting an audit.
 - b. Determining compliance with the Act; and
 - c. Preparing and filing a report.
- 3.9 The Regional Clerk's role includes the following four duties:
- a. Establishing administrative practices and procedures.
 - b. Supporting the work of the Committee.
 - c. Implementing the Committee's decisions; and
 - d. Reviewing and reporting on individual contributions to candidates.

4. Previous Reports and Decisions

- 4.1 [#2018-COW-22](#): 2018 Municipal Elections Compliance Audit Committee
- 4.2 [#2018-INFO-100](#): 2018 Municipal Elections Compliance Audit Committee - Update

5. Next Steps

- 5.1 A selection committee comprised of the Clerk, or designate, from each of the participating bodies will identify qualified candidates to form a roster of individuals eligible to serve on the Committee. The following six criteria shall be assessed:
- a. Demonstrated knowledge and understanding of municipal elections, including campaign financing rules.
 - b. Proven analytical and decision-making skills.
 - c. Experience working on committees, task forces or similar settings.
 - d. Demonstrated knowledge of quasi-judicial proceedings.
 - e. Availability and willingness to attend meetings; and
 - f. Excellent oral and written communication skills.
- 5.2 Preference will be given to individuals with experience in accounting, law, law enforcement, municipal elections and academics from related fields. All applicants will be required to complete an application form outlining their qualifications and experience.
- 5.3 The Regional Clerk will establish administrative practices and procedures for the Region's Compliance Audit Committee, in consultation with the Region's Corporate Services, Legal Services Division, making best efforts to maintain consistency with those established by the partner municipalities, and will carry out any other duties under the Municipal Elections Act.

6. Communication

- 6.1 Should Council adopt the recommendations contained within this report, the recruitment of members to the Compliance Audit Committee will be done collectively by the participating bodies with the central intake of applications being the Region. Each municipality will post the same ad in a newspaper with general circulation and on their respective websites.
- 6.2 In addition, the ad will also be placed in Workopolis, Society of Adjudicators and Regulators and Ontario Reports. These have been selected to target candidates with a financial and legal background. It is important that candidates understand how to apply the election campaign finance provisions of the Municipal Elections Act to fulfill their responsibilities and preference will be given to candidates that have experience in compliance audit activities, accounting, law, investigative or adjudicative processes.

7. Financial Implications

- 7.1 The Region will pay the costs for recruitment advertising utilizing the budgeted election funds to be approved in the 2022 Business Plans and Budgets. For the 2018 municipal election, costs for Compliance Audit Committee recruitment advertising were approximately \$11,000. Advertising costs for 2022 are expected to be comparable.
- 7.2 The Region and the participating bodies will share the costs for retainers for eligible Committee members, and for training. It is being proposed by the participating bodies that the retainer for members be \$400 and the per meeting cost be \$350. This is consistent with the 2018 municipal election. The Region is required to pay all costs related to the operation and activities should it constitute a Compliance Audit Committee, including any per meeting and mileage payments.
- 7.3 The Region is also required to pay the auditor's costs of performing a compliance audit, and the cost of any external legal counsel for the Committee it constitutes. It is not possible to determine with any certainty what the costs could be if a compliance audit is conducted, funds would need to be found at the discretion of the Commissioner of Finance.

8. Relationship to Strategic Plan

- 8.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
- a. Goal 5: Service Excellence. Objective: To provide exceptional value to Durham taxpayers through responsive, effective and fiscally sustainable service delivery.
- 5.1 Optimize resources and partnerships to deliver exceptional quality services and value
 - 5.2 Collaborate for a seamless service experience

9. Conclusion

- 9.1 It is being recommended that Regional Council approve the 2022 Municipal Elections Compliance Audit Committee Terms of Reference, provide authority to the Clerk to recruit members for a joint Compliance Audit Committee roster in cooperation with other participating bodies (Ajax, Oshawa, Pickering and Whitby) and prepare a by-law for Council's consideration to appoint members to the roster and thereby establish the 2022 Municipal Election Compliance Audit Committee in accordance with the Municipal Elections Act.
- 9.2 This report has been reviewed by Corporate Services – Legal Services, and the Commissioner of Finance concurs with the recommendations in this report.
- 9.3 Information on the Compliance Audit Committee will be posted on the durham.ca/elections page.
- 9.4 For additional information, contact: Ralph Walton, Regional Clerk/Director of Legislative Services, at 905-668-7711, extension 2100.

10. Attachments

Attachment #1: Draft - 2022 Municipal Joint Compliance Audit Committee Terms of Reference

Prepared by: Leigh Fleury, Legislative Officer and Deputy Clerk Pro Tem, at 905-668-7711, extension 2020.

Respectfully submitted,

Original signed by

Don Beaton, BCom, M.P.A.
Commissioner of Corporate Services

Recommended for Presentation to Committee

Original signed by

Elaine C. Baxter-Trahair
Chief Administrative Officer

**2022 Municipal Election
Joint Compliance Audit Committee
Terms of Reference**

Name:

The name of the Committee is the “2022 Municipal Election Joint Compliance Audit Committee” (“the Committee”).

Definitions:

Clerk means the Clerk or secretary of the Participating Body, or their designate.

Participating Bodies means the Town of Ajax, Regional Municipality of Durham, City of Oshawa, City of Pickering, and the Town of Whitby.

Mandate:

The Committee is established pursuant to the requirements of section 88.37 of the Municipal Elections Act, 1996, S.O., 1996, c. 32, as amended (“the Act”) for the Participating Bodies.

The powers and functions of the Committee are set out in section 88.33 to 88.37 of the Act.

Term of Committee:

The term of appointment for the Committee shall be concurrent with the term of office of the council or local board elected in 2022 and shall therefore serve for four (4) years commencing on November 15, 2022 and concluding on November 14, 2026 or until such time the applicable Committee has disposed of any remaining matters in accordance with the Act, whichever is later.

Composition:

When a compliance audit application from an elector or a report from the Clerk indicating a candidate or registered third party has contravened any of the contribution limits under section 88.9 of the Act is received, the Committee comprised of three (3) members shall meet and consider the application and/or report in accordance with the Act.

Members forming the Committee shall be selected by the Clerk from a roster of qualified individuals, who have been jointly recruited by the Clerks of the Participating Bodies.

The following persons are ineligible for appointment:

- Employees or officers of any of the Participating Bodies,
- A member of council or of a local board of any of the Participating Bodies,
- Any persons who are candidates in an election of any of the Participating Bodies for which the Committee is established; or
- Any persons who are registered third parties in an election of any of the Participating Bodies for which the Committee is established.

Should an appointed Committee Member accept employment with any of the Participating Bodies or register as a candidate or a third party with any of the Participating Bodies, they will have been deemed to have resigned.

All Committee Members shall agree in writing that they will not work or volunteer for, or contribute to, any candidate or registered third party in any capacity in an election of any of the Participating Bodies.

If a person on the roster to serve on the Committee is identified as having participated or contributed to a candidate's campaign or registered third party, that person shall not be eligible to be selected as a Member with respect to a Compliance Audit Committee application within the applicable Participating Body where the participation or contribution to a campaign or registered third party occurred.

Conduct of Members:

Members of the Committee shall comply and conduct themselves in accordance with the Joint Compliance Audit Committee Administrative Practices and Procedures for the Participating Bodies.

Members shall not use their position on the Committee for any personal or political gain.

Remuneration:

Remuneration will be as follows:

- \$400.00 retainer fee (costs will be shared equally by the Participating Bodies) for those individuals on the roster. The retainer fee shall cover attendance at a mandatory training session and review of periodic updates or information supplied by the Clerk of any of the Participating Bodies. Payment of the retainer fee does not denote membership on a committee and covers the four (4) year term; and
- \$350.00 per meeting attended, plus mileage in accordance with the rate normally paid to employees of the applicable Participating Body. The per meeting rate shall cover review of background or agenda materials as required in preparation for a meeting.

Membership Selection:

At a minimum, the recruitment of persons to be included on the roster of individuals shall be advertised in a local newspaper having general circulation and on the websites of the Participating Bodies. Other recruitment measures may be initiated by the Clerks of the Participating Bodies.

All applicants will be required to complete an application and may be subject to further screening and an interview. The selection process will be determined by the Clerks of the Participating Bodies.

Applicants must have the ability to understand and apply the election campaign finance provisions of the Act and must remain impartial in order to fulfill their responsibilities.

Preference will be given to candidates that have experience related to compliance audit activities or investigative or adjudicative processes.

The following criteria will be considered when appointing members:

- Demonstrated knowledge and understanding of municipal election campaign financing rules,
- Proven analytical and decision-making skills,
- Experience working on committees, boards, adjudicative bodies, task forces or similar settings,
- Experience in accounting and audit, law, law enforcement, academics, or municipal administration from related fields,
- Demonstrated knowledge of quasi-judicial proceedings,
- Availability and willingness to attend meetings; and,
- Excellent oral and written communication skills.

Meetings:

Meetings will occur as needed and shall be conducted in accordance with the Joint Compliance Audit Committee Administrative Practices and Procedures for the Participating Bodies.

Chair:

At the first meeting of a Compliance Audit Committee on a particular report or application, the members shall appoint one member to act as Chair for the duration of the Committee's deliberations on those matters on the agenda. The Chair shall retain the role for all matters on the agenda at a meeting.

Role of Clerk:

The Clerk will act as the main contact between the Committee, compliance audit applicant, candidate and registered third party. In accordance with section 88.37 (6) of the Act, the Clerk shall carry out any duties required under the Act to implement the Committee's decisions.



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2022-F-1
Date: January 18, 2022

Subject:

Statement of Investment Policy and Goals update

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

That the proposed Statement of Investment Policy and Goals, attached to this report, be approved.

Report:

1. Purpose

- 1.1 The purpose of this report is to recommend changes to the Statement of Investment Policy and Goals to allow access to a broader range of legislated securities, support the strategy of diversifying the Region of Durham's (Region) investments to improve portfolio returns, enhance the ability to achieve stated objectives, and facilitate the implementation of a more active investment strategy.

2. Background

- 2.1 The Municipal Act, 2001 (Act), Ontario Regulation 438/97 (Regulation) states that before a municipality invests in a security prescribed under the Regulation, the Council of the municipality shall adopt a statement of its Investment Policy and Goals. The Region's current Statement of Investment Policy and Goals (Policy) was approved on December 12, 2007.
- 2.2 The Statement of Investment Policy and Goals establishes and prioritizes the Region's investment objectives and provides strategic direction for the management of the Region's operating, capital, reserve and other funds by establishing guidelines for investing within the parameters of the prevailing legislation. The Policy also formalizes the expected standard of care required for investment staff

and other employees as custodians of public funds in the execution of the Regional investment strategy.

- 2.3 Section 418 of the Municipal Act, 2001, Ontario Regulation 438/97, Part I authorizes municipalities to invest in a prescribed list of eligible securities, often referred to as the “legal list”. The latest version of the Regulation, effective March 1, 2018, includes legislative amendments to the legal list that are not reflected in the Policy approved by Council in 2007.
- 2.4 The Region’s investment portfolio is restricted to the legal list of eligible investments permitted under Part I of the Regulation and the ability to invest is limited to specific institutions and securities. For example, Guaranteed Investment Certificates (G.I.C.s) issued by a Schedule I Bank are considered eligible investments, whereas direct ownership in equity of a Canadian corporation is not considered an eligible investment.
- 2.5 Proposed changes will include allowing access to the full complement of eligible investments permitted under the Regulation, revising portfolio and/or issuer limits and amending term composition limits to provide greater flexibility to capitalize on market opportunities and implement a more active investment approach. For a full list of permitted securities under Part I of the Regulation please refer to Attachment #2 of this report.
- 2.6 The proposed Investment Policy and the overall investing approach will continue to comply with legislation and prioritize capital preservation and liquidity when considering investment opportunities to maximize returns within risk tolerance guidelines. For funds invested over the short-term, a low risk tolerance will continue to be embraced, whereas investments made with longer-term funds will demonstrate a low to moderate risk tolerance. Regional staff will continue to review opportunities to enhance short and long-term returns consistent with the objectives of the updated Policy and prescribed securities under the Regulation.

3. Previous Reports and Decisions

- 3.1 Report #2007-F-91 was presented to Finance and Administration Committee in December 2007 and proposed changes which led to the adoption of the current Statement of Investment Policy and Goals by Regional Council (Confirmation By-law #88-2007).
- 3.2 In accordance with the Municipal Act, 2001, Ontario Regulation 438/97, and the Region’s Statement of Investment Policy and Goals, an investment report is prepared annually by the Commissioner of Finance and Treasurer (Treasurer) to report on the performance of the investment portfolio for the prior fiscal year and compliance with the Region’s Investment Policy. The report for 2020 ([2021-INFO-90](#)) was included in the August 27, 2021 Council Information Package.
- 3.3 Report [#2021-F-25](#), an update on the investment portfolio and eligible investments, was presented to Finance and Administration Committee on October 12th, 2021. As

part of the next steps in the report, Regional staff indicated they would review the Policy in light of legislative changes and strategic priorities and bring forward recommendations to Committee for consideration.

- 3.4 The Policy was identified in the 2019 Long-Term Financial Planning Framework as one of the core Regional policies that supports sound financial management and reinforces a commitment to manage resources to create the best value to the community.
- 3.5 Council approved, through the 2020 annual budget, dedicated resources (Manager of Investment Portfolio and Senior Financial Analyst) to focus on the development of the Regional investment strategy. The Manager of Investment Portfolio is in place and collaborated with Senior Finance Management, Financial Planning, Financial Services and Legislative Services staff in the development of the attached Policy.

4. Policy Considerations

- 4.1 A refresh of the Policy is needed to allow for additional flexibility and guidance when making investments, improve portfolio diversification, manage risk and enhance returns, subject to the constraints and objectives established within the Policy. Recommended changes to the Policy also considered best practices and the current legislative framework.
- 4.2 The Policy previously approved by Council was developed in a significantly different interest rate environment and as such the authorized investments are conservative and do not provide sufficient latitude to diversify returns when interest rates are exceptionally low. e.g., 2008 global financial crisis and ongoing COVID-19 pandemic.
- 4.3 Traditionally, the Region has employed a passive buy and hold strategy where investments are held until maturity to limit volatility in the portfolio due to market fluctuations. However, as the portfolio evolves to incorporate more active trading strategies the Policy must be agile enough to accommodate security dispositions before maturity to realize gains.
- 4.4 Narrowing the scope of potential investments in the Policy from the securities permitted in the Regulation amplifies the concentration risk embedded in the portfolio. Concentration risk occurs when a portfolio holds a large position in a particular asset class or sector relative to size of the overall portfolio. Diversification of investment products and broader portfolio composition limits may help mitigate concentration risk.
- 4.5 The current Policy restricts staff from investing in several eligible securities and/or institutions permitted under the updated legislation. Allowing access to all securities prescribed under the Part I of the Regulation will provide additional opportunities to obtain competitive rates of return from investment providers subject to the portfolio limits established in the Policy. Examples of securities currently restricted include

those issued by Schedule II (e.g. HSBC Bank Canada), Schedule III (e.g. Capital One Bank) Banks and credit unions.

- 4.6 Proposed amendments to the Policy are summarized below. Please refer to Table 1 - Authorized Investments & Sector Guidelines and Table 3 - Term Composition of the attached Policy for more details on proposed eligible investments, minimum credit ratings, portfolio limits and term composition guidelines.

i. New Sections of Policy

To improve readability of the Policy, references to procedural activities have been removed, a definitions section and priorities for Safekeeping and Custody, Internal Controls, Standards of Care, Diversification, Environmental, Social and Governance (ESG) Investing and Performance Standards have been added. These changes are meant to modernize the Policy, present information in a logical format and improve comparability with other municipalities.

ii. Eligible Investments

Allowing access to the full complement of eligible investments permitted under Part I of the Regulation is not meant for the Region to invest in all securities available under the Policy but to ensure that all options are available and contemplated when making asset allocation decisions.

For example, with the updated Policy, investment portfolio staff would have access to:

- Deposit or debt securities issued by Schedule II & III banks, loan or trust corporations and credit unions
- Debt securities issued by other countries, supranational financial institutions, housing corporations, hospital or school boards, universities, colleges, conservation authorities, eligible securities under Section 142 of the Electricity Act, etc.
- Deposit Securities denominated in U.S. currency issued, guaranteed or endorsed by a Canadian bank, Loan or Trust Corporation or Credit Union

iii. Credit Ratings

The credit rating applied to government debt (federal, provincial and municipal), corporate debt and bank deposits/debt in the current Policy are above the minimum threshold permitted in the most recent legislation (Dominion Bond Rating Service rating of A (low); or A- per Standard & Poor's). Decreasing the minimum credit rating to A (low), where applicable, allows the Region to access higher yields from investments with marginally lower credit qualities without assuming significant credit risk.

iv. Portfolio Limits

Maximum concentration limits for the portfolio and by issuer have also been amended to facilitate diversification and increase exposure to sectors and issuers with different risk/return characteristics. Minimum investment holding targets have been removed to encourage diversification and manage risk at the portfolio level as opposed to the individual security level. This is imperative in the execution of an active investment strategy as return opportunities vary across different investment instruments and institutions.

v. Term Composition

Portfolio maturities should be structured to incorporate the investment objectives of liquidity, preservation of capital and return optimization. Where possible, the duration of investments will match the expected duration of the municipality's liabilities. The Treasurer has the discretion to deviate from this course of action if there is a reasonable basis to do so.

Recommended changes update the target maturity terms for investments and the overall portfolio as follows:

- Requirement for 50% of portfolio to be held in securities maturing in one year or less has been decreased to 25% for securities maturing in under 18 months.
- Short-term and long-term maturities have been extended to include terms up to 18 months and 30 years, respectively. In the short-term this will create more investment opportunities and facilitates the enhancement of long-term cash forecasts consistent with municipal best practices. This provides more flexibility in selecting suitable investments to match the timing of debenture repayments up to 30 years, if required.
- The average maximum term of the portfolio has also increased to 5 years (from 4 years) to access the higher yields associated with longer maturities without materially increasing the portfolio duration, and ultimately portfolio risk, above the Region's risk tolerance level.

5. Relationship to Strategic Plan

5.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:

- I. Goal 5.4 Service Excellence – This report demonstrates the commitment to effective, responsible financial management and provision of exceptional value to Durham taxpayers by identifying opportunities to drive organizational success through innovation, a skilled workforce, and modernized services.

6. Conclusion

- 6.1 Proposed updates to the Statement of Investment Policy and Goals ensures that the Region can access all investment options available to municipalities to enhance returns, manage investment risk and increase investment income by building a more diverse portfolio, subject to other external factors, such as market conditions.
- 6.2 Recommended changes are crucial to implementing an active investment strategy and building a more diversified portfolio. The revised Policy will facilitate the update of procedures (e.g. cash or reserves forecasting) which are consistent with municipal best practices and sets the foundation for long-term strategic goals such as the adoption of Prudent Investor or other governance models. In a recent meeting, the ONE Investment Board has approved in their 2022 business plan, the following: “Develop a sustainable business model for large municipalities (i.e., those with more than \$500 million) to participate in the Prudent Investment Offering which includes future flexibility”. Staff will monitor and participate in any consultation offered.
- 6.3 In the current low interest rate environment, it has become exceedingly difficult to earn returns at or above the rate of inflation. Municipal investment revenues are an important source of financing and as Durham Region continues to grow, additional revenues will be required to offset property tax and user rate increases and balance long-term needs and funding challenges with future capital budgeting requirements. Proceeds from expanded investment authorities can be structured to match expected capital expenses in the future by aligning maturities with municipal asset management plans for repair, replacement, and creation of regional infrastructure.
- 6.4 The updated Policy is expected to improve access to higher yielding investment while demonstrating the Region’s commitment to its fiduciary duty when investing public funds. Broader investment options also support a process where long-term financial plans inform cash flow forecasts associated with approved growth capital projects or asset management requirements, ultimately improving the quality of investment decisions.
- 6.5 Council approval of the proposed Statement of Investment Policy and Goals is the first step in the Region’s transition to a more active investment strategy. Next steps expected to occur throughout 2022 include the recruitment of a Senior Financial Analyst in the Investment Portfolio team, update of investment procedures for staff and implementation of enhanced long-term cash forecasts.
- 6.6 For additional information, please contact: investmentportfolio@durham.ca

7. Attachments

Attachment #1: Statement of Investment Policy and Goals

Attachment #2: Ontario Regulation 438/97 Eligible Investments and Prudent Investment

Respectfully submitted,

Original Signed By

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance/Treasurer

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer



Title: Statement of Investment Policy and Goals		
Policy #: Xx	Issued: December 2007	Page #: 1 of 9
Revised: January 2022		
Approved by: Regional Council		
Responsibility: Commissioner of Finance		Section: Investment Services

1. Policy Statement

The Statement of Investment Policy and Goals (Policy) governs the use and management of surplus funds as it relates to investment activities for the Regional Municipality of Durham's (Region) Investment Portfolio in accordance with the Municipal Act, 2001 (Act) and Ontario Regulation 438/97, Part I (Regulation), as amended.

2. Purpose

The purpose of this Policy is to define the objectives for optimizing returns on investments and funds not immediately required, subject to the standard of care, eligible investments, portfolio limitations, reporting requirements and responsibilities established herein and required for the prudent financial management of the Region's investment portfolio.

3. Scope

3.1 This Policy applies to:

- i) The investment activities of operating and capital cash flows, reserves, reserve funds, sinking funds and any new fund(s) created by the Region unless specifically exempted.
- ii) All Regional employees who are responsible for, or involved with, the control, administration and reporting of investments managed by the Regional Municipality of Durham.

4. Investment Objectives

4.1 The primary objectives of the investment program, in priority order, shall be:

- i) Legality of investments

All investment activities shall be governed by the Ontario Municipal Act, 2001, as amended. Investments, unless further limited by Council, shall be those eligible under Ontario Regulation 438/97, Part I or as authorized by subsequent provincial regulations.

ii) Preservation of Capital

As the custodian of public funds, safeguarding invested principal is paramount. The Region will employ an investment strategy that seeks to minimize the risk of capital losses by mitigating the impact of credit and interest rate risk where possible. The Region's risk tolerance is low.

The Region will minimize risk by diversifying investments amongst high credit quality securities issued by different institutions, across different sectors and varying maturities. Eligible securities will have maximum limits to mitigate concentration risk in any individual institution and/or security.

iii) Maintenance of Liquidity

The investment portfolio shall remain sufficiently liquid to meet daily operating cash flow requirements, utilize securities with a reliable secondary market and structured to hold investments with staggered maturities to meet financial obligations and/or unanticipated cash needs.

iv) Competitive Rate of Return

The Region's overall investment approach will emphasize the security of principal and maintenance of ample liquidity. Once these objectives have been satisfied, the Region will then seek the highest available rate of return on eligible investments in accordance with the prescribed legislation. Diversification of the portfolio with respect to institutions, maturities and securities is an important contributing factor to overall returns. With the inclusion of higher yielding, longer-term investments and higher yielding, but marginally riskier securities, returns can be enhanced within the constraints of this Policy.

5. Definitions

Asset Backed Securities: a financial security collateralized by a pool of assets such as loans, leases, credit card debt, royalties or receivables.

CHUMS Financing Corporation (CHUMS): A subsidiary of the Municipal Finance Officers Association of Ontario (MFOA) which in conjunction with the Local Authority Services Limited operates the ONE Investment Program.

Credit Risk: the risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Credit Union: A financial institution that is organized and carries on business on a cooperative basis and is a corporation incorporated or continued as a credit union or caisse populaire under the Credit Unions and Caisses Populaires Act, 1994.

Custodian: a specialized financial institution that is responsible for safeguarding a municipality's investments and is not engaged in "traditional" commercial or consumer/retail banking.

Diversification: a process of investing assets among a range of security types by sector, maturity, and quality rating.

Environmental, Social and Governance (ESG) Investing: considering and integrating ESG factors into the investment process, rather than eliminating investments based on ESG

factors alone. Integrating ESG information can lead to more comprehensive analysis of a company.

Interest Rate Risk: the risk associated with declines or rises in interest rates that cause an investment in a fixed-income security to increase or decrease in value.

Investment-grade Securities: issuer credit ratings that are rated BBB or above.

Investment Officer: Manager, Investment Portfolio or other staff as designated by the Commissioner of Finance and Treasurer or Director of Financial Solutions, Utility Finance & Portfolio Management to implement the investment mandate.

Legal List: eligible securities and other investments and financial instruments that are included from time to time in Part I of Ontario Regulation 438/97.

Liquidity: a measure of an asset's convertibility to cash.

Local Authorities Service Limited: entity which operates One Fund, the Public Sector Group of funds, an investment pool in which local governments can invest.

Market Risk: the risk that the value of a security will rise or decline as a result of changes in market conditions.

ONE Investment: a professionally managed group of investment funds composed of pooled investments that meet eligibility criteria as defined by regulations under the Municipal Act.

Market Value: current market price of a security.

Maturity: the date on which payment of a financial obligation is due. The maturity date can trigger the repayment of bond principal, cash payments for deposit securities or other agreed upon settlement terms.

Prudent Investor Standard: means the standard that applies when a Municipality invests money that it does not require immediately under section 418.1 of the Municipal Act. It requires the Municipality to exercise the care, skill, diligence and judgment that a prudent investor would exercise in making such an investment and the standard does not restrict the securities in which the Municipality can invest. The Prudent Investor Standard makes use of Modern Portfolio Theory and applies the standard of prudence to the entire portfolio in respect of the Municipality's long-term funds rather than to individual securities.

Rebalancing: the process of realigning the weightings of a portfolio of assets. Rebalancing involves periodically buying or selling securities in a portfolio to maintain an original or desired level of asset allocation or risk.

Regulation: means Ontario Regulation 438/97.

Safekeeping: holding of assets (e.g., securities) by a financial institution.

Schedule I Banks: domestic banks authorized under the Bank Act to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation.

Schedule II Banks: foreign bank subsidiaries authorized under the Bank Act to accept deposits, which may be eligible for deposit insurance provided by the Canada Deposit and Insurance Corporation. Foreign bank subsidiaries are controlled by eligible foreign institutions.

Schedule III Banks: foreign bank branches of foreign institutions that have been authorized under the Bank Act to do banking business in Canada. These branches have certain restrictions.

Securities Lending: loaning a security to another market participant. The borrower is required to deliver to the lender, as security for the loan, acceptable collateral with value greater than the value of the securities loaned. The Securities Lending program is managed by the Custodian on behalf of investors. A Securities Lending program is widely used by institutional investors to generate additional marginal returns on the total portfolio.

Sinking Fund: money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

Supranational: an agency sponsored by either a single or group of highly rated foreign banks or governments that will issue debt to fund loans in developing countries or large infrastructure projects. Supranational institutions may be owned or guaranteed by a consortium of national governments. e.g. International Monetary Fund (IMF)

Weighted Average Maturity (WAM): the average maturity of all the securities in a portfolio.

Workout Plan: a formal strategy, including expected timelines, for the sale of securities held by municipalities which are not permitted as eligible investments under the Regulation and require divestment. Ineligible securities can be acquired as a result of donations, gifts or security downgrades.

6. Standard of Care

6.1 Prudence

Investment officers must apply the “prudent person rule” and exercise the care, skill, diligence, and judgment a prudent investor would exercise in making investments in accordance with applicable legislation, policies and procedures.

Investment staff acting in accordance with written procedures and the investment policy and exercising due diligence shall take all necessary actions to ensure the maximum performance of investments on a portfolio basis, subject to the prescribed risk parameters and investment objectives dictated by this Policy.

Investment officers and employees exercising due diligence, discharging their duties in good faith and acting in compliance with internal investment procedures, this Policy and the prudent person rule defined herein, shall be indemnified by the Region for any claims arising from an individual security’s credit risks or market price changes, provided deviations from expectations are reported in a timely fashion. If an employee is deemed indemnified for such a claim, the Region shall pay or reimburse all reasonable legal expenses and costs incurred in connection with the defense of a claim, plus any fines and/or damages arising from such a claim.

6.2 Ethics and Conflicts of Interest

Investment officers, staff involved in the investment process and external professional services retained by the Region will:

- i) adhere to this Policy as it pertains to their roles to the best of their ability;

- ii) act in the best interest of the Region as it relates to investments, given the prevailing circumstances at that time; and
- iii) disclose in writing any current, perceived, or potential conflict of interest immediately upon becoming aware of it to the Commissioner of Finance and Treasurer as it relates to investments.

Investment officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution and management of the investment program or impair their ability to make important investment decisions.

6.3 **Delegation of Authority**

The Commissioner of Finance and Treasurer (Treasurer) has overall responsibility for the investment of the Region's portfolio. The Director of Financial Solutions, Utility Finance & Portfolio Management (Director) will be responsible and have the authority for the implementation of the investment program and the establishment of investment procedures consistent with this Policy. Such procedures shall include the explicit delegation of authority needed by staff to initiate and execute investment transactions. No person may engage in an investment transaction except as provided under the terms of this Policy.

The Director shall be responsible for all transactions and shall establish a system of controls to regulate investment activities undertaken by investment officers.

6.4 **Competitive Selection of Investments**

All securities' purchases/sales will be transacted through a competitive process only with financial institutions approved by the Treasurer. Transactions will be executed in accordance with the stated portfolio objectives and must use a competitive process of obtaining multiple quotes given the required investment terms and conditions where practical and appropriate. Investment officers and any other employees involved will maintain appropriate documentation and rationale for investment decisions.

7. **Safekeeping and Custody**

Securities shall be held for safekeeping by a financial institution approved by the Region of Durham and all securities shall be held in the name of the municipality. Where applicable, a Custodian is required to maintain an official record and provide monthly reports listing all securities held on behalf of the Region.

The Treasurer may enter into a securities lending arrangement with a Custodian to increase its return on its custodial portfolio by lending certain assets to recognized borrowers for a fee, provided the loaned investments are secured by cash or readily marketable investments having a market value that is consistent with industry best practices, and that the value of security is maintained at least daily (marked to market).

8. **Internal Controls**

- 8.1 The Treasurer shall develop and maintain all necessary operating procedures for effective control and management of the investment function and provide reasonable assurance that the Region's investments are properly managed and adequately protected.
- 8.2 An external or internal audit to provide assurance of compliance with governing legislation, this investment policy and established procedures will be undertaken as required.

- 8.3 Regional staff will monitor the credit ratings of the securities owned in the portfolio.
- If a security owned by the Region has its credit downgraded by one of the rating agencies, the security will be closely monitored and the Treasurer will be informed.
 - For securities downgraded to a level not permitted for municipal investments, the Region will create a workout plan, including expected disposal timelines, for selling the investment and shall sell the investment in accordance with the plan.

The Investment Policy will be reviewed at least annually and updated, as necessary.

9. Suitable & Authorized Investments

- 9.1 The Region may invest in the Legal List of eligible securities as permitted by Ontario Regulation 438/97 to the Municipal Act, as amended, within the limitations set out in Table 1: Authorized Investments & Sector Guidelines. For the complete list of eligible municipal investments, please refer to Ontario Regulation 438/97, Part I.
- 9.2 Portfolio rebalancing may be required for material deviations from investment limits established in accordance with prevailing legislation and listed below. Portfolio limitations may deviate from targets at the discretion of the Treasurer when deemed appropriate.
- 9.3 All investments must meet the criteria outlined below regarding investment quality, concentration limits and term of investments.

Table 1 - Authorized Investments & Sector Guidelines:

Security or Institution	Minimum Credit Rating	Money Market Rating	Maximum % of Portfolio ¹	Issuer % Limit ¹
Government of Canada Debt ²	n/a	n/a	100%	n/a
Provincial Government Debt ³	A (low)	n/a	75%	25%
Region of Durham Debt	n/a	n/a	25%	25%
Other Canadian Municipal Debt ⁴	A (low)	n/a	30%	10%
Applied Arts, Housing Corporations, Education & Hospitals	AAA	n/a	15%	5%
Other Country Debt	AAA	n/a	10%	5%
Supranational Debt	AAA	n/a	10%	5%
Canadian Corporate Debt ⁵	A (low)	n/a	25%	10%
Schedule I Banks ^{6,7}	A (low)	R-1 (low)	50%	50%
Schedule II Banks ^{6,7}	A (low)	R-1 (mid)	10%	5%
Schedule III Banks ^{6,7}	A (low)	R-1 (mid)	5%	2%
Loan or Trust Corporations ^{6,7}	A (low)	R-1 (mid)	10%	5%
Credit Unions ^{6,8}	n/a	n/a	10%	5%
Asset Backed Securities (< 1 year) ⁹	n/a	R-1 (high)	10%	10%
Asset Backed Securities (> 1 year) ⁹	AAA	n/a	10%	10%
Commercial Paper (< 1 year) ⁹	n/a	R-1 (mid)	10%	10%
ONE Investment High Interest Savings Account	n/a	n/a	10%	10%
ONE Investment Canadian Equity Portfolio	n/a	n/a	10%	10%
ONE Investment 'Other' ¹⁰	n/a	n/a	10%	5%

Notes:

1 - e.g. Other Canadian Municipal Debt maximum share of the total par value of the portfolio is 30%, and no individual municipality can exceed 10% of the Portfolio.

2 - Includes Federal agencies.

3 - Includes Provincial agencies. e.g. Infrastructure Ontario.

4 - Includes BC Municipal Financing Authority, School Boards, Local Boards & Conservation authorities.

5 - Corporate Bonds with maturities over 5 years can only be accessed through ONE Investment pooled funds.

6 - Applies to Debt or Deposit securities, subject to the requirements of the Regulation

7 - Debt securities issued by Schedule I, II and III banks and Loan or Trust Corporations under 2 years must be rated AA (low).

8 - Where total Deposit securities exceed \$250,000, additional Deposit securities maturing beyond 2 years must satisfy the financial indicators prescribed in O. Reg. 438/97. All Debt securities must satisfy the financial indicators prescribed in O. Reg. 438/97.

9 - Investment in these securities is contingent upon the Region maintaining a credit rating at or above AA (low).

10 - ONE Investment 'Other' includes the Canadian Government Bond, Canadian Corporate Bond & Money Market portfolios or any other new investment products developed and offered by ONE Investment.

- 9.4 The purchase of eligible securities under the Part I of the Regulation not listed in Table 1 above and/or denominated in a foreign currency requires prior approval from the Treasurer.

10. Credit Ratings

- 10.1 Ontario Regulation 438/97, Part I specifies that certain eligible securities must have a minimum credit rating provided by: Dominion Bond Rating Service (DBRS), Moody's, Standard & Poor's (S&P) or Fitch Ratings. A summary is provided in Table 2 below.
- 10.2 Credit ratings for securities held in the portfolio will be monitored and, for instruments falling below approved credit qualities (listed in Table 1), disposed of, in accordance with the internal control procedures established in this Policy and the requirements of the Regulation.
- 10.3 **Table 2 - Credit Rating Guide***

Credit Quality	DBRS		Moody's		Standard & Poor's		Fitch	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
Superior	AAA	R-1 (high)	Aaa	P-1	AAA	A-1+	AAA	F1+
	AA (high)	R-1 (high)	Aa1	P-1	AA+	A-1+	AA+	F1+
	AA	R-1 (mid)	Aa2	P-1	AA	A-1+	AA	F1+
	AA (low)	R-1 (mid)	Aa3	P-1	AA-	A-1+	AA-	F1+
Good	A (high)	R-1 (low)	A1	P-1	A+	A-1	A+	F1
	A	R-1 (low)	A2	P-1	A	A-1	A	F1
	A (low)	R-1 (low)	A3	P-2	A-	A-2	A-	F2
Adequate	BBB (high)	R-2 (high)	Baa1	P-2	BBB+	A-2	BBB+	F2
	BBB	R-2 (mid)	Baa2	P-2	BBB	A-3	BBB	F3
	BBB (low)	R-2 (low)	Baa3	P-3	BBB-	A-3	BBB-	F3
Speculative	BB (high)	R-3 (high)	Ba1	Not Prime	BB+	B	BB+	B
	BB	R-3 (high)	Ba2	Not Prime	BB	B	BB	B
	BB (low)	R-3 (high)	Ba3	Not Prime	BB-	B	BB-	B
Highly Speculative	B (high)	R-3 (mid)	B1	Not Prime	B+	B	B+	B
	B	R-3 (mid)	B2	Not Prime	B	B	B	B
	B (low)	R-3 (low)	B3	Not Prime	B-	B	B-	B
	CCC	R-3 (low)	Caa	Not Prime	CCC	C	CCC	C

* Credit rating scales for bond rating agencies may change over time.

11. Term Composition

- 11.1 The Region will apply portfolio term guidelines and hold sufficient funds in short-term instruments to maintain adequate liquidity and meet investment objectives. To the extent possible, the municipality shall balance investment terms with anticipated cash flow requirements to match maturities as closely as practicable with the expected use of funds. Table 3 provides the term composition guidelines for the Region's investment portfolio.

Table 3 - Term Composition Guidelines

Term Composition of Portfolio	Minimum	Maximum
Less than 6 months*	10%	n/a
6 months to 18 months	15%	n/a
Over 18 months to 5 years	n/a	70%
Over 5 years to 10 years	n/a	25%

Over 10 years to 30 years

n/a

20%

* includes fully liquid bank deposits, High Interest Savings Accounts (HISA's) and High Interest Notice Accounts (HINA's).

11.2 The weighted average term of the portfolio is not to exceed 5 years.

11.3 Portfolio targets may be exceeded at the discretion of the Treasurer when deemed appropriate. For example, in response to operational needs and prevailing market conditions.

12. Diversification

12.1 Investments will be diversified by issuer and by the sector of the economy to which they belong based on the nature of funds invested and the cash flow needs of those funds.

12.2 Investments shall be diversified by:

- i) Limiting investments in securities that have higher credit risks;
- ii) Investing in securities of varying maturities while providing for stability of income;
- iii) Continuously investing a portion of the portfolio in readily available funds to ensure that appropriate liquidity is maintained to meet ongoing obligations; and
- iv) Limiting investments to avoid over-concentration in securities from a specific issuer or sector.

13. Environmental, Social and Governance (ESG) Investing

13.1 The Region of Durham supports incorporating ESG investing in its Portfolio. The Region believes that well-managed companies are those that demonstrate high ethical and environmental standards and respect for their employees, human rights, and the communities in which they do business and that these actions contribute to long-term financial performance.

13.2 As the Region implements and refines its active investment strategy, staff will monitor the developments of ESG factors and consider how best to approach ESG investing for the portfolio as and when appropriate to do so.

14. Performance Standards

14.1 The investment portfolio shall be designed with the objective of maximizing the rate of return throughout budgetary and economic cycles, commensurate with investment risk constraints and cash flow needs. Benchmark(s) may vary from time to time with holdings in order to be comparable to the current composition and average term of the investment portfolio.

15. Reporting

15.1 The Treasurer shall provide an annual investment report to Council which includes, at a minimum, the requirements set forth in the Regulation. The investment report shall contain the following:

- i) a statement about the performance or the portfolio of investments of the municipality during the period covered by the report;
- ii) a description of the estimated proportion of the total investments of a municipality that are invested in its own long-term and short-term securities to the total investments of the

municipality and a description of the change, if any, in that estimated proportion since the previous year's report;

- iii) a statement by the Treasurer as to whether or not, in their opinion, all investments are consistent with the investment policies and goals adopted by the municipality;
- iv) a record of the date of each transaction in or disposal of its own securities, including a statement of the purchase and sale price of each security;
- v) a statement by the Treasurer as to whether any of the investments fall below the standard required for that investment during the period covered by the report;
- vi) the details of the proposed use of funds realized in the disposition of an investment sold as a result of a decline in rating below the standard required by the Regulation;
- vii) a statement by the Treasurer as to whether any issuing financial institution does not satisfy, or provide proof of, the required financial indicators for investment; and
- viii) such other information that the council may require or that in the opinion of the Treasurer, should be included.

16. Inquiries

16.1 For additional information regarding this policy please contact:

investmentportfolio@durham.ca



Français

Municipal Act, 2001

ONTARIO REGULATION 438/97

FORMERLY UNDER MUNICIPAL ACT

ELIGIBLE INVESTMENTS, RELATED FINANCIAL AGREEMENTS AND PRUDENT INVESTMENT

Consolidation Period: From March 1, 2018 to the e-Laws currency date.

Last amendment: 43/18.

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PART I **ELIGIBLE INVESTMENTS AND FORWARD RATE AGREEMENTS**

Investment under s. 418 of the Act

1. (1) This Part applies in respect of investments by a municipality under section 418 of the Act. O. Reg. 43/18, s. 2.

(2) A municipality does not have the power to invest under section 418 of the Act in a security other than a security prescribed under this Part. O. Reg. 43/18, s. 2.

Eligible investments

2. The following are prescribed, for the purposes of subsection 418 (1) of the Act, as securities that a municipality may invest in:

1. Bonds, debentures, promissory notes or other evidence of indebtedness issued or guaranteed by,
 - i. Canada or a province or territory of Canada,
 - ii. an agency of Canada or a province or territory of Canada,
 - iii. a country other than Canada,
 - iv. a municipality in Canada including the municipality making the investment,
 - iv.1 the Ontario Infrastructure and Lands Corporation,
 - v. a school board or similar entity in Canada,
 - v.1 a university in Ontario that is authorized to engage in an activity described in section 3 of the *Post-secondary Education Choice and Excellence Act, 2000*,
 - v.2 a college established under the *Ontario Colleges of Applied Arts and Technology Act, 2002*,
 - vi. a local board as defined in the *Municipal Affairs Act* (but not including a school board or a municipality) or a conservation authority established under the *Conservation Authorities Act*,
 - vi.1 a board of a public hospital within the meaning of the *Public Hospitals Act*,
 - vi.2 a non-profit housing corporation incorporated under section 13 of the *Housing Development Act*,
 - vi.3 a local housing corporation as defined in section 24 of the *Housing Services Act, 2011*, or
 - vii. the Municipal Finance Authority of British Columbia.
2. Bonds, debentures, promissory notes or other evidence of indebtedness of a corporation if,
 - i. the bond, debenture or other evidence of indebtedness is secured by the assignment, to a trustee, as defined in the *Trustee Act*, of payments that Canada or a province or territory of Canada has agreed to make or is required to make under a federal, provincial or territorial statute, and
 - ii. the payments referred to in subparagraph i are sufficient to meet the amounts payable under the bond, debenture or other evidence of indebtedness, including the amounts payable at maturity.
3. Deposit receipts, deposit notes, certificates of deposit or investment, acceptances or similar instruments the terms of which provide that the principal and interest shall be fully repaid no later than two years after the day the investment was made, if the receipt, note, certificate or instrument was issued, guaranteed or endorsed by,
 - i. a bank listed in Schedule I, II or III to the *Bank Act* (Canada),
 - ii. a loan corporation or trust corporation registered under the *Loan and Trust Corporations Act*, or
 - iii. a credit union or league to which the *Credit Unions and Caisses Populaires Act, 1994* applies.

- 3.1 Deposit receipts, deposit notes, certificates of deposit or investment, acceptances or similar instruments the terms of which provide that the principal and interest shall be fully repaid more than two years after the day the investment was made, if the receipt, note, certificate or instrument was issued, guaranteed or endorsed by,
- i. a bank listed in Schedule I, II or III to the *Bank Act* (Canada), or
 - ii. a loan corporation or trust corporation registered under the *Loan and Trust Corporations Act*.
 - iii. REVOKED: O. Reg. 43/18, s. 3 (1).
4. Bonds, debentures, promissory notes or other evidence of indebtedness, the terms of which provide that the principal and interest shall be fully repaid no later than two years after the day the investment was made if issued or guaranteed by an institution listed in paragraph 3.1.
- 4.1 Bonds, debentures, promissory notes or other evidence of indebtedness, the terms of which provide that the principal and interest shall be fully repaid more than two years after the day the investment was made if issued or guaranteed by an institution listed in paragraph 3.1.
- 4.2 Deposit receipts, deposit notes, certificates of deposit or investment, acceptances or similar instruments, the terms of which provide that the principal and interest shall be fully repaid more than two years after the day the investment was made if the receipt, note, certificate or instrument was issued, guaranteed or endorsed by a credit union or league to which the *Credit Unions and Caisses Populaires Act, 1994* applies.
- 4.3 Bonds, debentures, promissory notes or other evidence of indebtedness issued or guaranteed by a credit union or league to which the *Credit Unions and Caisses Populaires Act, 1994* applies.
5. Short term securities, the terms of which provide that the principal and interest shall be fully repaid no later than three days after the day the investment was made, that are issued by,
- i. a university in Ontario that is authorized to engage in an activity described in section 3 of the *Post-secondary Education Choice and Excellence Act, 2000*,
 - ii. a college established under the *Ontario Colleges of Applied Arts and Technology Act, 2002*, or
 - iii. a board of a public hospital within the meaning of the *Public Hospitals Act*.
6. Bonds, debentures, promissory notes, other evidence of indebtedness or other securities issued or guaranteed by the International Bank for Reconstruction and Development.
- 6.1 Bonds, debentures, promissory notes or other evidence of indebtedness issued or guaranteed by a supranational financial institution or a supranational governmental organization, other than the International Bank for Reconstruction and Development.
7. Securities that are arrangements for the sale of assets that entitle the purchaser to an undivided beneficial interest in a pool of assets.
- 7.1 Bonds, debentures, promissory notes or other evidence of indebtedness issued by a corporation that is incorporated under the laws of Canada or a province of Canada, the terms of which provide that the principal and interest shall be fully repaid more than five years after the date on which the municipality makes the investment.
- 7.2 Bonds, debentures, promissory notes or other evidence of indebtedness issued by a corporation that is incorporated under the laws of Canada or a province of Canada, the terms of which provide that the principal and interest shall be fully repaid more than one year and no later than five years after the date on which the municipality makes the investment.
8. Negotiable promissory notes or commercial paper, other than securities referred to in paragraph 7, maturing one year or less from the date of issue, if that note or commercial paper has been issued by a corporation that is incorporated under the laws of Canada or a province of Canada.
- 8.1 Shares issued by a corporation that is incorporated under the laws of Canada or a province of Canada.
9. Bonds, debentures, promissory notes and other evidences of indebtedness of a corporation incorporated under section 142 of the *Electricity Act, 1998*.
10. Any security if the municipality acquires the security as a gift in a will or as a donation not made for a charitable purpose.
11. REVOKED: O. Reg. 43/18, s. 3 (5).
12. Shares of a corporation if,
- i. the corporation has a debt payable to the municipality,
 - ii. under a court order, the corporation has received protection from its creditors,
 - iii. the acquisition of the shares in lieu of the debt is authorized by the court order, and
 - iv. the treasurer of the municipality is of the opinion that the debt will be uncollectable by the municipality unless the debt is converted to shares under the court order. O. Reg. 438/97, s. 2; O. Reg. 265/02, s. 1; O. Reg. 399/02, s. 2; O. Reg. 655/05, s. 2; O. Reg. 607/06, s. 1; O. Reg. 39/07, s. 1; O. Reg. 373/11, s. 1; O. Reg. 74/16, s. 1, 2; O. Reg. 43/18, s. 3.

8/31/2021

O. Reg. 438/97: ELIGIBLE INVESTMENTS, RELATED FINANCIAL AGREEMENTS AND PRUDENT INVESTMENT

Eligible investments, continued

2.1 A security is prescribed for the purposes of subsection 418 (1) of the Act as a security that a municipality may invest in if,

- (a) the municipality invested in the security before January 12, 2009; and
- (b) the terms of the municipality's continued investment in the security have been changed pursuant to the Plan Implementation Order of the Ontario Superior Court of Justice dated January 12, 2009 (Court file number 08-CL-7440) and titled "In the matter of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended and in the matter of a plan of compromise and arrangement involving Metcalfe & Mansfield Alternative Investments II Corp. et al". O. Reg. 292/09, s. 1.

Ratings, financial indicators

3. (1) A municipality shall not invest in a security under subparagraph 1 iii, v.1, v.2, vi.1, vi.2 or vi.3 or paragraph 4 of section 2 unless the bond, debenture, promissory note or evidence of indebtedness is rated,

- (a) REVOKED: O. Reg. 265/02, s. 2 (1).
- (b) by Dominion Bond Rating Service Limited as "AA(low)" or higher;
- (b.1) by Fitch Ratings as "AA-" or higher;
- (c) by Moody's Investors Services Inc. as "Aa3" or higher; or
- (d) by Standard and Poor's as "AA-" or higher. O. Reg. 438/97, s. 3 (1); O. Reg. 265/02, s. 2 (1); O. Reg. 399/02, s. 3 (1); O. Reg. 655/05, s. 3 (1, 2); O. Reg. 607/06, s. 2; O. Reg. 39/07, s. 2; O. Reg. 43/18, s. 4 (1).

(2) A municipality shall not invest in a security under paragraph 3.1 or 4.1 of section 2 unless the bond, debenture, promissory note or evidence of indebtedness is rated,

- (a) by Dominion Bond Rating Service Limited as "A(low)" or higher;
- (b) by Fitch Ratings as "A-" or higher;
- (c) by Moody's Investors Services Inc. as "A3" or higher; or
- (d) by Standard and Poor's as "A-" or higher. O. Reg. 43/18, s. 4 (2).

(2.0.1) If a municipality's total investments in securities under subparagraph 3 iii and paragraph 4.2 of section 2 have, in the opinion of the treasurer, a value in excess of \$250,000, the municipality shall not invest in any additional security under paragraph 4.2 of section 2 unless the credit union or league that issues, guarantees or endorses the security provides, within 30 days before the day the investment is made,

- (a) audited financial statements indicating that the financial indicators mentioned in subsection (2.0.2) are met by the credit union or league; or
- (b) certification in writing that all of the financial indicators mentioned in subsection (2.0.2) are met by the credit union or league. O. Reg. 43/18, s. 4 (2).

(2.0.2) For the purposes of subsection (2.0.1), the financial indicators to be met by the credit union or league are the following:

1. Positive retained earnings in its audited financial statements for its most recently completed fiscal year.
2. Regulatory capital of at least the percentage of its total assets set out in subsection (2.0.3) as of the date of the latest audited financial statements, calculated in accordance with Ontario Regulation 237/09 (General) made under the *Credit Unions and Caisses Populaires Act, 1994*.
3. Regulatory capital of at least the percentage of its total risk weighted assets set out in subsection (2.0.4) as of the date of the latest audited financial statements, calculated in accordance with Ontario Regulation 237/09 (General).
4. Positive net income in its audited financial statements for three of its five most recently completed fiscal years. O. Reg. 43/18, s. 4 (2).

(2.0.3) The percentage mentioned in paragraph 2 of subsection (2.0.2) is the percentage obtained by adding one percent to the minimum percentage set out in paragraph 1 of subsection 15 (3) of Ontario Regulation 237/09 (General). O. Reg. 43/18, s. 4 (2).

(2.0.4) The percentage mentioned in paragraph 3 of subsection (2.0.2) is the percentage obtained by adding one percent to the minimum percentage set out in paragraph 2 of subsection 15 (3) of Ontario Regulation 237/09 (General). O. Reg. 43/18, s. 4 (2).

(2.0.5) A municipality shall not invest in securities under paragraph 4.3 of section 2 unless the credit union or league that issues or guarantees the security satisfies the conditions set out in subsection (2.0.1). O. Reg. 43/18, s. 4 (2).

(2.1) A municipality shall not invest in a security under paragraph 6.1 of section 2 unless the security is rated,

- (a) by Dominion Bond Rating Service Limited as "AAA";
- (b) by Fitch Ratings as "AAA";
- (c) by Moody's Investors Services Inc. as "Aaa"; or

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- (d) by Standard and Poor's as "AAA". O. Reg. 655/05, s. 3 (4).
- (3) A municipality shall not invest in a security under paragraph 7 of section 2 that matures more than one year from the date of issue unless the security is rated,
- (a) by Dominion Bond Rating Service Limited as "AAA";
- (a.1) by Fitch Ratings as "AAA";
- (b) by Moody's Investors Services Inc. as "Aaa"; or
- (c) by Standard and Poor's as "AAA". O. Reg. 265/02, s. 2 (2); O. Reg. 399/02, s. 3 (2); O. Reg. 655/05, s. 3 (5); O. Reg. 43/18, s. 4 (3).
- (4) A municipality shall not invest in a security under paragraph 7 of section 2 that matures one year or less from the date of issue unless the security is rated,
- (a) by Dominion Bond Rating Service Limited as "R-1(high)";
- (a.1) by Fitch Ratings as "F1+";
- (b) by Moody's Investors Services Inc. as "Prime-1"; or
- (c) by Standard and Poor's as "A-1+". O. Reg. 265/02, s. 2 (2); O. Reg. 399/02, s. 3 (3); O. Reg. 655/05, s. 3 (6); O. Reg. 43/18, s. 4 (4).
- (4.1) A municipality shall not invest in a security under paragraph 7.1 or 7.2 of section 2 unless the security is rated,
- (a) by Dominion Bond Rating Service Limited as "A(low)" or higher;
- (b) by Fitch Ratings as "A-" or higher;
- (c) by Moody's Investors Services Inc. as "A3" or higher; or
- (d) by Standard and Poor's as "A-" or higher. O. Reg. 43/18, s. 4 (5).
- (4.2) REVOKED: O. Reg. 43/18, s. 4 (5).
- (5) A municipality shall not invest in a security under paragraph 8 of section 2 unless the promissory note or commercial paper is rated,
- (a) by Dominion Bond Rating Service Limited as "R-1(mid)" or higher;
- (a.1) by Fitch Ratings as "F1+";
- (b) by Moody's Investors Services Inc. as "Prime-1"; or
- (c) by Standard and Poor's as "A-1+". O. Reg. 265/02, s. 2 (2); O. Reg. 399/02, s. 3 (4); O. Reg. 655/05, s. 3 (8).
- (6) If an investment made under subparagraph 1 iii, v.1, v.2, vi.1, vi.2 or vi.3 of section 2 or paragraph 3.1, 4, 4.1, 6.1, 7, 7.1, 7.2 or 8 of section 2 falls below the standard required by this section, the municipality shall create a plan, including expected timelines, for selling the investment and shall sell the investment in accordance with the plan. O. Reg. 43/18, s. 4 (6).
- (6.1) Subsection (6) does not apply with respect to an investment made by a municipality under paragraph 7 of section 2 on a day before the day this subsection comes into force. O. Reg. 292/09, s. 2 (3).
- (6.1.1) If a municipality's total investments in securities under subparagraph 3 iii and paragraph 4.2 of section 2 have, in the opinion of the treasurer, a value in excess of the limit mentioned in subsection (2.0.1) of this section and one of the following circumstances applies, the municipality shall create a plan, including expected timelines, for selling investments made under paragraph 4.2 of section 2 in excess of that limit and shall sell the investments in accordance with the plan:
1. The financial indicators mentioned in subsection (2.0.2) are not met.
 2. The credit union or league fails to provide audited financial statements or a certification as mentioned in subsection (2.0.1). O. Reg. 43/18, s. 4 (7).
- (6.1.2) For the purposes of determining the value of investments under subsection (6.1.1), the value of all investments under subparagraph 3 iii of section 2 shall be counted as part of the total first, followed by the value of all investments made under paragraph 4.2 of section 2. O. Reg. 43/18, s. 4 (7).
- (6.1.3) If one of the circumstances in paragraph 1 or 2 of subsection (6.1.1) applies, the municipality shall create a plan, including expected timelines, for selling investments made under paragraph 4.3 of section 2 and shall sell the investments in accordance with the plan. O. Reg. 43/18, s. 4 (7).
- (7) A municipality shall not invest in a security under paragraph 9 of section 2 unless, at the time the investment is made and as long as it continues, the investment ranks, at a minimum, concurrently and equally in respect of payment of principal and interest with all unsecured debt of the corporation. O. Reg. 265/02, s. 2 (2).

(8) A municipality shall not invest in a security under paragraph 9 of section 2 unless, at the time the investment is made, the total amount of the municipality's investment in debt of any corporation incorporated under section 142 of the *Electricity Act, 1998* that would result after the proposed investment is made does not exceed the total amount of investment in debt, including any interest accrued on such debt, of the municipality in such a corporation that existed on the day before the day the proposed investment is to be made. O. Reg. 265/02, s. 2 (2).

(9) Any investment made under paragraph 9 of section 2, including any refinancing, renewal or replacement thereof, may not be held for longer than a total of 10 years from the date such investment is made. O. Reg. 265/02, s. 2 (2).

(10) Subsections (7), (8) and (9) do not prevent a municipality from holding or disposing of a security described in paragraph 9 of section 2 issued by a corporation incorporated under section 142 of the *Electricity Act, 1998*, if the municipality acquired the security through a transfer by-law or otherwise under that Act. O. Reg. 655/05, s. 3 (9).

(11) If a municipality acquires a security under paragraph 10 of section 2 that is not otherwise prescribed under this Part, the municipality shall create a plan, including expected timelines, for selling the investment and shall sell the investment in accordance with the plan. O. Reg. 43/18, s. 4 (8).

(12) REVOKED: O. Reg. 292/09, s. 2 (4).

Investment limit

4. (1) A municipality shall not invest more than 25 per cent of the total amount in all sinking and retirement funds in respect of debentures of the municipality, as estimated by its treasurer on the date of the investment, in short-term debt issued or guaranteed by the municipality. O. Reg. 438/97, s. 4 (1).

(2) In this section,

"short-term debt" means any debt, the terms of which provide that the principal and interest of the debt shall be fully repaid no later than 364 days after the debt is incurred. O. Reg. 438/97, s. 4 (2).

Conditions

4.1 (1) A municipality shall not invest in a security under paragraph 7 of section 2 or in a promissory note or commercial paper under paragraph 8 of section 2 unless, on the date that the investment is made,

(a) the municipality itself is rated, or all of the municipality's long-term debt obligations are rated,

(i) by Dominion Bond Rating Service Limited as "AA(low)" or higher,

(i.1) by Fitch Ratings as "AA-" or higher,

(ii) by Moody's Investors Services Inc. as "Aa3" or higher, or

(iii) by Standard and Poor's as "AA-" or higher; or

(b) the municipality has entered into an agreement with the Local Authority Services and the CHUMS Financing Corporation to act together as the municipality's agent for the investment in that security, promissory note or commercial paper. O. Reg. 265/02, s. 3; O. Reg. 399/02, s. 4; O. Reg. 655/05, s. 4 (1, 2); O. Reg. 43/18, s. 5 (1).

(1.1) A municipality shall not invest in a security under paragraph 7.1 or 8.1 of section 2 unless, on the date the investment is made, the municipality has entered into an agreement with the Local Authority Services and the CHUMS Financing Corporation to act together as the municipality's agent for the investment in the security. O. Reg. 655/05, s. 4 (3); O. Reg. 43/18, s. 5 (2).

(1.2) Subsection (1.1) does not apply to investments in securities by the City of Ottawa if all of the following requirements are satisfied:

1. Only the proceeds of the sale by the City of its securities in a corporation incorporated under section 142 of the *Electricity Act, 1998* are used to make the investments.

2. The investments are made in a professionally-managed fund.

3. The terms of the investments provide that,

i. where the investment is in debt instruments, the principal must be repaid no earlier than seven years after the date on which the City makes the investment, and

ii. where the investment is in shares, an amount equal to the principal amount of the investment cannot be withdrawn from the fund for at least seven years after the date on which the City makes the investment.

4. The City establishes and uses a separate reserve fund for the investments.

5. Subject to paragraph 6, the money in the reserve fund, including any returns on the investments or proceeds from their disposition, are used to pay capital costs of the City and for no other purpose.

6. The City may borrow money from the reserve fund but must repay it plus interest. O. Reg. 655/05, s. 4 (3).

(2) The investment made under clause (1) (b) or described in subsection (1.1), as the case may be, must be made in the One Investment Program of the Local Authority Services and the CHUMS Financing Corporation with,

- (a) another municipality;
- (b) a public hospital;
- (c) a university in Ontario that is authorized to engage in an activity described in section 3 of the *Post-secondary Education Choice and Excellence Act, 2000*;
- (d) a college established under the *Ontario Colleges of Applied Arts and Technology Act, 2002*;
- (d.1) a foundation established by a college mentioned in clause (d) whose purposes include receiving and maintaining a fund or funds for the benefit of the college;
- (e) a school board;
- (f) any agent of an institution listed in clauses (a) to (e);
- (g) Local Authority Services;
- (h) CHUMS Financing Corporation;
- (i) Association of Municipalities of Ontario; or
- (j) Municipal Finance Officers' Association of Ontario. O. Reg. 265/02, s. 3; O. Reg. 655/05, s. 4 (4); O. Reg. 607/06, s. 3; O. Reg. 292/09, s. 3; O. Reg. 52/11, s. 1; O. Reg. 74/16, s. 1, 3; O. Reg. 43/18, s. 5 (3-5).

School purposes

5. A municipality shall not invest in a security issued or guaranteed by a school board or similar entity unless,

- (a) the money raised by issuing the security is to be used for school purposes; and
- (b) REVOKED: O. Reg. 248/01, s. 1.

O. Reg. 438/97, s. 5; O. Reg. 248/01, s. 1.

Canadian dollars

6. (1) Subject to subsection (3), a municipality shall not invest in a security that is expressed or payable in any currency other than Canadian dollars. O. Reg. 43/18, s. 6 (1).

(2) Subsection (1) does not prevent a municipality from continuing an investment, made before this Regulation comes into force, that is expressed and payable in the currency of the United States of America or the United Kingdom. O. Reg. 438/97, s. 6 (2).

(3) Subsection (1) does not apply in respect of securities listed in paragraphs 3, 3.1 and 4.2 of section 2, which may also be expressed or payable in the currency of the United States of America. O. Reg. 43/18, s. 6 (2).

Statement of policies and goals

7. (1) Before a municipality invests in a security prescribed under this Part, the council of the municipality shall, if it has not already done so, adopt a statement of the municipality's investment policies and goals. O. Reg. 438/97, s. 7; O. Reg. 43/18, s. 7.

(2) In preparing the statement of the municipality's investment policies and goals under subsection (1), the council of the municipality shall consider,

- (a) the municipality's risk tolerance and the preservation of its capital;
- (b) the municipality's need for a diversified portfolio of investments; and
- (c) obtaining legal advice and financial advice with respect to the proposed investments. O. Reg. 265/02, s. 4.

(3) REVOKED: O. Reg. 655/05, s. 5.

(4) In preparing the statement of the municipality's investment policies and goals under subsection (1) for investments made under paragraph 9 of section 2, the council of the municipality shall consider its plans for the investment and how the proposed investment would affect the interest of municipal taxpayers. O. Reg. 265/02, s. 4.

Investment report

8. (1) If a municipality has an investment in a security prescribed under this Part, the council of the municipality shall require the treasurer of the municipality to prepare and provide to the council, each year or more frequently as specified by the council, an investment report. O. Reg. 438/97, s. 8 (1); O. Reg. 43/18, s. 7.

(2) The investment report referred to in subsection (1) shall contain,

- (a) a statement about the performance of the portfolio of investments of the municipality during the period covered by the report;
 - (b) a description of the estimated proportion of the total investments of a municipality that are invested in its own long-term and short-term securities to the total investment of the municipality and a description of the change, if any, in that estimated proportion since the previous year's report;
 - (c) a statement by the treasurer as to whether or not, in his or her opinion, all investments are consistent with the investment policies and goals adopted by the municipality;
 - (d) a record of the date of each transaction in or disposal of its own securities, including a statement of the purchase and sale price of each security; and
 - (e) such other information that the council may require or that, in the opinion of the treasurer, should be included. O. Reg. 438/97, s. 8 (2); O. Reg. 655/05, s. 6.
- (2.1) The investment report referred to in subsection (1) shall contain a statement by the treasurer as to whether any of the following investments fall below the standard required for that investment during the period covered by the report:

- 1. An investment described in subparagraph 1 iii, v.1, v.2, vi.1, vi.2 or vi.3 of section 2.
- 2. An investment described in paragraph 3.1, 4, 4.1, 6.1, 7, 7.1, 7.2 or 8 of section 2.
- 3. An investment described in subsection 9 (1). O. Reg. 292/09, s. 4; O. Reg. 43/18, s. 8 (1).

(2.2) The investment report referred to in subsection (1) shall contain a statement by the treasurer as to whether any investments under paragraphs 4.2 and 4.3 of section 2 are affected by the circumstances set out in paragraphs 1 and 2 of subsection 3 (6.1.1) during the period covered by the report. O. Reg. 43/18, s. 8 (2).

(3) Upon disposition of any investment made under paragraph 9 of section 2, the council of the municipality shall require the treasurer of the municipality to prepare and provide to the council a report detailing the proposed use of funds realized in the disposition. O. Reg. 265/02, s. 5.

Inconsistencies, treasurer's duty

8.1 If an investment made by the municipality is, in the treasurer's opinion, not consistent with the investment policies and goals adopted by the municipality, the treasurer shall report the inconsistency to the council of the municipality within 30 days after becoming aware of it. O. Reg. 655/05, s. 7.

Investments pre March 6, 1997

9. (1) Despite this Part, an investment by a municipality in bonds, debentures or other indebtedness of a corporation made before March 6, 1997 may be continued if the bond, debenture or other indebtedness is rated,

- (a) REVOKED: O. Reg. 265/02, s. 6.
 - (b) by Dominion Bond Rating Service Limited as "AA(low)" or higher;
 - (b.1) by Fitch Ratings as "AA-" or higher;
 - (c) by Moody's Investors Services Inc. as "Aa3" or higher; or
 - (d) by Standard and Poor's as "AA-" or higher. O. Reg. 438/97, s. 9 (1); O. Reg. 265/02, s. 6; O. Reg. 399/02, s. 5; O. Reg. 655/05, s. 8; O. Reg. 43/18, s. 7.
- (1.1) REVOKED: O. Reg. 43/18, s. 9 (1).

(2) If the rating of an investment continued under subsection (1) falls below the standard required by that subsection, the municipality shall create a plan, including expected timelines, for selling the investment and shall sell the investment in accordance with the plan. O. Reg. 43/18, s. 9 (2).

FORWARD RATE AGREEMENTS

Forward rate agreements

10. (1) A municipality that enters into an agreement to make an investment on a future date in a security prescribed by section 2 may enter one or more forward rate agreements with a bank listed in Schedule I, II or III to the *Bank Act* (Canada) in order to minimize the cost or risk associated with the investment because of fluctuations in interest rates. O. Reg. 655/05, s. 9.

(2) A forward rate agreement shall provide for the following matters:

- 1. Specifying a forward amount, which is the principal amount of the investment or that portion of the principal amount to which the agreement relates.
- 2. Specifying a settlement day, which is a specified future date.
- 3. Specifying a forward rate of interest, which is a notional rate of interest applicable on the settlement day.
- 4. Specifying a reference rate of interest, which is the market rate of interest payable on a specified future date on an acceptance issued by a bank listed in Schedule I, II or III to the *Bank Act* (Canada).
- 5. Requiring a settlement payment to be payable on the settlement day if the forward rate and the reference rate of interest are different. O. Reg. 655/05, s. 9.

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(3) A municipality shall not enter a forward rate agreement if the forward amount described in paragraph 1 of subsection (2) for the investment whose cost or risk the agreement is intended to minimize, when added to all forward amounts under other forward rate agreements, if any, relating to the same investment, would exceed the total amount of the principal of the investment. O. Reg. 655/05, s. 9.

(4) A municipality shall not enter a forward rate agreement unless the settlement day under the agreement is within 12 months of the day on which the agreement is executed. O. Reg. 655/05, s. 9.

(5) A municipality shall not enter a forward rate agreement if the settlement payment described in paragraph 5 of subsection (2) exceeds the difference between the amount of interest that would be payable on the forward amount calculated at the forward rate of interest for the period for which the investment was made and the amount that would be payable calculated at the reference rate of interest. O. Reg. 655/05, s. 9.

(6) A municipality shall not enter a forward rate agreement except with a bank listed in Schedule I, II or III to the *Bank Act* (Canada) and only if the bank's long-term debt obligations on the day the agreement is entered are rated,

(a) by Dominion Bond Rating Service Limited as "A(high)" or higher;

(b) by Fitch Ratings as "A+" or higher;

(c) by Moody's Investors Service Inc. as "A1" or higher; or

(d) by Standard and Poor's as "A+" or higher. O. Reg. 655/05, s. 9.

Statement of policies and goals

11. (1) Before a municipality passes a by-law authorizing a forward rate agreement, the council of the municipality shall adopt a statement of policies and goals relating to the use of forward rate agreements. O. Reg. 655/05, s. 9.

(2) The council of the municipality shall consider the following matters when preparing the statement of policies and goals:

1. The types of investments for which forward rate agreements are appropriate.
2. The fixed costs and estimated costs to the municipality resulting from the use of such agreements.
3. A detailed estimate of the expected results of using such agreements.
4. The financial and other risks to the municipality that would exist with, and without, the use of such agreements.
5. Risk control measures relating to such agreements, such as,
 - i. credit exposure limits based on credit ratings and on the degree of regulatory oversight and the regulatory capital of the other party to the agreement,
 - ii. standard agreements, and
 - iii. ongoing monitoring with respect to the agreements. O. Reg. 655/05, s. 9.

Report to council

12. (1) If a municipality has any subsisting forward rate agreements in a fiscal year, the treasurer of the municipality shall prepare and present to the municipal council once in that fiscal year, or more frequently if the council so desires, a detailed report on all of those agreements. O. Reg. 655/05, s. 9.

(2) The report must contain the following information and documents:

1. A statement about the status of the forward rate agreements during the period of the report, including a comparison of the expected and actual results of using the agreements.
2. A statement by the treasurer indicating whether, in his or her opinion, all of the forward rate agreements entered during the period of the report are consistent with the municipality's statement of policies and goals relating to the use of forward rate agreements.
3. Such other information as the council may require.
4. Such other information as the treasurer considers appropriate to include in the report. O. Reg. 655/05, s. 9.

**PART II
PRUDENT INVESTMENT**

Definitions

13. In this Part,

"Investment Board" means a municipal service board that is established under section 196 of the Act by a municipality for the purposes of this Part and includes, for the purposes of paragraph 3 of section 15, subsection 17 (3) and sections 21 and 23, the Toronto Investment Board; ("commission des placements")

"Joint Investment Board" means a municipal service board that is established under section 202 of the Act by two or more municipalities for the purposes of this Part; ("commission mixte des placements")

"Toronto Investment Board" means the board of the City of Toronto described in subsection 46 (2) of Ontario Regulation 610/06 (Financial Activities) made under the *City of Toronto Act, 2006*. ("Commission des placements de Toronto") O. Reg. 43/18, s. 10.

Application

14. This Part applies in respect of investments by a municipality under section 418.1 of the Act. O. Reg. 43/18, s. 10.

Requirements under s. 418.1 (3) of the Act

15. A municipality must satisfy one of the following requirements on the day referred to in subsection 418.1 (3) of the Act in order to pass a by-law for the purposes of that subsection:

1. The municipality must have, in the opinion of its treasurer, at least,
 - i. \$100,000,000 in money and investments that it does not require immediately, or
 - ii. \$50,000,000 in net financial assets, as indicated in Schedule 70 of the most recent Financial Information Return supplied to the Ministry of Municipal Affairs by the municipality under the Act and posted on the Ministry's website on the day the municipality passes the by-law under subsection 418.1 (2) of the Act.
2. The municipality must have entered into an agreement to establish and invest through a Joint Investment Board with one or more other municipalities, and all of the municipalities must have, in the opinion of each of their treasurers, a combined total of at least \$100,000,000 in money and investments that the municipalities do not require immediately.
3. The municipality must have entered into an agreement with the following parties to invest through an Investment Board or a Joint Investment Board that was established by another municipality or municipalities before the day the municipality passes the by-law:
 - i. The Investment Board or Joint Investment Board, as the case may be.
 - ii. Any other municipalities investing through the Investment Board or Joint Investment Board on the day the municipality passes the by-law. O. Reg. 43/18, s. 10.

Limitation, school board securities

16. A municipality shall not invest money in a security issued or guaranteed by a school board or similar entity in Canada unless the money raised by issuing the security is to be used for school purposes. O. Reg. 43/18, s. 10.

Investments only through Investment Board or Joint Investment Board

17. (1) A municipality that satisfies the requirement set out in paragraph 1 of section 15 may invest money only by having an Investment Board that meets the following criteria do so on its behalf:

1. The Investment Board has been established by the municipality.
2. The Investment Board has been given the control and management of the municipality's investments by the municipality delegating to the Investment Board,
 - i. the municipality's powers to make the investments, and
 - ii. the municipality's duties under section 418.1 of the Act. O. Reg. 43/18, s. 10.

(2) A municipality that satisfies the requirement set out in paragraph 2 of section 15 may invest money only by having a Joint Investment Board that satisfies the following criteria do so on its behalf:

1. The Joint Investment Board is the subject of an agreement referred to in paragraph 2 of section 15.
2. The Joint Investment Board has been given the control and management of the municipality's investments, together with that of all the other municipalities that are party to the agreement referred to under paragraph 2 of section 15, by each municipality delegating to the Joint Investment Board,
 - i. the municipality's powers to make the investments, and
 - ii. the municipality's duties under section 418.1 of the Act. O. Reg. 43/18, s. 10.

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(3) A municipality that satisfies the requirement under paragraph 3 of section 15 may invest money only by having an Investment Board or Joint Investment Board, as the case may be, that satisfies the following criteria do so on its behalf:

1. The Investment Board or Joint Investment Board is the subject of an agreement referred to in paragraph 3 of section 15.
2. The Investment Board or Joint Investment Board has been given the control and management of the municipality's investments by the municipality delegating to the Investment Board or Joint Investment Board,
 - i. the municipality's powers to make the investments, and
 - ii. the municipality's duties under section 418.1 of the Act. O. Reg. 43/18, s. 10.

(4) The following persons may not be appointed as members of the Investment Board or Joint Investment Board:

1. An officer or employee of any municipality for which it invests.
2. A member of council of any municipality for which it invests. O. Reg. 43/18, s. 10.

(5) Subsection (3) does not apply to any treasurer of a municipality for which the board invests provided that treasurers do not make up more than one quarter of the members. O. Reg. 43/18, s. 10.

Investment policy

18. (1) The council of a municipality shall adopt and maintain an investment policy in relation to investing under this Part. O. Reg. 43/18, s. 10.

(2) The investment policy shall include requirements with respect to the following:

1. The municipality's objectives for return on investment and risk tolerance.
2. The municipality's need for liquidity including, for greater certainty, the municipality's anticipated needs for funds for planned projects and the municipality's needs to have funds available for unanticipated contingencies. O. Reg. 43/18, s. 10.

(3) The investment policy may include other requirements with respect to investment matters that council considers to be in the interests of the municipality. O. Reg. 43/18, s. 10.

(4) At least annually, the council shall review the investment policy and update it, as necessary, as a result of the review. O. Reg. 43/18, s. 10.

Investment plan

19. (1) An Investment Board or Joint Investment Board shall adopt and maintain an investment plan in respect of all municipalities that have delegated to it,

- (a) the municipality's powers to make investments; and
- (b) the municipality's duties under section 418.1 of the Act. O. Reg. 43/18, s. 10.

(2) The investment plan shall deal with how the Investment Board or Joint Investment Board will invest each municipality's money and set out the Board's projections of the proportions of each municipality's portfolio of investments to be invested at the end of the year in each type of security selected by the Investment Board or Joint Investment Board and may include other requirements. O. Reg. 43/18, s. 10.

(3) At least annually, following each council's review of the investment policy under subsection 18 (4), the Investment Board or Joint Investment Board shall review the investment plan and update it, as necessary, as a result of the reviews. O. Reg. 43/18, s. 10.

Investment report

20. (1) An Investment Board or Joint Investment Board shall prepare and provide to the council of each municipality referred to in subsection 19 (1), each year or more frequently as specified by the council, an investment report. O. Reg. 43/18, s. 10.

(2) The investment report shall contain,

- (a) a statement about the performance of the municipality's portfolio of investments during the period covered by the report;
- (b) a statement by the treasurer of the municipality as to whether or not, in the opinion of the treasurer, all investments are consistent with the municipality's investment policy under section 18 and the investment plan for the municipality under section 19; and
- (c) such other information that the council may require or that, in the opinion of the treasurer, should be included. O. Reg. 43/18, s. 10.

Inconsistencies, treasurer's duty

21. If an investment made by an Investment Board or a Joint Investment Board is, in the opinion of the municipality's treasurer, not consistent with the municipality's investment policy under section 18 and the investment plan for the municipality under section 19 of this Regulation or section 48.1 of Ontario Regulation 610/06 (Financial Activities) made under the *City of Toronto Act, 2006*, as the case may be, the treasurer shall report the inconsistency to the council within 30 days after becoming aware of it. O. Reg. 43/18, s. 10.

Agents of the Investment Board

22. (1) Subject to subsections (2) and (3), an Investment Board or Joint Investment Board may authorize an agent to exercise any of the board's functions to the same extent that a prudent investor, acting in accordance with ordinary investment practice, would authorize an agent to exercise any investment function. O. Reg. 43/18, s. 10.

(2) An Investment Board or Joint Investment Board may not authorize an agent under subsection (1) unless a written agreement between the board and the agent is in effect and the agreement includes,

(a) a requirement that the agent comply with the requirements included in the investment policy or policies under section 18 and with the investment plan under section 19; and

(b) a requirement that the agent report to the board at regular stated intervals. O. Reg. 43/18, s. 10.

(3) An Investment Board or Joint Investment Board shall exercise prudence in selecting an agent, in establishing the terms of the agent's authority and in monitoring the agent's performance to ensure compliance with those terms. O. Reg. 43/18, s. 10.

(4) For the purpose of subsection (3), prudence in monitoring an agent's performance includes,

(a) reviewing the agent's reports;

(b) regularly reviewing the agreement between the Investment Board or Joint Investment Board and the agent and how it is being put into effect, including assessing whether the requirement described in clause (2) (a) is being complied with;

(c) considering whether directions should be provided to the agent or whether the agent's appointment should be revoked; and

(d) providing directions to the agent or revoking the appointment if the Investment Board or Joint Investment Board considers it appropriate to do so. O. Reg. 43/18, s. 10.

(5) This section does not prevent the investment, by the Investment Board or Joint Investment Board, in mutual funds, pooled funds or segregated funds under variable insurance contracts, and the manager of such a fund is not an agent for the purpose of this section. O. Reg. 43/18, s. 10.

Withdrawal from investment arrangement

23. A municipality may withdraw from investing through an Investment Board or Joint Investment Board that the municipality has not established if all of the following conditions are met:

1. All the municipalities investing through the board agree to the withdrawal.

2. The municipality has done one of the following:

i. Entered into an agreement with another municipality that has established an Investment Board, that Investment Board and any other municipalities investing through that Investment Board, to invest through that Investment Board.

ii. Entered into an agreement with the municipalities that have established a Joint Investment Board, that Joint Investment Board and any other municipalities investing through that Joint Investment Board, to invest through that Joint Investment Board.

iii. Established an Investment Board on its own or established a Joint Investment Board with one or more other municipalities.

3. The municipality has given the Investment Board or Joint Investment Board through which it will be investing the control and management of the municipality's investments by delegating to the board,

i. the municipality's powers to make the investments, and

ii. the municipality's duties under section 418.1 of the Act. O. Reg. 43/18, s. 10.

Application of Part, withdrawal or dissolution

24. (1) This section applies if a municipality establishes an Investment Board or a Joint Investment Board,

(a) in order to meet the condition set out in subparagraph 2 iii of section 23 with respect to withdrawing from investing; or

(b) in order to meet a condition set out in Ontario Regulation 42/18 (Dissolution of and Prescribed Changes to Investment Board or Joint Investment Board) made under the Act. O. Reg. 43/18, s. 10.

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(2) The municipality must satisfy the requirement set out in paragraph 1 or 2 of section 15 at the time of establishing the board and the reference in subparagraph 1 ii of section 15 to "the day the municipality passes the by-law under subsection 418.1 (2) of the Act" is deemed for the purposes of this section to be a reference to "the day the Investment Board is established". O. Reg. 43/18, s. 10.

(3) Subsections 17 (1) and (2) apply to the municipality. O. Reg. 43/18, s. 10.

(4) Sections 16 and 18 to 22 apply with respect to the investment of money by the Investment Board or Joint Investment Board. O. Reg. 43/18, s. 10.

Transitional matters, what may be done in advance

25. For greater certainty, before a municipality passes a by-law under subsection 418.1 (2) of the Act and before the effective date of the by-law,

- (a) the municipality may establish an Investment Board or Joint Investment Board and appoint the members;
- (b) the municipality may enter into an agreement described in paragraph 2 or 3 of section 15;
- (c) the municipality may adopt an investment policy under section 18;
- (d) an Investment Board or Joint Investment Board may adopt an investment plan under section 19; and
- (e) an Investment Board or Joint Investment Board may authorize an agent under section 22. O. Reg. 43/18, s. 10.

Transitional matters, s. 418.1 of the Act

26. (1) No municipality shall pass a by-law under subsection 418.1 (2) of the Act until January 1, 2019. O. Reg. 43/18, s. 10.

(2) Despite the passing of a by-law by a municipality under subsection 418.1 (2) of the Act,

- (a) section 8 of this Regulation continues to apply to the municipality for the purposes of reporting in respect of any period up to and including the effective date of the by-law; and
- (b) section 20 of this Regulation applies to an Investment Board or Joint Investment Board for the purposes of reporting in respect of any period following the effective date of the by-law. O. Reg. 43/18, s. 10.

(3) Despite the passing of a by-law by a municipality under subsection 418.1 (2) of the Act,

- (a) section 8.1 of this Regulation continues to apply with respect to investments made on or before the effective date of the by-law; and
- (b) section 21 of this Regulation applies with respect to investments made following the effective date of the by-law. O. Reg. 43/18, s. 10.

(4) Despite the passing of a by-law by a municipality under subsection 418.1 (2) of the Act, reports shall be made by the treasurer under subsection 12 (1) of this Regulation until reports have been made covering the periods up to and including the period ending on the effective date of the by-law. O. Reg. 43/18, s. 10.

Français



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2022-F-2
Date: January 18, 2022

Subject:

Public Process for the Passage of a new Regional Transit Development Charge By-law

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

- A) That the Statutory Public Meeting of Regional Council, as required by the Development Charges Act, 1997 be held on April 27, 2022 in the Regional Council Chambers, or virtually if required by public health guidelines, at the beginning of the regular Regional Council meeting to consider the passage of a new Regional Transit Development Charge By-law;
- B) That the proposed Region's Regional Transit Development Charge By-law and Background Study, as required by the Development Charges Act, 1997, be released to the public at no charge upon request to the Regional Clerk's Department and posted on the Region's website, commencing April 12, 2022; and
- C) That staff be authorized to place appropriate notification in newspapers of sufficient general circulation in Durham Region and the Regional website setting forth the date, time, location and purpose of the Statutory Public Meeting and the date and contact for the release of the proposed Development Charge By-law and Background Study.

Report:

1. Purpose

- 1.1 The purpose of this report is to advise Regional Council of the public process necessary to pass a new Regional Transit Development Charge (DC) By-law.

2. Background

- 2.1 The current Regional Transit DC By-law (No. 81-2017) expires on December 31, 2022. This report seeks authorization to place the notification necessary to advise all interested parties of the recommended April 27, 2022 Statutory Public Meeting of Council and the pending release of the proposed Regional Transit Development Charge By-law and Background Study, as required by the Development Charges Act, 1997 (DCA) and associated regulations in order to have a new Regional Transit Development Charge By-law in place by July 1, 2022.

3. Previous Reports and Decisions

- 3.1 Regional Council approved Report #2021-F-23 which provided staff authorization to undertake the renewal of the Region's Regional Transit DC By-law.

4. Requirements of DCA and Associated Regulations Regarding Public Process

Public Process

- 4.1 The DCA and associated regulations require that Regional Council hold at least one public meeting to receive public representation on a proposed by-law and background study.
- 4.2 The required public meeting is to be held at the beginning of the Regional Council meeting on April 27, 2022 in the Regional Council Chambers, or virtually if required, pursuant to current Public Health recommendations at the time of the meeting. In addition, the Regional Council Meeting scheduled for June 22, 2022 will consider the final by-law.

Notice of Public Meeting

- 4.3 Regional Council is required to give at least 20 days notice of a public meeting. Therefore, the Regional Clerk will, by April 6, 2022, advertise a notice in newspapers of sufficient general circulation in Durham Region and on the Regional website, the date, time, location and purpose of the Statutory Public Meeting and the date and contact for the release of the proposed by-law and background study.

Release of Proposed By-law and Background Study

- 4.4 The DCA and associated regulations require that the proposed by-law and background study be made available to the public at least two weeks prior to the public meeting and 60 days prior to the passing of the DC By-law. Accordingly, the proposed Regional Transit DC By-law and Background Study will be available on the Regional website and from the Regional Clerk's office at no charge upon request as of April 12, 2022.

Public Input

- 4.5 The statutory public meeting of Council will be on April 27, 2022. Normally, the public meeting permits public representations related to the proposed by-law from any person who attends the meeting, as required under the DCA and associated regulations. However, in light of the COVID-19 pandemic and the associated public health guidelines, the Region of Durham may not be allowing the public into the Council Chambers. If public health guidelines do not allow in-person delegations, members of the public can speak via teleconference during the meeting. Interested parties can also submit written correspondence via email directly to the Regional Clerk or can mail comments to the Regional Clerk.
- 4.6 The public submissions, both resulting from the public meeting and all other comments received in writing by June 3, 2022 will be considered by staff in preparing the final by-law, which will be presented to Regional Council on June 22, 2022.
- 4.7 Staff will contact the local development industry (local and GTA chapters of the Building and Land Development Associations and the Durham Region Home Builders' Association), local Chambers of Commerce / Business Associations and the area municipalities prior to the Public Meeting to offer meetings to discuss the proposed development charge by-law.

5. Time Frame for Regional Development Charge Review

- 5.1 Figure 1 provides the timing of the necessary actions to renew the Region's Regional Transit DC By-law:

Figure 1
Schedule of Dates for the Region of Durham
Regional Transit DC By-law Process

1.	Public Meeting Notice placed in newspapers (20 days prior to Public Meetings)	By April 6, 2022
2.	Background study and proposed by-law available to the public on the Region's website (14 days prior to public meeting and 60 days prior to passing of DC By-law)	April 12, 2022
3.	Public Meeting of Council	April 27, 2022
4.	Final Date for Public Comment	June 3, 2022 5:00 pm
5.	Finance and Administration Committee Consideration of Final DC By-law	June 14, 2022
5.	Regional Council Consideration of Final DC By-law	June 22, 2022
6.	Implementation of DC By-law	July 1, 2022
7.	Newspaper and other notice given of by-law passage	By 20 days after passage of by-law
8.	Last day for by-law appeal	40 days after passage of by-law
9.	Region makes available pamphlet (where by-law not appealed)	By 60 days after in-force date

6. Relationship to Strategic Plan

- 6.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
- a. Ensuring the Region's DC By-law is in conformity with the DCA, supporting Goal 5 (Service Excellence).

7. Conclusion

- 7.1 This report provides Regional Council with an overview of the necessary tasks to undertake the public process to pass a new Regional Transit DC By-law.
- 7.2 This report has been reviewed by staff of the Planning & Economic Development, Works, Durham Region Transit and Corporate Services - Legal departments who concur with the recommendations.

Respectfully submitted,

Original Signed By

N. Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer