



Media Release: Friday, September 5, 2014, 4:30 p.m.

Regional Municipality of Waterloo

Administration and Finance Committee

Agenda

Tuesday, September 9, 2014

Approximately 10:00 a.m. (Immediately following Community Services Committee)

Regional Council Chamber

150 Frederick Street, Kitchener

-
- 1. Declarations of Pecuniary Interest under “The Municipal Conflict of Interest Act”**
 - 2. Presentations**
 - a) THEMUSEUM – David Marskell, CEO and Murray Gamble, Board Member Re: Financial Update

Consent Agenda Items

Items on the Consent Agenda can be approved in one motion of Committee to save time. Prior to the motion being voted on, any member of Committee may request that one or more of the items be removed from the Consent Agenda and voted on separately.

- 3. Request to Remove Items from Consent Agenda**
- 4. Motion to Approve Items or Receive for Information**
 - a) [F-14-111](#), Investment Position at June 30, 2014 (Information) 1
 - b) [CR-CLK-14-010](#), Appointments to Municipal Elections Compliance Audit Committee (Information) 9

Regular Agenda Resumes

5. Information/Correspondence

- a) Council Enquiries and Requests for Information [Tracking List](#) 11

6. Other Business**7. Next Meeting – September 30, 2014****8. Motion to Go Into Closed Session**

That a closed meeting of the Administration and Finance and Planning and Works Committees be held on Tuesday, September 9, 2014 immediately following the Administration and Finance Committee meeting in the Waterloo County Room in accordance with Section 239 of the “Municipal Act, 2001”, for the purposes of considering the following subject matters:

- a) receiving of legal advice subject to solicitor-client privilege and proposed or pending litigation related to a matter before an administrative tribunal
- b) receiving of legal advice subject to solicitor-client privilege, proposed or pending litigation and labour relations related to a matter before an administrative tribunal
- c) receiving of legal advice subject to solicitor-client privilege and proposed or pending disposition of property in the City of Kitchener
- d) receiving of legal advice subject to solicitor-client privilege and personal matters about identifiable individuals
- e) receiving of legal advice subject to solicitor-client privilege related to a contract
- f) receiving of legal advice subject to solicitor-client privilege and proposed or pending litigation related to an agreement
- g) receiving of legal advice subject to solicitor-client privilege and proposed or pending acquisition of land in the City of Cambridge
- h) receiving of legal advice subject to solicitor-client privilege and proposed or pending litigation related to an agreement

- i) receiving of legal advice subject to solicitor-client privilege and proposed or pending acquisition of land in the Region of Waterloo
- j) receiving of legal advice subject to solicitor-client privilege and proposed or pending litigation related to an agreement
- k) proposed or pending acquisition of land in the City of Kitchener
- l) receiving of legal advice subject to solicitor-client privilege and proposed or pending litigation related to an agreement
- m) personal matters about identifiable individuals related to committee appointments
- n) receiving of legal advice subject to solicitor-client privilege and proposed or pending litigation related to a matter before an administrative tribunal
- o) proposed or pending acquisition of land in the City of Kitchener
- p) proposed or pending acquisition of land in the City of Waterloo

9. Adjourn



Report: F-14-111

Region of Waterloo
Finance Department
Treasury Services Division

To: Chair Tom Galloway and Members of the Administration and Finance Committee

Date: September 9, 2014 **File Code:** F12-20

Subject: Investment Position at June 30, 2014

Recommendation:

For Information

Summary: Nil

Report:

Investing activities are governed by Section 418 of the “Municipal Act,” Ontario Regulation 438/97 and by the Region’s Consolidated Investment Policy. The Region’s Consolidated Investment Policy states that the Investment Policy Objectives are as follows, in priority order:

A. General Portfolio Policy Objectives

1. Minimization of Credit Risk
2. Maintenance of Liquidity
3. Rate of Return

B. Sinking Fund Portfolio Policy Objectives

1. Minimization of Credit Risk
2. Rate of Return
3. Maintenance of Liquidity

The Consolidated Investment Policy also requires that reports and a summary of compliance with the policy be provided to the Administration and Finance Committee.

This report describes the Region's investment position at June 30, 2014 for the General Portfolio and Sinking Fund Portfolio. Both investment portfolios held eligible investments of various terms. Bonds were verified to comply with the Region's Consolidated Investment Policy at the time of each investment purchase. The following table summarizes the combined portfolio balance over the past five years.

Region of Waterloo					
5 Year Portfolio Book Value as at June 30, 2014					
	2010	2011	2012	2013	2014
General Portfolio	252.3 m	250.1 m	199.8 m	312.1 m	316.2 m
Sinking Fund Portfolio	34.9 m	33.0 m	26.5 m	8.8 m	7.7 m
Total	\$287.2 m	\$283.1 m	\$226.3 m	\$320.9 m	\$323.9 m

General Investment Portfolio

The Region's General Portfolio is comprised of reserves, reserve funds and operating funds. Provincial regulations establish the type of investments the Region can hold while the Region's Consolidated Investment Policy establishes limits for the allowable investments. The Region's General Portfolio is currently comprised of holdings ranging from daily money market instruments to long term bonds and debentures.

Cash is a significant portion of the General Portfolio at June 30th due to debenture issues in the spring and fall of 2013 and the spring of 2014 to take advantage of low interest rates and in anticipation of cash flow requirements for upcoming capital projects. The portfolio holdings are summarized as follows based on earliest applicable call dates:

General Portfolio as at June 30, 2014					
	Cash	Short Term Investments (< 1 year)	Medium Term Investments (1 to 5 years)	Long Term Investments (> 5 years)	Total
Book Value	\$170.1 m	\$31.9 m	\$74.0 m	\$40.2 m	\$316.2 m
% of Portfolio	53.8%	10.1%	23.4%	12.7%	100.0%
Number of Securities	n/a	18	32	22	72
Investment Strategy	General cash flow requirements		Maturities planned to coincide with expected use of reserves and reserve funds		Varied
Yield Range	1.30%	0.76% - 2.35%	2.40% - 6.73%	3.35% - 5.70%	0.76% - 6.73%
Weighted Average Yield	1.30%	4.17%	4.37%	4.53%	2.99%
Total Average Annualized Yield for General Portfolio excluding cash					4.29%
Weighted Average Term to Maturity excluding cash					3.52 years

General Portfolio holdings at June 30, 2014 by issuer are shown in Appendix 1. Additional information on the General Portfolio is shown on Appendix 2.

Sinking Fund Portfolio

The Sinking Fund Portfolio is comprised of contributions from the sinking fund participants pertaining to these specific debentures and investment income earned on the contributions.

The book balance is significantly lower in 2013 and 2014 due to Sinking Fund debt retirements in 2012 and 2013. The cash balance at June 30th comprises a significant portion of the Sinking Fund portfolio due to contributions from Sinking Fund participants in May that were not yet invested at June 30th.

Due to Sinking Fund debt retirements in 2012 and 2013, some portfolio components appear to exceed the policy limits as shown in Appendix 3. However, under the Region's Consolidated Investment Policy, compliance is required at the time of purchase. Bonds were verified to comply with the Region's Consolidated Investment Policy at the time of each purchase. The portfolio is summarized as follows based on earliest applicable call dates:

Sinking Fund Portfolio as at June 30, 2014					
	Cash	Short Term Investments (< 1 year)	Medium Term Investments (1 to 5 years)	Long Term Investments (> 5 years)	Total
Book Value	\$5.5 m	\$Nil	\$0.8 m	\$1.4 m	\$7.7 m
% of Portfolio	71.3%	0%	11.0%	17.7%	100.0%
Number of Securities	n/a	0	1	2	3
Investment Strategy	General cash flow requirements		Maturities are planned to coincide with sinking fund maturities		Varied
Yield Range	1.30%	n/a	6.73%	5.30% - 5.40%	1.30% - 6.73%
Weighted Average Yield	1.30%	n/a	6.73%	5.35%	3.50%
Total Average Annualized Yield for Sinking Fund Portfolio excluding cash					5.64%
Weighted Average Term to Maturity excluding cash					5.17 years

Sinking Fund Portfolio holdings at June 30, 2014 by issuer are shown in Appendix 3. Additional information on the Sinking Fund Portfolio is shown on Appendix 4.

Investments/Disposals of Own Securities

The Region did not invest in or dispose of any of its own securities in either the General Portfolio or Sinking Fund Portfolio during the first six months of 2014.

Corporate Strategic Plan:

One of the focus areas of the Corporate Strategic Plan is Service Excellence. The objective of this focus area is to ensure all Regional programs and services are efficient and effective and demonstrate accountability to the public.

Financial Implications:

The Bank of Canada overnight rate has remained at 1.00% since September 8, 2010 through its most recent rate setting on September 3, 2014 and is expected to remain at this level for some time. Low interest rates and a robust capital investment program continue to impact the Region through decreased interest income attributable to reserves, reserve funds and the operating budget. Bond maturities are used for capital expenditures and funds available for reinvestment are yielding a lower rate of return. Staff monitors cash balances daily and will continue to assess cash requirements and market conditions in order to minimize risk, maintain liquidity and maximize interest revenue in a period of sustained low interest rates. Staff is also developing Sinking Fund investment strategies to address the future maturities of Sinking Fund debt issued in recent years.

Other Department Consultations/Concurrence: Nil**Attachments:**

Appendix 1 – General Portfolio Holdings at June 30, 2014

Appendix 2 – Additional Information on General Portfolio at June 30, 2014

Appendix 3 – Sinking Fund Portfolio Holdings at June 30, 2014

Appendix 4 – Additional Information on Sinking Funding Portfolio at June 30, 2014

Prepared By: Tricia Alpaugh, Manager of Treasury Services

Approved By: Craig Dyer, Chief Financial Officer

Appendix 1 – General Portfolio Holdings at June 30, 2014

SECURITY DESCRIPTION	Portfolio Amount	%	Policy Limitation Per Issuers	Maximum Per Issuer	Policy Limitation Per Category	Maximum Per Category
PROVINCIAL						
Ontario	\$ 28,083,887	19.3%	\$ 72,841,151	50.0%	\$ 72,841,151	50.0%
British Columbia	\$ 4,452,198	3.1%	\$ 36,420,576	25.0%	\$ 36,420,576	25.0%
Alberta Cap Fin Auth	\$ 3,151,572	2.2%	\$ 36,420,576	25.0%	\$ 36,420,576	25.0%
Other Provincials						
Nova Scotia	\$ 4,138,819	2.8%	\$ 14,568,230	10.0%		
Manitoba	3,030,325	2.1%	14,568,230	10.0%		
New Brunswick	4,011,282	2.8%	14,568,230	10.0%		
Total Other Provincials	\$ 11,180,426	4.8%			\$ 36,420,576	25.0%
SCHEDULE I BANKS						
TD/Canada Trust	\$ 4,509,200	3.1%	\$ 14,568,230	10.0%		
CIBC	9,244,726	6.3%	14,568,230	10.0%		
Bank of Nova Scotia	3,011,235	2.1%	14,568,230	10.0%		
Bank of Montreal (1)	18,669,430	12.8%	14,568,230	10.0%		
Royal Bank	8,426,759	5.8%	14,568,230	10.0%		
Total Schedule I Banks	\$ 43,861,350	30.1%			\$ 50,988,806	35.0%
MUNICIPAL						
Region of Waterloo	\$ 13,334,997	9.2%	\$ 72,841,151	50.0%	\$ 72,841,151	50.0%
Other Municipalities						
Region of Niagara	\$ 3,433,624	2.4%	\$ 14,568,230	10.0%		
City of Toronto	\$ 7,181,123	4.9%	14,568,230	10.0%		
City of Hamilton	\$ 1,004,504	0.7%	14,568,230	10.0%		
Region of Durham	\$ 3,081,507	2.1%	14,568,230	10.0%		
Region of Halton	\$ 1,574,804	1.1%	14,568,230	10.0%		
Region of York	\$ 14,604,719	10.0%	14,568,230	10.0%		
City of London	\$ 1,997,394	1.4%	14,568,230	10.0%		
BC Mun Finance Authority	\$ 7,528,937	5.2%	14,568,230	10.0%		
Total Other Municipalities	\$ 40,406,611	27.7%			\$ 36,420,576	25.0%
Total Bond Holdings	\$ 144,471,041					
INVESTMENT FUNDS						
One Investment Fund	\$ 1,211,262	0.8%	\$ 72,841,151	50.0%	\$ 72,841,151	50.0%
TOTAL INVESTMENT PORTFOLIO	\$ 145,682,303	100.0%				
PH&N - Social Housing Investments (2)	\$ 375,166					
General Bank Funds	\$ 170,135,263					
TOTAL GENERAL PORTFOLIO	\$ 316,192,731					

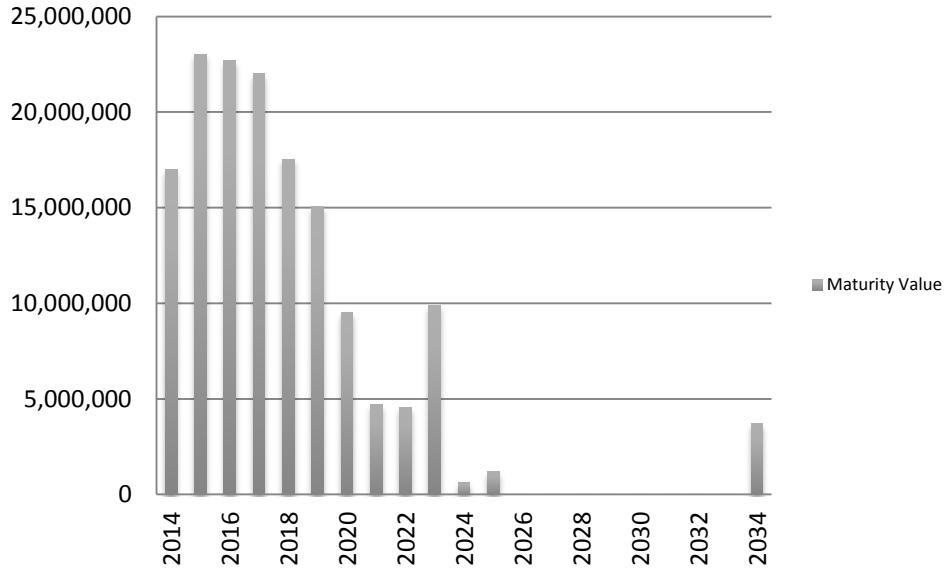
Notes:

- (1) Some portfolio components may appear to exceed the policy limits. However, under the Region's Consolidated Investment Policy, compliance is required at the time of purchase. Each bond has been verified to comply with the Region's Consolidated Investment Policy at the time of purchase.
- (2) Phillips Hagar & North - Social Housing Fund transferred from ROWCHI in 2012. Funds will be expended in 2014.
- (3) Alternate formats available upon request.

Appendix 2 – Additional Information on General Portfolio at June 30, 2014

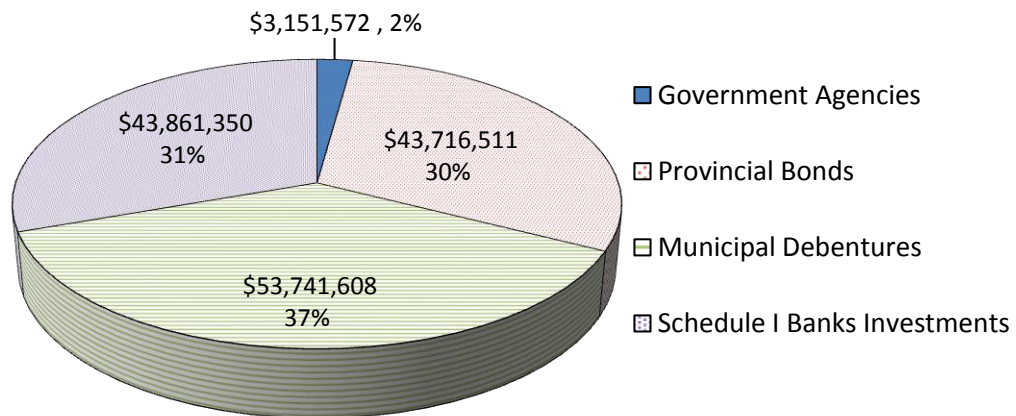
Investments by Year of Maturity based on Earliest Applicable Call Date

Bond maturities have been designed to coincide with expected use of reserves and reserve funds.



Bond Investments by Sector

Bond investments are governed by the Region’s Consolidated Investment Policy.



Total = \$144,471,041

Note: Alternate formats available upon request.

Appendix 3 – Sinking Fund Portfolio Holdings at June 30, 2014

SECURITY DESCRIPTION	Portfolio Amount	%	Policy Limitation Per Issuers	Maximum Per Issuer	Policy Limitation Per Category	Maximum Per Category
SCHEDULE I BANKS						
CIBC Residuals	848,424	37.8%	318,243	10.0%		
Total Schedule I Banks	\$ 848,424	37.8%			\$ 1,113,852	35.0%
MUNICIPAL						
Region of Waterloo	\$ 1,366,808	62.2%	\$ 1,591,217	50.0%	\$ 1,591,217	50.0%
TOTAL INVESTMENT PORTFOLIO	\$ 2,215,232	100.0%				
BNS General Bank Funds	\$ 5,488,907					
TOTAL SINKING FUND PORTFOLIO	\$ 7,704,139					

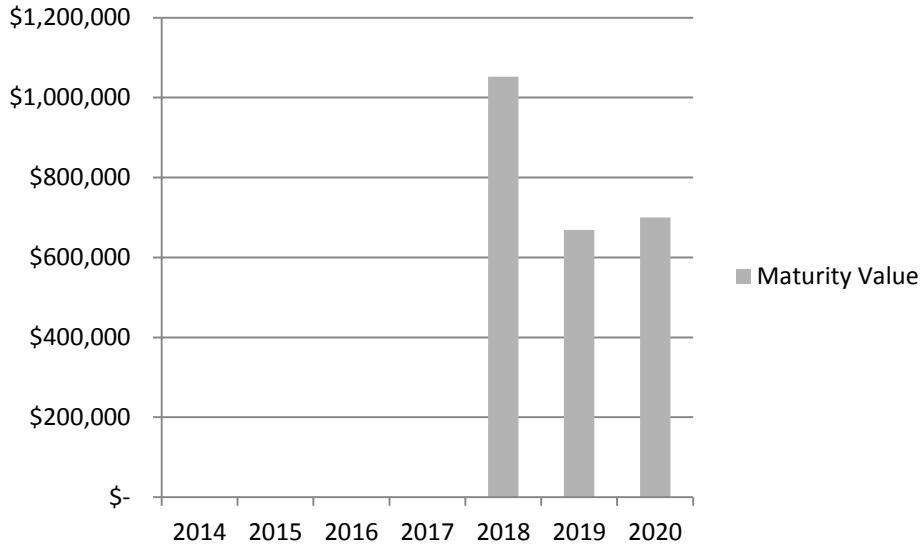
Notes:

- (1) Each bond has been verified to comply with the Region's Consolidated Investment Policy at the time of purchase. Significant maturities in 2012 and 2013 result in some portfolio components appearing to exceed the policy limits. However, under the Region's Consolidated Investment Policy, compliance is required at the time of purchase. Bonds were verified to comply with the Region's Consolidated Investment Policy at the time of purchase.
- (2) Alternate formats available upon request.

Appendix 4 – Additional Information on Sinking Fund Portfolio at June 30, 2014

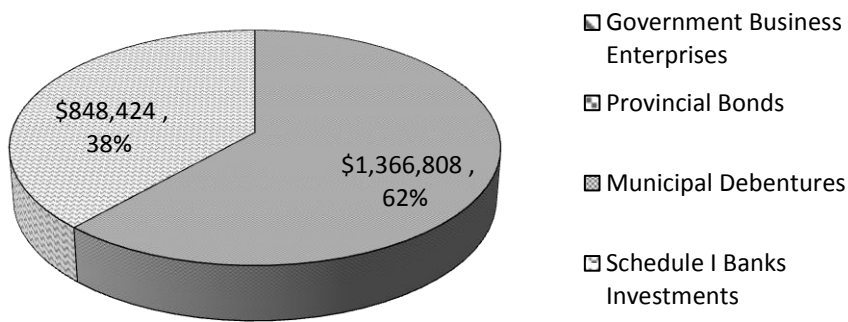
Investments by Year of Maturity based on Earliest Applicable Call Date

Bond maturities have been designed to coincide with sinking fund debenture maturities.



Bond Investments by Sector

Bond investments are governed by the Region’s Consolidated Investment Policy.



Total = \$2,215,232

Note: Alternate formats available upon request.



Report: CR-CLK-14-010

Region of Waterloo
Corporate Resources
Council and Administrative Services

To: Chair Tom Galloway and Members of the Administration and Finance Committee

Date: September 9, 2014 **File Code:** C03-20

Subject: Appointments to Municipal Elections Compliance Audit Committee

Recommendation:

For Information

Summary:

The “Municipal Elections Act” requires the establishment of a Compliance Audit Committee by October 1st of an election year. The process for applications for compliance audits is outlined in the legislation. In June 2010 Regional Council approved the creation of the Municipal Elections Compliance Audit Committee (MECAC). At that time Regional Council also delegated the authority to appoint members to the Committee to the Regional Clerk.

Report:

The Region of Waterloo appointed its first Compliance Audit Committee in 2006. In 2010 the Municipal Clerks agreed to the establishment of a joint committee with the majority of area municipalities within the Region of Waterloo. In 2014 the City of Cambridge has joined the joint committee. The terms of reference have been revised to now include all participating municipalities. A copy of the terms of reference is available upon request.

The purpose of the Committee is to consider applications, submitted by the electorate, for the review of a candidate’s campaign finances received under Section 81 of the “Municipal Elections Act”. The Committee can either accept or reject any application received. If granted, the Committee will appoint an auditor to review the finances, receive and consider the auditor’s report and decide whether legal proceedings/actions should commence or if there were reasonable grounds for the application.

Applications will be dealt with by the host municipality utilizing the members appointed. The host municipality is defined as the municipality where the compliance audit is received and where the candidate was nominated and ran for election. The host municipality is responsible for the administration of meetings, preparation of agendas/ minutes and payment of remuneration, etc. The auditor's report is also submitted to the host Council and they are entitled to recover the auditor's costs if there was no apparent contravention and the Committee finds no reasonable grounds for the application.

Advertisements for membership to the MECAC were placed in all local newspapers, posted on the respective municipal websites and posted through various social media channels. The Clerks from each of the participating municipalities reviewed the applications. The selection of members was based on criteria outlined in the terms of reference, including: accounting/auditing; political science and/or local government administration; legal; and municipal election finance rules.

The following people were unanimously appointed by the Clerks' group for the term December 1, 2014 to November 30, 2018:

- Larry Aberle
- Kevin Bambrick
- Thomas Jutzi
- Murray Stoddart
- Grace Sudden
- Robert J. Williams
- Carl Zehr

Corporate Strategic Plan:

This report is in response to legislative requirements and is in keeping with the Region's Corporate Values and Strategic Plan, Focus Area 6, Service Excellence.

Financial Implications:

None at this time, however costs will be incurred if a request for compliance audit is received. Since the inception of a Compliance Audit Committee at the Region of Waterloo in 2006, there have been no requests for compliance audits received.

Other Department Consultations/Concurrence:

Nil

Prepared By: Lee Ann Wetzel, Manager, Council & Administrative Services/Deputy Clerk

Approved By: Kris Fletcher, Director, Council & Administrative Services/Regional Clerk

Council Enquiries and Requests for Information				
Administration and Finance Committee				
Meeting date	Requestor	Request	Assigned Department	Anticipated Response Date
11-Dec-13	D. Craig	That staff review and comment on a three year planned budget cycle starting in 2016 and modeled after the City of Waterloo.	Finance/CAO's Office	TBD
12-Aug-14	J. Haalboom	That staff prepare a report regarding the status of the Creative Enterprise Initiative (CEI) including its activities and accomplishments.	CAO's Office	Oct-2014