

Notice of Meeting and Meeting Agenda Finance Committee

Wednesday, January 5, 2022

9:30 AM

6th Floor Boardroom
625 Fisgard St.
Victoria, BC V8W 1R7

S. Brice (Chair), K. Williams (Vice Chair), D. Blackwell, D. Howe, J. Loveday, J. Olsen, G. Orr,
D. Screech, N. Taylor, R. Windsor, G. Young, C. Plant (Board Chair, ex officio)

The Capital Regional District strives to be a place where inclusion is paramount and all people are treated with dignity. We pledge to make our meetings a place where all feel welcome and respected.

1. Territorial Acknowledgement

2. Approval of Agenda

3. Adoption of Minutes

3.1. [22-027](#) Minutes of the November 3, 2021 Finance Committee

Recommendation: That the minutes of the Finance Committee meeting of November 3, 2021 be adopted as circulated.

Attachments: [Minutes - November 3, 2021](#)

4. Chair's Remarks

5. Presentations/Delegations

In keeping with directives from the Province of BC, there is limited space for the public to attend CRD Board meetings in-person at this time. However, the public may continue to view meeting materials and Live Webcasts online. If you wish to attend a meeting in-person, please email legserv@crd.bc.ca.

CRD encourages delegations to participate electronically. Please complete the online application for "Addressing the Board" on our website and staff will respond with details.

Alternatively, you may email your comments on an agenda item to the CRD Board at crdboard@crd.bc.ca.

5.1. [22-009](#) Presentation: 2021 Audit Planning, Lenora Lee, Lead Audit Engagement Partner, KPMG (Verbal)

Recommendation: That the 2021 Audit Planning presentation be received for information.

- 5.2. [22-013](#) Presentation: Debt Management & Other Topics, Peter Urbanc, CEO, Municipal Finance Authority of BC

Recommendation: That the Debt Strategy & Other Topics presentation be received for information.

Attachments: [Presentation: MFA, Debt Management & Other Topics](#)

6. Committee Business

- 6.1. [22-002](#) Finance Committee 2022 Terms of Reference

Recommendation: That the Finance Committee 2022 Terms of Reference be received for information.

Attachments: [Staff Report: Finance Committee 2022 Terms of Reference](#)
[Appendix A: Finance Committee 2022 ToR](#)

- 6.2. [22-004](#) Royal and McPherson Theatres Services Advisory Committee 2022 Terms of Reference

Recommendation: The Finance Committee recommends to the Capital Regional District Board: That the 2022 Royal and McPherson Theatres Services Advisory Committee Terms of Reference attached at Appendix A be approved.

Attachments: [Staff Report: RMTSAC 2022 Terms Of Reference](#)
[Appendix A: RMTSAC 2022 ToR](#)

- 6.3. [22-003](#) Capital Regional District 2021 Audit Planning Discussion

Recommendation: The Finance Committee recommends to the Capital Regional District Board: That the Capital Regional District 2021 Audit Plan developed by KPMG be approved.

Attachments: [Staff Report: CRD 2021 Audit Planning Discussion](#)
[Appendix A: CRD 2021 Audit Planning Report KPMG](#)

- 6.4. [21-676](#) Municipal Finance Authority - Debt Issuance Terms

Recommendation: [At the December 8, 2021 Capital Regional District Board meeting, the Municipal Finance Authority - Debt Issuance Terms report was received for information and referred back to the Finance Committee for further discussion on the implications.]

Attachments: [Staff Report: Municipal Finance Authority - Debt Issuance Terms](#)
[Appendix A: Magic Lake Notice Assent Voting Opportunity](#)
[Appendix B: Rate Analysis](#)

- 6.5. [22-007](#) Update on the Municipal Finance Authority Product Offerings

Recommendation: The Finance Committee recommends to the Capital Regional District Board: That the Update on the Municipal Finance Authority Product Offerings report be received for information.

Attachments: [Staff Report: Update on the Municipal Finance Authority Product Offerings](#)
[Appendix A: DMAC Overview](#)
[Appendix B: MFA DMAC Presentation](#)

6.6. [22-006](#) Capital Regional District External Grants Update

Recommendation: The Finance Committee recommends to the Capital Regional District Board:
That the Capital Regional District External Grants Update be received for information.

Attachments: [Staff Report: CRD External Grants Update](#)
 [Appendix A: External Grants Dashboard](#)

6.7. [22-008](#) Bylaw No. 4476: Security Issuing Bylaw, Spring 2022

Recommendation: The Finance Committee recommends to the Capital Regional District Board:
1. That Bylaw No. 4476, "Security Issuing Bylaw No. 1, 2022", be introduced and read a first, second, and third time; and
2. That Bylaw No. 4476 be adopted.

Attachments: [Staff Report: Bylaw No. 4476 Security Issuing Spring 2022](#)
 [Appendix A: Bylaw 4476 Security Issuing Bylaw No.1, 2022](#)

7. Notice(s) of Motion**7.1. [22-010](#) Motion with Notice: Socially and Environmentally Responsible Investing
(Directors Taylor and Loveday)**

Recommendation: The Finance Committee recommends to the Capital Regional District Board:
1. That staff be directed to report back with options to move investments further into alignment with the CRD's stated social and environmental values, including the declaration of a climate emergency;
2. And that staff be directed to develop a draft policy regarding socially and environmentally responsible investing that could be considered by member local governments.

8. New Business**9. Adjournment**

Next Meeting: March 2, 2022

To ensure quorum, please advise Tamara Pillipow (tpillipow@crd.bc.ca) if you or your alternate are unable to attend.

Meeting Minutes

Finance Committee

Wednesday, November 3, 2021

10:00 AM

**6th Floor Boardroom
625 Fisgard St.
Victoria, BC V8W 1R7**

PRESENT

Directors: K. Williams (Vice Chair), J. Brownoff (for S. Brice (Chair)) (EP), D. Blackwell (EP), P. Brent (for D. Howe) (EP), J. Loveday, G. Orr (EP), D. Screech, N. Taylor, R. Windsor (EP), C. Plant (Board Chair, ex officio)

Staff: R. Lapham, Chief Administrative Officer; N. Chan, Chief Financial Officer; R. Lachance, Senior Manager, Financial Services; M. Lagoa, Deputy Corporate Officer; T. Pillipow, Committee Clerk (Recorder)

EP - Electronic Participation

Regrets: Directors: S. Brice, D. Howe, G. Young, Councillor J. Olsen

The meeting was called to order at 10:00 am.

1. Territorial Acknowledgement

Director Loveday provided a Territorial Acknowledgement.

2. Approval of Agenda

**MOVED by Director Screech, SECONDED by Director Taylor,
That the agenda for the November 3, 2021 Finance Committee meeting be
approved.
CARRIED**

3. Adoption of Minutes

3.1. [21-634](#) Minutes of the July 7, 2021 Finance Committee Meeting

**MOVED by Director Screech, SECONDED by Director Loveday,
That the minutes of the Finance Committee meeting of July 7, 2021 be adopted
as circulated.
CARRIED**

4. Chair's Remarks

Acting Chair Williams noted that on November 1, 2021, Victoria Real Estate Board statistics show a 25% increase in housing prices over 2020.

5. Presentations/Delegations

There were no presentations or delegations.

6. Committee Business

- 6.1. [21-778](#) Minutes of Other Committees/Commissions for Information
- MOVED by Director Plant, SECONDED by Director Taylor,
That the minutes of the Royal and MacPherson Theatres Services Advisory
Committee meeting of October 15, 2021 be received for information.
CARRIED**
- 6.2. [21-650](#) 2022 Budget Process for the Royal Theatre Service and the McPherson Playhouse Service
- N. Chan spoke to Item 6.2.
- MOVED by Director Screech, SECONDED by Director Plant,
The Royal and McPherson Theatres Services Advisory Committee recommends
the Finance Committee recommend to the Capital Regional District Board:
1. That the 2022 Budget Process for the Royal Theatre Service and the
McPherson Playhouse Service report be received for information; and
2. That the maximum allowable contribution amount be approved for the Royal
Theatre and McPherson Playhouse services.
CARRIED**
- 6.3. [21-686](#) Capital Regional District External Grants Update
- N. Chan spoke to Item 6.3.
- MOVED by Director Taylor, SECONDED by Director Loveday,
The Finance Committee recommends to the Capital Regional District Board:
That the Capital Regional District External Grants Update be received for
information.
CARRIED**
- 6.4. [21-687](#) COVID-19 Safe Restart Grants for Local Governments - Regional Update
- N. Chan spoke to Item 6.4.
- MOVED by Director Screech, SECONDED by Director Taylor,
The Finance Committee recommends to the Capital Regional District Board:
That the COVID-19 Safe Restart Grants for Local Governments - Regional Update
report be received for information.
CARRIED**

- 6.5.** [21-676](#) Municipal Finance Authority - Debt Issuance Terms
- N. Chan spoke to Item 6.5.
- MOVED by Director Taylor, SECONDED by Director Screech,
The Finance Committee recommends to the Capital Regional District Board:
That the Municipal Finance Authority - Debt Issuance Terms report be received
for information.
CARRIED**
- 6.6.** [21-762](#) Bylaw No. 4460: Temporary Borrowing (Southern Gulf Islands Harbours
Improvements) Bylaw No. 1, 2021
- N. Chan spoke to Item 6.6.
- MOVED by Director Screech, SECONDED by Director Taylor,
The Finance Committee recommends to the Capital Regional District Board:
1. That Bylaw No. 4460, "Temporary Borrowing (Southern Gulf Islands Harbours
Improvements) Bylaw No. 1, 2021", be introduced and read a first, second and
third time; and
2. That Bylaw No. 4460 be adopted.
CARRIED**
- 6.7.** [21-806](#) Bylaw No. 4463: Temporary Borrowing (Florence Lake Water System
Upgrades) Bylaw No. 1, 2021
- N. Chan spoke to Item 6.7.
- MOVED by Director Screech, SECONDED by Director Taylor,
The Finance Committee recommends to the Capital Regional District Board:
1. That Bylaw No. 4463, "Temporary Borrowing (Florence Lake Water System
Upgrades) Bylaw No. 1, 2021", be introduced and read a first, second and third
time; and
2. That Bylaw No. 4463 be adopted.
CARRIED**
- 6.8.** [21-643](#) Bylaw No. 4456: Financial Plan Amendment Bylaw No. 3, 2021
- N. Chan spoke to Item 6.8.
- MOVED by Director Screech, SECONDED by Director Taylor,
The Finance Committee recommends to the Capital Regional District Board:
1. That Bylaw No. 4456, "2021 to 2025 Financial Plan Bylaw, 2021, Amendment
Bylaw No. 3, 2021" be introduced and read a first, second, and third time; and
2. That Bylaw No. 4456 be adopted.
CARRIED**

- 6.9. [21-675](#) Bylaw No. 4461: Revenue Anticipation (General Purpose) Bylaw No. 1, 2021

N. Chan spoke to Item 6.9.

MOVED by Director Screech, SECONDED by Director Taylor,
The Finance Committee recommends to the Capital Regional District Board:
1. That Bylaw No. 4461, "Revenue Anticipation Borrowing (General Purpose)
Bylaw No. 1, 2021" be introduced and read a first, second, and third time.
2. That Bylaw No. 4461 be adopted.
CARRIED

7. Correspondence

- 7.1. [21-674](#) Letter from Mayor Helps, City of Victoria, dated October 25, 2021 re: Letter from Regional District of Mount Waddington - Contribution to Lytton Fire Relief

Discussion ensued on whether the Capital Regional District could make a Grant-in-Aid to another local government.

MOVED by Director Screech, SECONDED by Director Taylor,
That the correspondence be received for information.

MOVED by Director Loveday, SECONDED by Director Taylor,
That the motion be amended to refer the letter to staff to bring back a report to the committee.

DEFEATED

OPPOSED: Blackwell, Brent, Brownoff, Orr, Plant, Screech, Windsor

The question was called on the main motion.

MOVED by Director Screech, SECONDED by Director Taylor,
That the correspondence be received for information.
CARRIED

8. Notice(s) of Motion

- 8.1. [21-825](#) Motion with Notice: Minimum Time Allocation for Budget Deliberations (Director Isitt)

MOVED by Director Plant, SECONDED by Director Loveday,
The Finance Committee recommends to the Capital Regional District Board:
That the Board direct that beginning in the autumn of 2022 and continuing in future years (until such time as this policy is varied), a minimum of one full meeting day will be scheduled for the Board's deliberations on the next year's Financial Plan.
CARRIED

21-842 Notice of Motion (Director Taylor/Loveday)

Director Taylor provided the following Notice of Motion for consideration at the next meeting of the Finance Committee:

That the Finance Committee recommend that the Capital Regional District Board:

1. Direct staff to report back with options to move investments further into alignment with the CRD's stated social and environmental values, including the declaration of a climate emergency;
2. And that the board directs staff to develop a draft policy regarding socially and environmentally responsible investing that could be considered by member local governments.

9. New Business

There was no new business.

10. Adjournment

MOVED by Director Plant, **SECONDED** by Director Loveday,
That the November 3, 2021 Finance Committee meeting be adjourned at 10:28 am.
CARRIED

CHAIR

RECORDER



**Municipal Finance
Authority of BC**

Debt Management & Other Topics

Presentation to CRD Finance Committee
January 5th, 2022

Peter Urbanc, CEO



- Traditional Lending / Borrowing Model Overview
- Modernization of Debt Management Approach Necessary
 - Debt growth
 - Asset / liability mismatch
 - Refinancing concentration
 - Investor volatility
- Debt Management and Pricing Relative to Peers
 - Spreads indicate too much short-term debt
 - Considerably shorter issuance on average
- Member Impacts - What You Can Expect Moving Forward
- Update on MFA Pooled Funds
- DMAC Fund – Carbon Light approach



- New loans have traditionally been funded by issuing a marketable 10-year bullet bond, locking-in a fixed interest rate for MFA (and the Member) for the first ten years
- As clients may borrow for up to thirty years, loans longer than ten years have been typically refinanced every five years, following the initial ten-year period

25-Year Amortizing Loan Example

10-Year Bullet Debenture

5-Year Bullet
Debenture

5-Year Bullet
Debenture

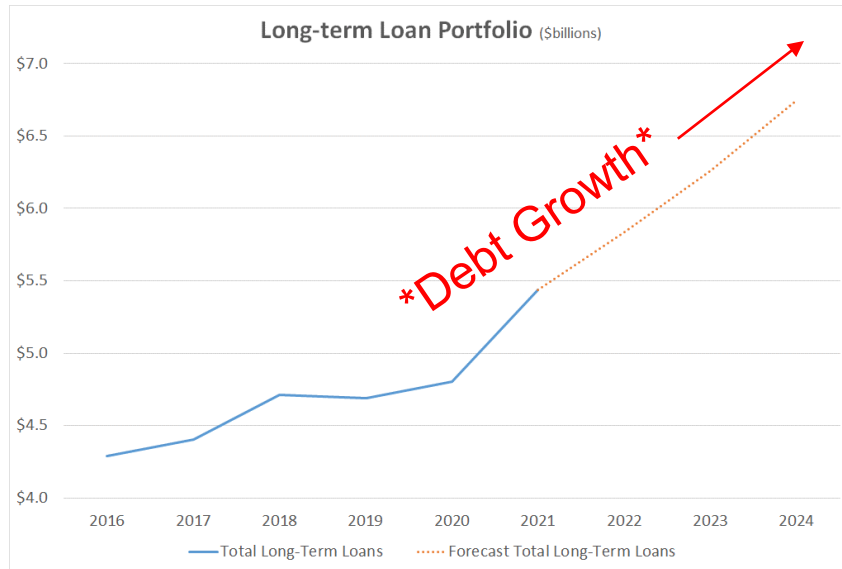
5-Year Bullet
Debenture

- Over the last few years MFA has been evaluating how best to finance each loan package based on several variables including:
 - Market conditions;
 - Loan requests received;
 - Steepness of the curve;
 - Investor interest; and
 - Prudent debt management practices such as balancing future refinancing risk

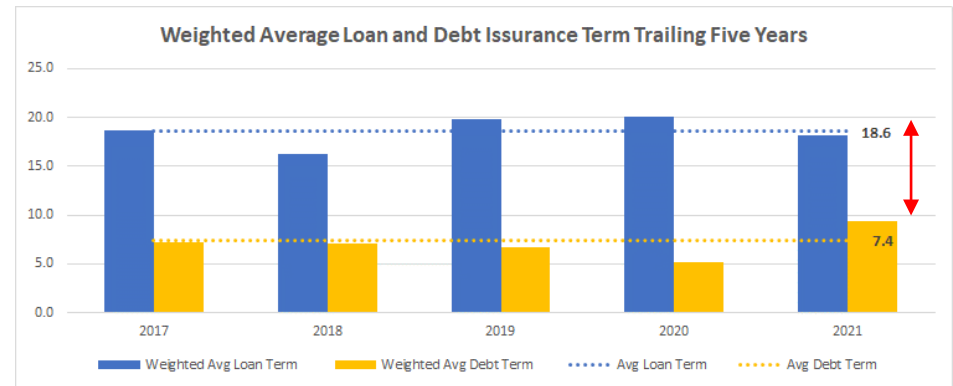
MODERNIZATION OF DEBT MANAGEMENT APPROACH NECESSARY



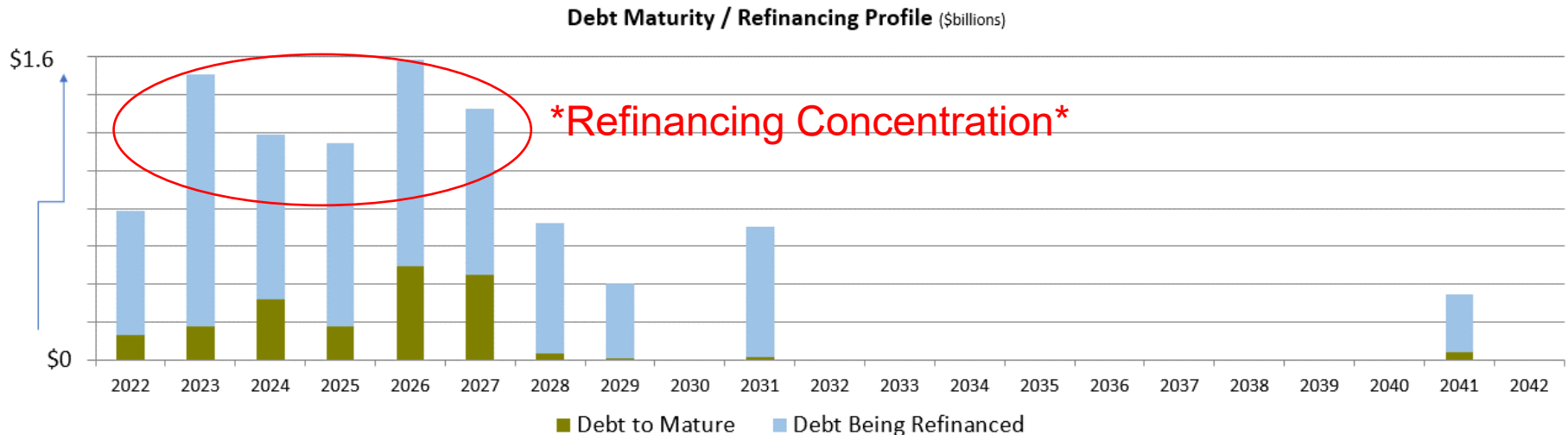
Historically overly flexible approach does not adequately manage risks in today's volatile market environment...



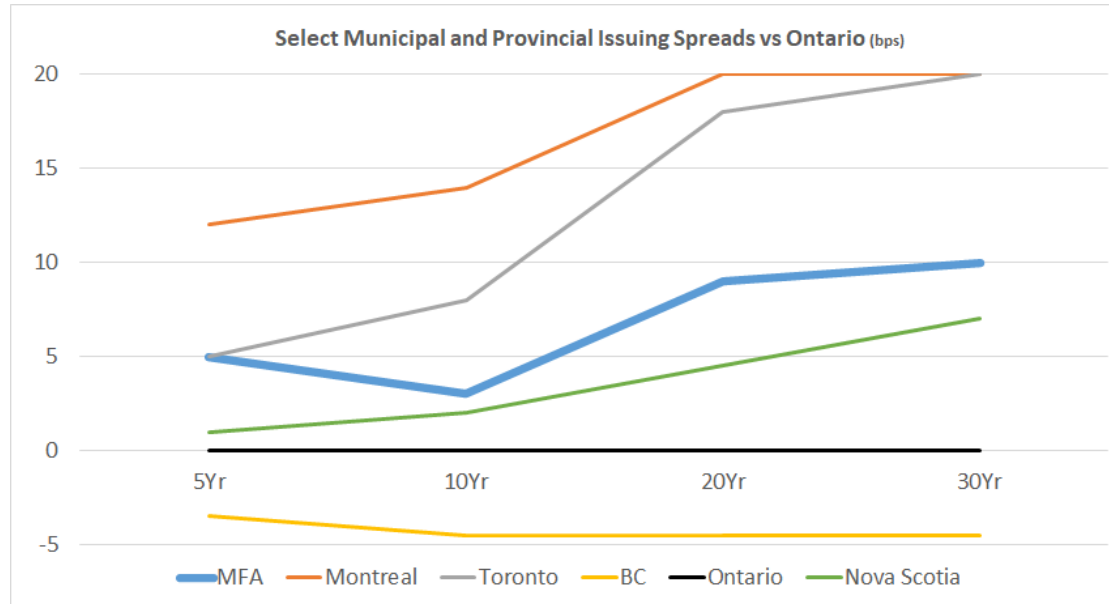
Investor Term Volatility



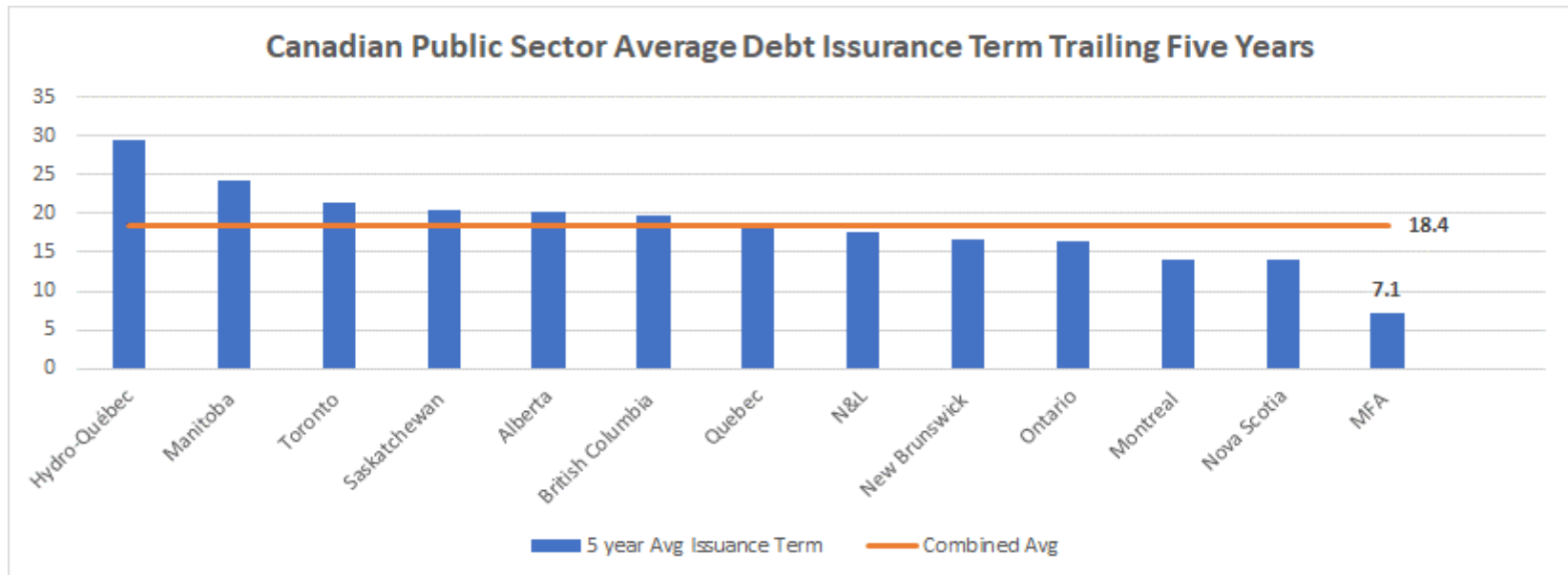
Asset / Liability Mismatch



DEBT MANAGEMENT & PRICING RELATIVE TO PEERS



* MFA's new issuance "curve" points to an over-abundance of shorter-dated debt. Adding 20 year issuance increases scarcity across the curve which will tighten pricing over all terms











- Members will continue to select the term in which they want to repay loans from MFA (5 to 30 year amortizing loans). The principal payment will reflect the length of the repayment term you select
- MFA decides what term (maturity) to access in the capital markets to best fund the loans - as it balances the various considerations and risks in managing its market debt portfolio and ensures reliable and lowest cost access to funds from the capital markets. It is impossible to perfectly align with all Member preferences / views
- Members should ensure information shared with the public and board allows flexibility to accommodate 5, 10, 20 and 30 year locked-in financing periods
- Lending rates reflect borrowing rates so with a 20 year you can expect slightly higher interest cost on average with more rate certainty over the term
- If a 20-year bond is issued, early repayment before that time is not possible given back to back 'contract' with investors
- Stakeholder education on this topic is provided at the onset of the borrowing process directly between MFA and Finance staff. While we always welcome Board and/or Council discussions on any topic, this esoteric topic (borrowing/lending model) must remain an operational decision made by MFA's senior finance professionals

MFA's Suite of Pooled Investment Products



	FFF  (3) Pooled High Interest Savings Accounts	ESG  Money Market Fund	ESG  Government Focused Ultra-short Bond Fund
Key Features	<p> </p> <p></p> <p>Best for soon needed funds.</p> <p>Balances favourable interest rates and liquidity.</p> <p>Monies held with Domestic Systemically Important Banks</p> <p>✓ Favourable deposit rates negotiated by MFA</p> <p>✓ Monthly Interest</p>	<p>This Fund is suited for Investors who must maintain adequate liquidity, while benefitting from asset diversification.</p> <p>This Fund holds a portfolio of very short-term securities, focused on high-quality corporates.</p> <p>The Fund seeks a yield advantage through active market and credit analysis.</p> <p>✓ Monthly distributions</p>	<p>The main objective of this Fund is to provide safety and liquidity.</p> <p>This Fund maintains a bias towards safe and favourable Federal and Provincial Securities, holdings may include up to 25% Big 6 Banks debt securities.</p> <p>Securities acquired for the Fund may have a maximum maturity of 2 years.</p> <p>This Fund does not invest in non-bank corporates.</p> <p>✓ Monthly distributions</p>
Suggested Investment Time Horizon	0 – 12 months	0 – 24 months	0 – 24 months
Trailing 12-month Total Return * †	N/A	0.285%	0.095%
YTM †	0.72 – 0.80% ‡	0.30%	0.68%
Total Annual Fees	3 bps	12.5 bps	12.5 bps

Management and composition of Funds subject to MFA's Pooled Investment Funds Investment Policies, Objectives, and Guidelines Agreement with Fund Manager(s). || Call MFA for details.

* Trailing 12-month Total Return equal to change in NAV value plus distributions over the past 365 days to Nov.30, 2021; past performance does not guarantee future performance. † Gross Return before fees. ‡ Net of Fees.

FFF refers to Fossil Fuel Free defined here as (1) Funds which exclude investments issued by companies directly involved in extracting, processing, or transporting coal, oil or natural gas; and (2) Savings Accounts offered by financial institutions.

ESG integrated refers to Funds which are managed by signatories to the UN's Principles of Responsible Investment.

MFA's Suite of Pooled Investment Products



	 Short-term Bond Fund	  Fossil Fuel Free Short-term Bond Fund	 Pooled Mortgage Fund	  Diversified Multi-asset Class Fund
Key Features	<p>Designed for Investors with a 2 to 5 year investment horizon as the Fund maintains a longer duration versus the MM and Ultra-short Funds.</p> <p>This Fund provides instant diversification through a broad asset mix of high-quality government and corporate securities.</p> <p>The Fund seeks a yield advantage through active market and credit analysis.</p> <p>✓ <i>Monthly distributions</i></p>	<p>This Fund is benchmarked against the same index as the ST Bond Fund, however screens-out companies involved in the extraction, processing and transportation of coal, oil, and natural gas.</p> <p>Designed for Investors with a 2 to 5 year investment horizon.</p> <p>This Fund provides instant diversification through a broad asset mix of high-quality government and corporate securities.</p> <p>The Fund seeks a yield advantage through active market and credit analysis.</p>	<p>This Fund is designed to provide asset class diversification for local government investment portfolios. Best suited for cash not needed for 3+ years.</p> <p>The Fund invests in high-quality 1st mortgages on Canadian income producing commercial properties – such as retail, multi-residential, office and industrial.</p> <p>✓ <i>Minimum 1.25x CF coverage</i></p> <p>✓ <i>Maximum 75% Loan-to-value</i></p>	<p>Designed to invest capital over the long-term and grow at a rate that exceeds inflation by 3.5%, while minimizing risk through asset class selection and diversification.</p> <p>The Fund will be broadly invested in Fixed Income, Equities, and Alternative investments.</p> <p>✓ <i>Preserve long-term purchasing power</i></p> <p>✓ <i>Alternative Investments at very attractive pricing.</i></p> <p>✓ <i>Gain exposure to professionally managed growth assets.</i></p>
Suggested Investment Time Horizon	2 – 5 years	2 – 5 years	3 years + (redemption restrictions may apply)	10 years + (redemption restrictions may apply)
Trailing 12-month Total Return * †	-0.68%	-0.77%	1.35%	N/A
YTM †	1.44%	1.42%	2.31%	5.90% §
Total Annual Fees	20 bps	20 bps	25 bps	33 bps

Management and composition of Funds subject to MFA's Pooled Investment Funds Investment Policies, Objectives, and Guidelines Agreement with Fund Manager(s). § estimated.

* Trailing 12-month Total Return equal to change in NAV value plus distributions over the past 365 days to Nov.30, 2021; past performance does not guarantee future performance. † Gross Return before fees.

FFF refers to **Fossil Fuel Free** defined here as (1) Funds which exclude investments issued by companies directly involved in extracting, processing, or transporting coal, oil or natural gas; and (2) Savings Accounts offered by financial institutions.

ESG integrated refers to Funds which are managed by signatories to the UN's Principles of Responsible Investment. "Carbon Light" refers to strategies which minimize a portfolio's carbon impact including up to ~40% FFF.

The DMAC is Socially Responsible Fund – a low carbon footprint fund



Asset Class/Strategy	Target Exposure	FFF	FFF Content
Fixed Income			
Short Core Plus Bonds	15%	x	~90%
Multi-asset Global Credit	10%	x	~90%
Equities			
Canadian Equities	10%	x	~70%
Canadian Low Volatility Equities	5%	✓	100%
Global Equities	24%	✓	100%
Global Low Volatility Equities	11%	x	~90%
Emerging Market Equities	10%	✓	100%
Alternatives			
Core Real Estate	5%	x	~90%
High Yield Mortgages	5%	x	~90%
Infrastructure – Renewables	5%	x	100%

- The Fund aligns with a shared focus among BC's local governments on ESG and climate change considerations.
- All components of the Fund will be managed under the UN's Principles for Responsible Investing and incorporate broad ESG considerations into the investment process.
- DMAC will be a low carbon fund with a significant portion of the asset classes employing a strict Fossil Fuel Free (FFF) screen. An estimated 94% of the underlying funds are currently invested in FFF entities – as defined by most local governments



Municipal Finance Authority of BC

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**REPORT TO FINANCE COMMITTEE
MEETING OF WEDNESDAY, JANUARY 05, 2022**

SUBJECT **2022 Finance Committee Terms of Reference**

ISSUE SUMMARY

This report is to provide the 2022 Finance Committee Terms of Reference for the Committee's review.

BACKGROUND

Under the *Local Government Act* and the CRD Board Procedures Bylaw, the CRD Board Chair has the authority to establish standing committees and appoint members to provide advice and recommendations to the Board.

On December 8, 2021, the Regional Board approved the 2022 Terms of Reference for standing committees. Terms of Reference (TOR) serve to clarify the mandate, responsibilities and procedures of standing committees and provide a point of reference and guidance for the Committees and members.

This year there were no changes to the defined purpose of the Committee's TOR.

The TOR are being provided for review by the Committee. Any proposed revisions to the TOR will require ratification by the Board.

CONCLUSION

Terms of Reference serve to clarify the mandate, responsibilities and procedures of committees and provide a point of reference and guidance for the committees and their members.

RECOMMENDATION

That the Finance Committee receive the 2022 Terms of Reference attached at Appendix A.

Submitted by:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Larisa Hutcheson, P. Eng., Acting Chief Administrative Officer

ATTACHMENT(S)

Appendix A: 2022 Finance Committee Terms of Reference



FINANCE COMMITTEE

PREAMBLE

The Capital Regional District (CRD) Finance Committee is a standing committee established by the CRD Board to make recommendations to the Board regarding items related financial policy, administration, and reporting. The Committee will also provide advice to the Board on agenda items for Committee of the Whole meetings.

The Committee's official name is to be:

Finance Committee

1.0 PURPOSE

- a) To provide advice or make recommendations, or both, to the Board regarding the following functions:
 - i. Corporate budget process
 - ii. Financial monitoring, reporting and forecasting
 - iii. Corporate financial management (including policies) and audit compliance
 - iv. Grants reporting and policies
 - v. Financial impacts related to strategic Board priorities and initiatives
- b) The Committee will provide recommendations to the Board that aim to increase the transparency of the organization and the visibility of financial reporting efforts.
- c) The following committee will report through the Finance Committee
 - Royal & McPherson Theatres Services Advisory Committee

2.0 ESTABLISHMENT AND AUTHORITY

- a) The Committee will make recommendations to the Board for consideration; and
- b) The Board Chair will appoint the Committee Chair, Vice Chair and Committee members annually.

3.0 COMPOSITION

- a) Committee members will be appointed CRD Board Members;
- b) All Board members are permitted to participate in standing committee meetings, but not to vote, in accordance with the CRD Board Procedures Bylaw; and
- c) First Nation members are permitted to participate in standing committee meetings at their pleasure, in accordance with the CRD Procedures Bylaw, where the Nation has an interest in matters being considered by the committee.

4.0 PROCEDURES

- a) The Committee shall meet on a bi-monthly basis, on odd number months, and have special meetings as required;
- b) The agenda will be finalized in consultation between staff and the Committee Chair and any Committee member may request that a matter be placed on the agenda through the Notice of Motion process;
- c) With the approval of the Committee Chair and the Board Chair, Committee matters of an urgent or time sensitive nature may be forwarded directly to the Board for consideration; and
- d) A quorum is a majority of the Committee membership and is required to conduct Committee business.

5.0 RESOURCES AND SUPPORT

- a) The Chief Financial Officer will act as liaison to the committee; and
- b) Minutes and agendas are prepared and distributed by the Corporate Services Department.

Approved by CRD Board December 8, 2021

**REPORT TO FINANCE COMMITTEE
MEETING OF WEDNESDAY, JANUARY 05, 2022**

SUBJECT **2022 Royal and McPherson Theatres Services Committee Terms of Reference**

ISSUE SUMMARY

This report is to provide the 2022 Royal and McPherson Theatres Services Advisory Committee Terms of Reference for the Committee's review.

BACKGROUND

Under the *Local Government Act* and the CRD Board Procedures Bylaw, the CRD Board Chair has the authority to establish standing committees and appoint members to provide advice and recommendations to the Board. On December 8, 2021, the Regional Board approved the 2022 Terms of Reference for standing committees. Terms of Reference (TOR) serve to clarify the mandate, responsibilities and procedures of standing committees and provide a point of reference and guidance for the Committees and members.

The TOR for the Finance Committee includes reference to the Royal & McPherson Theatres Services Advisory Committee (RMTSAC), which are included as appendix A.

This year there were no changes to the defined purpose of the RMTSAC's TOR. The TOR are being provided for review by the Finance Committee. Any proposed revisions to the TOR will require ratification by the Finance Committee.

CONCLUSION

Terms of Reference serve to clarify the mandate, responsibilities and procedures of committees and provide a point of reference and guidance for the committees and their members.

RECOMMENDATION

The Finance Committee recommends to the Capital Regional District Board:
That the 2022 Royal and McPherson Theatres Services Advisory Committee Terms of Reference attached at Appendix A be approved.

Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Larisa Hutcheson, P. Eng., Acting Chief Administrative Officer

ATTACHMENT(S)

Appendix A: 2022 Royal and McPherson Theatres Services Advisory Committee Terms of Reference

Terms of Reference



ROYAL & MCPHERSON THEATRES SERVICES ADVISORY COMMITTEE

PREAMBLE

The Capital Regional District (CRD) Advisory Committee for the Royal and McPherson Theatre Services is established by the CRD Finance Committee to advise and make recommendations to the Finance Committee on matters related to the two sub-regional services operated by the Royal & McPherson Theatres Society (the Society).

The Society manages the theatres on behalf of their respective owners who provide capital and operating support through the services by way of annual grants as specified in the establishment bylaws.

The participants of the Royal Theatre Service, Bylaw 2587, are the City of Victoria, the District of Saanich, and the District of Oak Bay. The participants of the McPherson Playhouse Service, Bylaw 2685, is the City of Victoria.

The Advisory Committee's official name is to be:

Royal & McPherson Theatres Services Advisory Committee

1.0 PURPOSE

The mandate of the Advisory Committee includes:

- serving as the advisory committee to the Finance Committee on CRD funding of the Royal Theatre and McPherson Playhouse services.

2.0 ESTABLISHMENT AND AUTHORITY

- a) The Advisory Committee will provide advice and make recommendations to the Finance Committee for consideration.
- b) The Finance Committee Chair will appoint the Advisory Committee Chair and other members of the Advisory Committee as outlined in section 3.0, upon receiving nominations from each participating municipality.

3.0 COMPOSITION

- a) The Advisory Committee shall consist of the following members:
 - 2 – members (Victoria)
 - 2 – members (Saanich)
 - 1 – members (Oak Bay)

- b) Advisory Committee members will include at least one member of the Finance Committee, and may include elected councillors from participating municipalities who are not CRD Directors.

4.0 TERM

- The term of members of the Advisory Committee shall be one year.

5.0 PROCEDURES

- a) The Advisory Committee will meet at the call of the Chair
 - in accordance with the annual budget process as set out by the Finance & Technology Department, and
 - have special meetings as required.
- b) The agenda will be finalized in consultation between staff and the Advisory Committee Chair and any Advisory Committee member may make a request to the Chair to place a matter on the agenda.
- c) A quorum is a majority of the Advisory Committee membership and is required to conduct Committee business.

6.0 RESOURCES AND SUPPORT

- a) The Manager of the Arts Development Service will provide administrative support.
- b) Minutes and agendas are prepared and distributed by the Finance & Technology Department.

Approved by the Capital Regional District Board on _____
Date

**REPORT TO FINANCE COMMITTEE
MEETING OF WEDNESDAY, JANUARY 05, 2022**

SUBJECT **Capital Regional District 2021 Audit Planning Discussion**

ISSUE SUMMARY

This report provides information to the Finance Committee (the Committee) on the 2021 Audit Plan and related work to be completed by KPMG for the 2021 year-end audit of the Capital Regional District (CRD).

BACKGROUND

Under Section 377 of the *Local Government Act*, the CRD is required to appoint an auditor licensed under the *Business Corporations Act*. KPMG was appointed by the CRD Board for the upcoming audit.

Consistent with the approach from previous years, the auditors circulate the audit plan to the Committee for information prior to the start of the audit. KPMG will make a presentation to the Committee to review the 2021 annual Audit Planning Report (Appendix A), as a fundamental component of the CRD's annual financial statement audit. This standard audit procedure is similarly undertaken by other local governments in the region.

The presentation will provide the Committee with an overview of the audit strategy and approach that KPMG will use in addressing any significant risks. The audit plan is designed to identify and address key financial reporting risks, including fraud, by evaluating the existence, quality and effectiveness of management's internal controls over financial reporting. KPMG notes, in Appendix A, that they have not identified any areas of significant financial reporting risks. However, there is a presumed fraud risk around revenue and management override of controls. KPMG addresses this risk by performing testing of journal entries and other adjustments, performing a retrospective review of estimates and evaluating the business rationale of significant unusual transactions. Additionally, at the Committee meeting, KPMG will obtain the Committee's views on the risk of fraud for the CRD.

KPMG will present to the Committee an overview of the audit cycle, timetable and specific areas that the audit will focus on, including: Regional Housing First Program, the Hartland Landfill closure and post-closure cost estimates, Wastewater Treatment Project and any financial reporting impacts or disclosures related to COVID-19. KPMG will provide the basis of audit materiality they deem necessary to evaluate any misstatements they identify during the audit.

ALTERNATIVES

Alternative 1

The Finance Committee recommends to the Capital Regional District Board:
That the Capital Regional District 2021 Audit Plan developed by KPMG be approved.

Alternative 2

That this report be referred back to staff for additional information.

IMPLICATIONS

Financial Implications

KPMG will begin the year-end audit field work on March 7, 2022, for approximately two weeks. The auditors will perform sample testing on many areas including invoices, journal entries, accounts receivables, and accounts payables in order to gain reasonable assurance that all aspects of financial transactions are being recorded and reported in compliance with Canadian Public Sector Accounting Standards (PSAS). The audit team will also conduct interviews with staff in order to review internal controls and processes. Subsequent to completion of the audit field work, financial statements will be finalized by CRD staff. As part of the audit process, the auditors will provide the Committee with a detailed Audit Findings Report. The finalized financial statements will be presented to the Finance Committee along with the Audit Findings Report and Statements of Financial Information (SOFI).

CONCLUSION

KPMG's primary objective of the Financial Statement audit is to present an opinion on the extent to which the CRD's consolidated financial statements are fairly presented, in accordance with the Public Sector Accounting Standards. As part of the annual audit, KPMG provides an audit plan to the Committee. The auditors will conduct their audit of the 2021 financial statements pursuant to this plan.

RECOMMENDATION

The Finance Committee recommends to the Capital Regional District Board:
That the Capital Regional District 2021 Audit Plan developed by KPMG be approved.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Larisa Hutcheson, P. Eng., Acting Chief Administrative Officer

ATTACHMENT(S)

Appendix A: KPMG CRD 2021 Audit Planning Report

Capital Regional District

Audit Planning Report for the year ended
December 31, 2021

KPMG LLP

Prepared for the Finance Committee meeting on
January 5, 2022

kpmg.ca/audit



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This report is intended solely for the information and use of management and the Finance Committee and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report to the Finance Committee has been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



Executive summary

Areas of focus for financial reporting

Our audit of the Capital Regional District (the “Entity” or “CRD”) is risk-focused. In planning our audit, we have identified areas of financial reporting where significant risks of material misstatement may arise. These include:

- Presumed fraud risk of management override of controls
- Regional Housing First Program
- Hartland Landfill closure and post-closure costs
- Wastewater treatment project (WTP)

See pages 4 - 7.

Effective communication

We are committed to transparent and thorough reporting of issues to management and the Finance Committee (the “Committee”). This is achieved through formal and informal meetings and communications throughout the year. If you have any comments you would like to bring to our attention, please contact Lenora Lee.

See Appendix 1.

Materiality

Materiality has been established by considering various metrics that are relevant to the users of the financial statements, including total expenses. We have determined materiality to be \$4,500,000 (2020- \$4,200,000).

See page 3.

Quality control and independence

We are independent and have a robust and consistent system of quality control. We provide complete transparency on all services and follow the Finance Committee’s approved protocols.

See page 9.

New accounting standards

PSAB has introduced Section PS3160, *Public Private Partnerships*, which includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. The standard has an effective date of April 1, 2023, and may be applied retroactively or prospectively. Early adoption is permitted, and CRD is currently evaluating if it will early adopt this standard at January 1, 2021 to account for the contract for the residuals treatment plant.

PS 3280 *Asset Retirement Obligations* will be effective from April 1, 2022 and will require additional assets and liabilities to be recognized to reflect the integral cost of owning and operating tangible capital assets. This will be a significant project for management to identify and measure all obligations.

See page 7 - 8.

Current developments

Please refer to Appendix 2 for the current developments updates, including new accounting standards.

Materiality

Materiality is used to identify risks of material misstatements, develop an appropriate audit response to such risks, and evaluate the level at which we think misstatements will reasonably influence users of the financial statements. It considers both quantitative and qualitative factors.

To respond to aggregation risk, we design our procedures to detect misstatements at a lower level of materiality. Professional standards require us to re-assess materiality at the completion of our audit based on period-end results or new information in order to confirm whether the amount determined for planning purposes remains appropriate.

Materiality determination	Comments	Amount
Materiality	<p>Established by considering various metrics that are relevant to the users of the financial statements and determined to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements.</p> <p>The corresponding amount for the prior year's audit was \$4.2 million.</p> <p>Materiality when evaluating CRD non-consolidated operations (excluding CRHC operations) is \$4.3 million for 2021 (\$4.0 million in 2020).</p>	\$4.5 million
Benchmark	<p>Based on total expenses for the year ended December 31, 2020.</p> <p>The prior year benchmark was based on 2020 budgeted total expenses of \$177.2 million.</p>	\$182.8 million
% of Benchmark	<p>The prescribed range is between 0.5% and 3.0% of the benchmark</p> <p>The corresponding percentage for the prior year's audit was 2.37%.</p>	2.46%
Audit misstatement posting threshold	<p>Threshold used to accumulate misstatements identified during the audit.</p> <p>The corresponding amount for the prior year's audit was \$200,000.</p>	\$225,000

We will report to the Finance Committee



Corrected audit misstatements



Uncorrected audit misstatements

Group audit scope

Professional standards require that we obtain an understanding of the Entity's organizational structure, including its components and their environments that is sufficient to identify those components that are financially significant or that contain specific risks that must be addressed during our audit.

We have been engaged to perform the audit of the consolidated financial statements of the Capital Regional District for the year ended December 31, 2021. The components included in the consolidated entity over which we plan to perform our audit procedures are as follows:

Components	Our audit approach
Capital Regional District	– Individually financially significant component; full audit procedures performed by group audit team
Capital Region Housing Corporation	– Non-significant component; full audit procedures performed by group audit team for the purposes of stand-alone financial statements

Audit risks

Significant risk- professional requirements	Why is it significant?
Fraud risk from revenue recognition	This is a presumed fraud risk. The risk of fraud from revenue recognition has not been assessed as a significant risk as we have not identified any specific incentives to fraudulently adjust revenue recognition, and there are no indications of opportunities or rationalization to perpetrate fraud.
Fraud risk from management override of controls	<p>Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities. There are no specific additional risks of management override relating to this audit.</p> <p>As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include testing of journal entries and other adjustments, performing a retrospective review of estimates and evaluating the business rationale of significant unusual transactions.</p>

Our audit approach

Professional standards require that we obtain your view on the risk of fraud. We make similar inquiries to management as part of our planning process:

- Are you aware of, or have you identified any instances of actual, suspected, possible, or alleged non-compliance of laws and regulations or fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets? If so, have the instances been appropriately addressed and how have they been addressed?
- What are your views about fraud risks in CRD?
- How do you exercise effective oversight of management's processes for identifying and responding to the risk of fraud in CRD and internal controls that management has established to mitigate these fraud risks?
- Has CRD entered into any significant unusual transactions?

Areas of focus

Other areas of focus	Why are we focusing here?
Regional Housing First Program	This was a relatively new business model for CRD in prior period and involves significant funding, capital asset expenditure and new transactions between CRD and CRHC.

Our audit approach

- We will review the Board meeting minutes and any related committees for this program.
- We will obtain and review the contracts and agreements between CRD, CRHC, BC Housing and CMHC.
- Significant funding received and expenses incurred during 2021 will be compared to bank statements, contractual agreements and invoices.
- We will assess management's accounting and disclosures for the transactions related to the program including estimates for amortization expense in the year new buildings are available for occupancy.

Areas of focus (continued)

Other areas of focus	Why are we focusing here?
Hartland Landfill closure and post-closure costs	Landfill closure and post-closure costs are recognized in the financial statements including disclosure in the notes. This is a significant estimate for audit purposes as it is a material amount and involves multiple assumptions which drive uncertainty over the future costs.
Our audit approach	
<ul style="list-style-type: none">▪ Closure and post-closure costs are a significant estimate recognized in the District's financial statements. Measurement involves a number of inputs including capacity available and used, future costs, discount rates and inflation rates, among others.▪ The last detailed assessment of costs by an external expert was performed in 2020. Management performs an analysis and updates significant assumptions in subsequent years, including 2021.▪ During the year, the Board approved a Solid Waste Management Plan, and impacts of that plan will be evaluated against the estimates and judgments management has incorporated into the measurement of landfill closure and post-closure costs.▪ We will discuss the projections and inputs used to determine the closure and post-closure liabilities for the landfill with management and verify the accuracy of management's disclosed liabilities. This will be conducted in accordance with the requirements in CAS 540, <i>Auditing Accounting Estimates and Related Disclosures</i>.	

Areas of focus (continued)

Other areas of focus	Why are we focusing here?
Wastewater treatment project (WTP)	This is a significant project for CRD, involves a significant value of expenditure and significant management judgment may be required over recognition of impairment.

Our audit approach

- We will review the Project Board minutes.
- We will verify the completeness of liabilities and contingent liabilities related to the WTP.
- We will select a sample of and obtain supporting documentation for assets acquired/expenditures incurred. This will include a review of the classification of the assets and transfer from work-in-progress to other capital assets categories (as is consistent with the substantial completion of the project).
- CRD management will perform an evaluation of the capital costs incurred to date and make a determination on any possible provisions for assets that will not contribute to future service potential. We will review the CRD's process for identifying potential impairment to determine the scope of potential issues and focus of our audit effort.
- For items that CRD has assessed as impaired, we will verify the accuracy of the impairment.
- We will analyze the accounting and disclosure for the residuals treatment plant, including the impact of PS 3160 *Public Private Partnerships* ("P3"), if early adopted. Analysis will include reviewing the contract, and if PS 3160 is early adopted, verifying the value of the asset and liability and assessing estimation uncertainty of the discount rate used in the calculation of the asset and liability value.
- We will assess the accounting treatment of any remaining grants to be received by CRD and stipulations attached to their receipt impacting timing of revenue recognition.

New accounting standards

Standard	Summary and implications
Asset Retirement Obligations (PS 3280)	<ul style="list-style-type: none"> – The new standard is effective for fiscal years beginning on or after April 1, 2022 – for CRD, January 1, 2023. – The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area. – Examples of asset retirement obligations which fall under the scope of the standard are buildings with asbestos, end of lease provisions, fuel storage tank removal, wastewater or sewage treatment facilities and closure and post-closure obligations associated with landfills. – The ARO standard will require CRD to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets (“TCA”). The amount of the initial liability will be added to the historical cost of the asset and amortized over its useful life. – This will be a significant project to identify and measure all obligations. As a result of the new standard, CRD will: <ul style="list-style-type: none"> • Create an asset retirement obligation policy. • Review active and inactive tangible capital assets to identify those with retirement obligations. • Review legal agreements, directives and legislation to determine if any legal obligations exist with respect to asset retirements. • Reconcile this inventory with the complete tangible capital assets listing and the site inventory for contaminated sites. • Engage functions outside of finance (particularly asset management and engineering) to coordinate resources to identify AROs and obtain information to estimate the value of potential AROs. • Calculate and estimate costs directly attributable to each asset retirement and determine the appropriate discount rate. • Determine the method for transition (retroactive, modified retroactive or prospective) and the financial reporting impacts, including accounting policies and additional disclosure requirements. – Additional audit effort will be required in 2022 and 2023 leading up to and in the year of adoption to: <ul style="list-style-type: none"> • Review the asset retirement obligation policy against the requirements of the standard. • Verify the completeness of the inventory of tangible capital assets and the related legal obligations. • Audit the measurement of each obligation, the reasonability of any discount rates and assess estimation uncertainty. • Review the anticipated financial reporting impacts, including accounting policies and disclosures. – We may require input from internal specialists to support this audit work. – Management will be providing the Board with further detail of the project plan for adoption of this significant new standard.

Audit Quality: How do we deliver audit quality?

Transparency report



Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contribute to its delivery.

‘Perform quality engagements’ sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

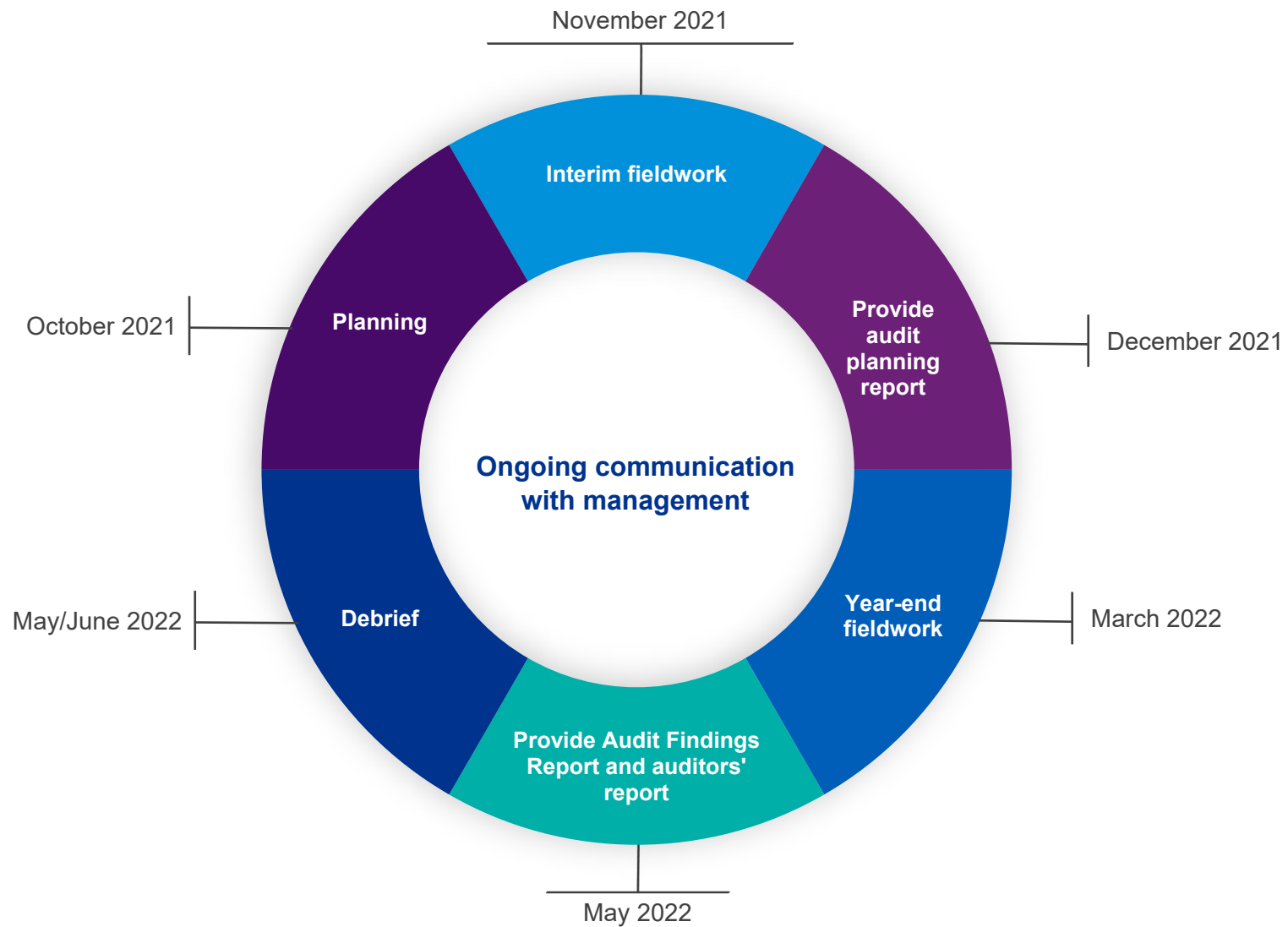
We define **‘audit quality’** as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality controls**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics, and integrity**.



Doing the right thing. Always.

Key milestones and deliverables



Appendices

Content

Appendix 1: Required communications

Appendix 2: Current developments and insights



Appendix 1: Other required communications

Auditors' report	Engagement letter
A copy of our draft auditors' report setting out the conclusion of our audit will be provided at the completion of the audit.	The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter.
Audit findings report	Management representation letter
At the completion of the audit, we will provide our findings report to the Committee.	We will obtain from management certain representations at the completion of the audit. In accordance with professional standards, a copy of the representation letter will be provided to the Committee.
Independence	Internal control deficiencies
At the completion of our audit, we will re-confirm our independence to the Committee.	Control deficiencies identified during the audit will be communicated to management and the Committee.

Appendix 2: Current developments

Public Sector Accounting Standards

Standard	Summary and implications
Asset Retirement Obligations	<ul style="list-style-type: none">– The new standard is effective for fiscal years beginning on or after April 1, 2022.– The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area.– The ARO standard will require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets (“TCA”). The amount of the initial liability will be added to the historical cost of the asset and amortized over its useful life.– As a result of the new standard, the public sector entity will have to:<ul style="list-style-type: none">• Consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset;• Carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements;• Begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.
Revenue	<ul style="list-style-type: none">– The new standard is effective for fiscal years beginning on or after April 1, 2023. The effective date was deferred by one year due to COVID-19.– The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.– The standard notes that in the case of revenues arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.– The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.

Appendix 2: Current developments (continued)

Standard	Summary and implications
Employee Future Benefit Obligations	<ul style="list-style-type: none"> – PSAB has initiated a review of sections PS3250 <i>Retirement Benefits</i> and PS3255 <i>Post-Employment Benefits, Compensated Absences and Termination Benefits</i>. In July 2020, PSAB approved a revised project plan. – PSAB intends to use principles from International Public Sector Accounting Standard 39 <i>Employee Benefits</i> as a starting point to develop the Canadian standard. – Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, PSAB will implement a multi-release strategy for the new standards. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues. – PSAB released an exposure draft on proposed section PS3251, <i>Employee Benefits</i> in July 2021. Comments to PSAB on the proposed section were due by November 25, 2021. Proposed Section PS 3251 would apply to fiscal years beginning on or after April 1, 2026 and should be applied retroactively. Earlier adoption is permitted. The proposed PS3251 would replace existing Section PS 3250 and Section PS 3255. This proposed section would result in organizations recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. Organizations would also assess the funding status of their post-employment benefit plans to determine the appropriate rate for discounting post-employment benefit obligations.
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> – PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards. – PSAB released four exposure drafts in early 2021 for the proposed conceptual framework and proposed revised reporting model, and their related consequential amendments. The Board is in the process of considering stakeholder comments received. – PSAB is proposing a revised, ten chapter conceptual framework intended to replace PS 1000 <i>Financial Statement Concepts</i> and PS 1100 <i>Financial Statement Objectives</i>. The revised conceptual framework would be defined and elaborate on the characteristics of public sector entities and their financial reporting objectives. Additional information would be provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts would be introduced. – In addition, PSAB is proposing: <ul style="list-style-type: none"> • Relocation of the net debt indicator to its own statement and the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained. • Separating liabilities into financial liabilities and non-financial liabilities. • Restructuring the statement of financial position to present non-financial assets before liabilities. • Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). • Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”. • A new provision whereby an entity can use an amended budget in certain circumstances. – Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.

Appendix 2: Current developments (continued)

Standard	Summary and implications
Purchased Intangibles	<ul style="list-style-type: none"> – In October 2019, PSAB approved a proposal to allow public sector entities to recognize intangibles purchased through an exchange transaction. Practitioners are expected to use the definition of an asset, the general recognition criteria and the GAAP hierarchy to account for purchased intangibles. – PSAB has approved Public Sector Guideline 8 which allows recognition of intangibles purchased through an exchange transaction. Narrow-scope amendments were made to Section PS 1000 Financial statement concepts to remove prohibition on recognition of intangibles purchased through exchange transactions and PS 1201 Financial statement presentation to remove the requirement to disclose that purchased intangibles are not recognized. – The effective date is April 1, 2023 with early adoption permitted. Application may be retroactive or prospective.
2022 – 2027 Strategic Plan	<ul style="list-style-type: none"> – PSAB's Draft 2022 – 2027 Strategic Plan was issued for public comment in May 2021. Comments were requested for October 6, 2021. – The Strategic Plan sets out broad strategic objectives that help guide PSAB in achieving its public interest mandate over a multi-year period, and determining standard-setting priorities – The Strategic Plan emphasizes four key priorities: – Develop relevant and high-quality accounting standards - Continue to develop relevant and high-quality accounting standards in line with PSAB's due process, including implementation of the international strategy (focused on adapting International Public Sector Accounting Standards for new standards) and completion of the Conceptual Framework and Reporting Model project. – Enhance and strengthen relationships with stakeholders - Includes increased engagement with Indigenous Governments and exploring the use of customized reporting. – Enhance and strengthen relationships with other standard setters – In addition to continued collaboration with other standard setters, this emphasizes strengthened relationship with the IPSASB. – Support forward-looking accounting and reporting initiatives – Supporting and encouraging ESG reporting, and consideration of the development of ESG reporting guidance for the Canadian public sector.

Appendix 2: Current developments and insights (continued)

Thought leadership

Thought leadership	Overview	Link
2020 Audit Quality and Transparency Report	Learn about KPMG's ongoing commitment to continuous audit quality improvement. We are investing in new innovative technologies and building strategic alliances with leading technology companies that will have a transformative impact on the auditing process and profession. How do we seek to make an impact on society through the work that we do?	Link to report
KPMG 2021 CEO Outlook	This year we surveyed over 1,300 CEOs globally and the results are pointing to an optimistic outlook amongst Canadian CEOs. Some of the key themes coming out of the survey include expectations for aggressive growth through expansion, investment in both people and technology as well as a focus on delivering on environmental, social and governance ("ESG") and sustainability commitments.	Link to portal
2021 CEO Pulse Survey	Building on our findings from the CEO Outlook report, this year's survey remains aligned with these three key themes: growth in a digitally accelerated economy, digital workforces, and leading with purpose. The findings have revealed while there has been a shift in priorities in some areas, other areas have remained unchanged.	Link to portal
Implications of coronavirus (COVID-19)	Resources to help you understand your exposure to COVID-19, and more importantly, position your business to be resilient in the face of this and the next global threat.	Learn more
	KPMG Global IFRS Institute - COVID-19 financial reporting resource center	Learn more
Put your data to work to gain competitive advantage	There is no "digital economy". The economy is digital and "digits" refer to data. Data is the lifeblood of every organization on this planet and organizations that embrace this notion are well positioned to grow as industries continue to evolve and disrupt at an ever-increasing pace.	Link to report
Board Leadership Centre	KPMG in Canada Board Leadership Centre engages with directors, board members and business leaders to discuss timely and relevant boardroom challenges and deliver practical thought leadership on risk and strategy, talent and technology, globalization and regulatory issues, financial reporting and more.	Learn more

Appendix 2: Current developments and insights (continued)

Thought leadership (continued)

Resources	Summary	Links
Accelerate	Our Accelerate series offer insight into the key issues driving the Audit Committee agenda in a number of key areas in risk management: cyber risk; internal control of financial reporting, disclosure and regulation; digital disruption and the future of the finance function; enterprise risk management; and the evolution of environmental, social and governance issues.	Link to series
Return to the workplace	<p>As all levels of government begin to take steps toward re-opening the country and restarting our economy, planning for the return to a physical workplace is quickly becoming a top priority for many organizations. With the guidelines for the pandemic continuing to evolve daily, there are many considerations, stages and factors employers need to assess in order to properly develop a robust action plan which can ensure the health and safety of their workforce.</p> <p>We have put together a Return to the Workplace guide to support an organization's planning efforts in preparing to return to physical workplace. Our guide includes a list of considerations, stages and factors that can help establish a robust action plan for your organization to safely return to work. The guide is supported by a dynamic playbook, which our team has developed to outline a comprehensive list of actions an organization can take, based on their unique situation and immediate needs.</p>	Website link Link to guide
Audit and Assurance Insights	KPMG provides curated research and insights on audit and assurance matters for audit committees and boards.	Link to portal
KPMG Climate Change Financial Reporting Resource Centre	KPMG's climate change resource centre provides FAQs to help you identify the potential financial statement impacts for your business.	Link to portal
You Can't Go Green Without Blue – The Blue Economy is Critical to All Companies' ESG Ambitions	In this report, KPMG considers how leading corporates and investors can take action to capture the value that can be found in a healthy, sustainable ocean economy.	Link to portal
The Future of Local Government	The Future of Local Government report provides a Canadian perspective for how local governments can meet the rapidly changing needs and expectations of their stakeholders – the citizens, partners and leaders across diverse cities and communities they serve.	Link to portal



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KPMG member firms around the world have 227,000 professionals in 146 countries.



**REPORT TO THE FINANCE COMMITTEE
MEETING OF WEDNESDAY, NOVEMBER 03, 2021**

SUBJECT **Municipal Finance Authority – Debt Issuance Terms**

ISSUE SUMMARY

Report on recent changes to debt issuance terms by the Municipal Finance Authority of British Columbia (MFA).

BACKGROUND

When compared to other Canadian provinces, British Columbia is unique in centralizing local government investments and debt financing through a single public entity. The *Local Government Act*, *Community Charter*, and *Municipal Finance Authority Act* require all long-term debt for local governments in BC be issued through the MFA.

The MFA was created in 1970 to serve local governments throughout the province by pooling borrowing and investment needs, enabling access to a broad range of low cost and flexible financial services regardless of community size. The MFA operates under the governance of a Board of Members appointed from regional districts and operates independently of the provincial government.

All long-term borrowings are contractual agreements between the MFA and regional districts. Additionally, all 160 municipalities are members in 1 of 28 regional districts. Each regional district is liable to make debt repayments to the MFA; in turn, member municipalities are liable to make repayments to the regional district. The responsibility for initiating legislative approval, setting borrowing terms, requests and repayment lies with the entity requesting financing (i.e. municipality or regional district). However, all members of the regional district are jointly and severally liable for all outstanding debt in the event of default.

As it relates to borrowing, the role of local government staff is to plan service delivery through operating and capital budgets; identifying revenue and financing requirements. As input variables into the planning process, staff rely on the MFA debt placement model, indicative borrowing rates, and various flexible repayment options.

Through staff recommendation, local government financing is authorized upon approval of a loan authorization bylaw, requiring public consent, a resolution of council (municipalities), and a regional district security issuing bylaw. Twice annually, long-term financing on behalf of all local governments is undertaken by the MFA. Financing requests are pooled and funded in the Spring and Fall by selling bonds in capital markets.

MFA bonds are highly attractive and considered benchmark Canadian municipal bonds due to the system of bylaws in addition to the MFA's direct and unfettered property taxation power. These legislative safeguards ensure MFA's credit rating (measured by Moody's, Fitch and Standard & Poor) is consistently maintained AAA; the highest level of creditor confidence, resulting in lower borrowing rates.

The MFA debt model in capital markets considers both rate and volume of financing required, and is issued on terms ranging between 5 to 30 years. The current approach involves an initial fixed 10-year term, after which refinancing is placed at 5-year terms until maturity of debt is reached. Annual interest payments are made by the regional districts, but bond holders do not receive principal until the re-financing date (MFA bonds are bullet debentures). As such, the MFA maintains a “sinking fund” which invests principal payments. Investment income earned by the sinking fund is credited to each local government in the bond issue. The benefit of this system is a reduced overall cost of financing due to actuarial earnings. If the MFA earns above the actuarial rate assumption, it is possible the loan will be forgiven ahead of schedule.

Through the July 2021 Finance Committee and Board meetings, a security issuing bylaw was introduced, read three times, and adopted for the fall borrowing. The CRD had a 30 year, \$1.26 million, long term debt placement for the Magic Lake Estates Wastewater System, while the Township of Esquimalt had a 30 year, \$35 million placement for a public safety building.

In August 2021, the MFA introduced a longer initial fixed debt term (20 vs 10 years), requesting local governments with long-term debt in the Fall borrowing consent to the revised model. The report summarizes the impact of this change and rationalizes declining this option for the CRD.

IMPLICATIONS

Financial Implications

For the 2021 fall borrowing, the MFA introduced the option of using a longer initial fixed debt term. Local governments who had authorized debt where the term was 20 years or greater were asked to consent to this new option and a fixed 20 year initial term and rate.

The CRD had submitted a 30 year debt issuance for the Magic Lake Sewer service. This borrowing was expected to be financed for an initial 10 year term, followed by 5 year refinancing options in each of years 10, 15, 20 and 25. Under the new option, debt would be placed initially at 20 years, followed by 5 year refinancing options in each of years 20 and 25.

Following a modelling exercise summarized in Appendix B, and detailed below, staff declined the MFA option for the Magic Lake Estates Wastewater System borrowing.

Analysis

Staff created a financial model to compare the current initial 10 year fixed model with the new initial 20 year fixed option. For ease of analysis, a \$1 million dollar long-term borrowing was evaluated. The actuarial rate was held at 2.25% (current experience) to ensure earnings and principal payments remained a constant. To avoid speculation of future interest rates, each option was analyzed using CRD planning assumption rates with a reasonable premium to account for economic conditions.

Appendix B summarizes the financial analysis and modelling by staff. The analysis shows the current 10 year initial option would cost \$117,500 (approximately 30%) less than the new initial 20 year term per \$1 million borrowed. A financial break-even analysis shows refinancing rates would have to rise from today by almost double, between years 10 and 20, to justify switching to the 20 year initial term.

Additionally, the 20 year initial term comes with reduced flexibility for local governments in managing debt. Renewal periods allow borrowers the option to repay the outstanding balance to avoid further interest charges; an option exercised by CRD and CRHD services.

Finally, in a rising rate environment, the actuarial rate is subject to review by the MFA and could be increased, providing a greater credit to debt repayment. In the 20 year initial term, actuarial rate would more likely remain fixed during the period, foregoing benefit from actuarial gains in years 11 through 20.

Other Considerations

Revenue requirements can fluctuate upon each renewal period after the 10 year initial term, either increasing or decreasing with interest rate changes. Where revenue stability for the local government is necessary, the 20 year initial term would have the same payments through the initial placement period. As a result, principle and interest costs would be fixed. As illustrated in the financial analysis above, cost certainty translates into a rate premium and possibly higher total financing cost.

The need for borrowing is identified in service and asset planning. The optimal use of borrowing is defined by the Capital Reserve Guidelines (received in July 2021 by Board through Finance Committee) where the Debt Term Guidelines (October 2019 by Board through Finance) recommends amortization period to balance cost of borrowing with affordability. In alignment with these guidelines, and the financial analysis above, staff did not consent to the 20 year initial debt term option. Staff will continue to monitor MFA indicative rates, perform scenario analyses, evaluate options, and recommend the best risk-cost-benefit alternative to the CRD or CRHD in alignment with offerings from MFA.

Legislative Implications

The MFA debt model through August 2021 was considered the standard methodology and has been incorporated into CRD loan authorization approvals and the Magic Lake Sewer referendum process. Documents prepared for public consultations, including analysis of cost implications, were widely shared with the community and based on MFA indicative interest rates with a 10 year initial term, and subsequent 5 year renewals.

On November 23, 2019, a referendum vote was held for the Magic Lake Estates wastewater system; the advertising notice is included in Appendix A. An excerpt of the borrowing plan states:

Taxation Impact

The 30-year loan authorization period may ultimately result in an additional estimated parcel tax of \$496, based on borrowing up to \$6,000,000 for the project. This rate is for illustrative purposes only and the actual parcel tax will be based on the amount borrowed and the interest rate at time of borrowing. The interest rate may also change each time the loan is refinanced (after approximately 10 years and then every 5 years thereafter).

Consenting to an initial 20 year term would have resulted in a departure from information provided in the public decision-making and approval process.

CONCLUSION

Recent changes to debt issuance terms offered by the Municipal Finance Authority of British Columbia (MFA) have been reviewed for consideration. The change to debt term issuance was analyzed and the recommendation developed to decline the new debt issuance term for the Magic Lake Estates Wastewater System borrowing. Staff will continue to review new options when presented for consideration.

RECOMMENDATION

The Finance Committee recommends to the Capital Regional District Board:
That the Municipal Finance Authority – Debt Issuance Terms report be received for information.

Submitted by:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT(S)

Appendix A: Magic Lake Notice Assent Voting Opportunity
Appendix B: Rate Analysis



Notice of Assent Voting Opportunity Magic Lake Estates Wastewater Referendum

Qualified Resident Electors and Non-Resident Property Electors of the Magic Lake Estates Sewage Local Service Area located on North Pender Island within the Southern Gulf Islands Electoral Area will be asked to vote on the following question on **Saturday, November 23, 2019**: “Magic Lake Estates Wastewater System Loan Authorization Bylaw No. 3, 2019”, authorizing the Capital Regional District to borrow an amount up to but not to exceed SIX MILLION DOLLARS (\$6,000,000) for the purpose of administering, planning, designing, acquiring, and constructing the capital renewal and upgrade of the Magic Lake Estates Wastewater System. YES or NO”

Synopsis of Bylaw No. 4320

The intent of Bylaw No. 4320, Magic Lake Estates Wastewater System Loan Authorization Bylaw No. 3, 2019, is to authorize the Capital Regional District (CRD) to borrow an amount up to but not to exceed \$6,000,000, for the purposes of funding Phase 1 of capital renewal and upgrade of the Magic Lake Estates wastewater system, which will involve the design and construction of facilities for collection, conveyance, treatment and disposal of wastewater, as well as other related works, facilities, real property and equipment purchases, and will include planning, studies, project administration and communications, and staff time. The Magic Lake Estates sewage local service area is located on Pender Island in the Southern Gulf Islands Electoral Area of the Capital Regional District.

The above synopsis is not an interpretation of Bylaw No. 4320. A copy of the complete bylaw and this notice may be viewed from October 21, 2019 to November 22, 2019, Monday to Friday, at CRD Headquarters, 625 Fisgard Street, 1st Floor Foyer, Victoria, BC, 8:30 am-4:30 pm. The bylaw and other information may also be viewed on the website: www.crd.bc.ca/magiclake-vote

Taxation Impact

The 30-year loan authorization period may ultimately result in an additional estimated parcel tax of \$496, based on borrowing up to \$6,000,000 for the project. This rate is for illustrative purposes only and the actual parcel tax will be based on the amount borrowed and the interest rate at time of borrowing. The interest rate may also change each time the loan is refinanced (after approximately 10 years and then every 5 years thereafter).

Voting Opportunities

The **General Voting Day** voting place will be open from **8 am to 8 pm on Saturday, November 23, 2019**, and **Advance Voting Opportunities** will be available from **8 am to 8 pm on Wednesday, November 13 and Wednesday, November 20, 2019 at:**

- St. Peter's Church, 4703 Canal Road, Pender Island, BC

Mail Ballot Voting is available to qualified Resident Electors or Non-Resident Property Electors who:

- have a physical disability, illness or injury that affects their ability to vote at another voting opportunity, or
- expect to be absent from the regional district on general voting day (Saturday, November 23, 2019) and at the times of all advance voting opportunities (Wednesday, November 13 and November 20, 2019).

To Register To Vote By Mail, eligible electors who meet the criteria must submit a completed mail ballot application form in advance of general voting day, November 23, 2019. Application forms are available on the CRD website noted above. Completed application forms may be submitted via email, mail, in person or via fax at the following contact information listed below:

Capital Regional District, c/o Legislative Services, 5th floor, 625 Fisgard Street, Victoria, BC, V8W 1R7; Fax: 250.360.3130; Email Legserv@crd.bc.ca

If you are not on the Provincial Resident Elector List or the CRD Non-Resident Property List of Electors, you may register at the time of filling in your ballot. If you wish to confirm that your name is on the List of Electors, please call the number listed above.

After receiving a mail ballot application, the CRD will send out the applicable mail ballot package commencing on or about November 4, 2019. If we receive your application at a date that does not permit mailing, you should arrange to pick up a package from the CRD, Legislative Services, at the address listed above. To be counted for the assent voting, your mail ballot must be received by the Chief Election Officer no later than 8 pm on Saturday, November 23, 2019 at the CRD address listed above. It is the obligation of the person applying to vote by mail ballot to ensure that the mail ballot is received by the Chief Election Officer within this time limit.

Elector Qualifications

Resident Elector - You are entitled to vote as a Resident Elector if you are 18 years or older on voting day (November 23, 2019), are a Canadian Citizen, have resided in British Columbia for the past six months and within the boundaries of the Magic Lake Estates sewage local service area for the past 30 days. If registering on voting day, you must provide two documents proving identity and residency (one must have a signature). Please note the CRD is using the Provincial Voters List for Resident Electors.

Non-Resident Property Elector - If you are 18 years or older on voting day (November 23, 2019), are a Canadian Citizen, have resided in British Columbia for the past six months, have owned and held registered title to property within the boundaries of the Magic Lake Estates sewage local service area for the past 30 days, and do not qualify as a Resident Elector, you may vote as a Non-Resident Property Elector provided that you:

- a) have registered on or before October 11, 2019, or
- b) apply at the time of voting. The following information is required at the time of application:
 - a recent title search, state of title certificate, or property tax notice, showing the names of **all** of the registered owners,
 - 2 pieces of identification proving identity and residency (one must have a signature), and
 - in the case of more than one owner of the property, a completed consent form signed by the majority of the owners designating you as the person entitled to vote for the property (original signatures only; facsimiles of signatures not acceptable). A copy of the consent form may be downloaded from: www.crd.bc.ca/magiclake-vote

The following are examples of acceptable classes of documents for proof of identity:

- BC Driver's Licence
- BC ID card (BCID)
- BC Services Card
- BC CareCard
- Social Insurance Card (Canada)
- Citizenship Card (Canada)
- Real property tax notice (municipal or rural)
- Credit card or debit card issued by a savings institution
- Utility bill

Please Note:

- 1) Only one Non-Resident Property Elector may vote per property, regardless of how many owners there may be. Further, you may vote for only one property, no matter how many properties you own within the service area.

- 2) You may register on voting day if you meet the qualifications set out above. If you are already registered as a Non-Resident Property Elector, and provided that you still meet all of the requirements of the *Local Government Act* in order to be registered under this category, you are not required to re-register in order to vote.
- 3) No corporation is entitled to be registered as an elector or have a representative registered as an elector, and no corporation is entitled to vote. Individuals who are on title with corporations are not entitled to register or vote. Individuals who own an undivided interest in land on which the balance is held by a corporation are not entitled to vote.

For questions regarding the voting opportunity contact the Capital Regional District at 250.360.3127 or Toll Free 1.800.663.4425 local 3127, or by email at legserv@crd.bc.ca.

Dated this 28th day of October, 2019

Kristen Morley
Chief Election Officer

DRAFT

Appendix B

Staff created a financial model to compare the current initial 10 year fixed model with the new initial 20 year fixed option. For ease of analysis, a \$1 million dollar long-term borrowing was evaluated. The actuarial rate was held at 2.25% (current experience) to ensure earnings and principal payments remained a constant.

	Option 1	Option 2
Principal borrowed	\$1 million	\$1 million
Term of borrowing	30 Years	30 Years
Initial Term	10 Years	20 Years

Rates	Option 1	Option 2
Years 1 - 10	2.00%	2.65%
Renewal years 11-15	2.00%	
Renewal years 16-20	2.25%	
Renewal years 21-25	2.50%	2.50%
Renewal years 25-30	2.75%	2.75%

Base Case

	Option 1		Option 2		
Years	Rate	Net Interest Cost (net of actuarial)	Rate	Net Interest Cost (net of actuarial)	Difference
1 - 10	2.00%	174,506	2.65%	239,506	- 65,000
11 - 15	2.00%	63,657	2.65%	96,157	- 32,500
16 - 20	2.25%	57,936	2.65%	77,936	- 20,000
21 - 25	2.50%	50,071	2.50%	50,071	-
25 - 30	2.75%	39,809	2.75%	39,809	-
		<u>385,980</u>		<u>503,480</u>	<u>- 117,500</u>
Percent increase (Option 2 vs Option 1):					<u>30.4%</u>

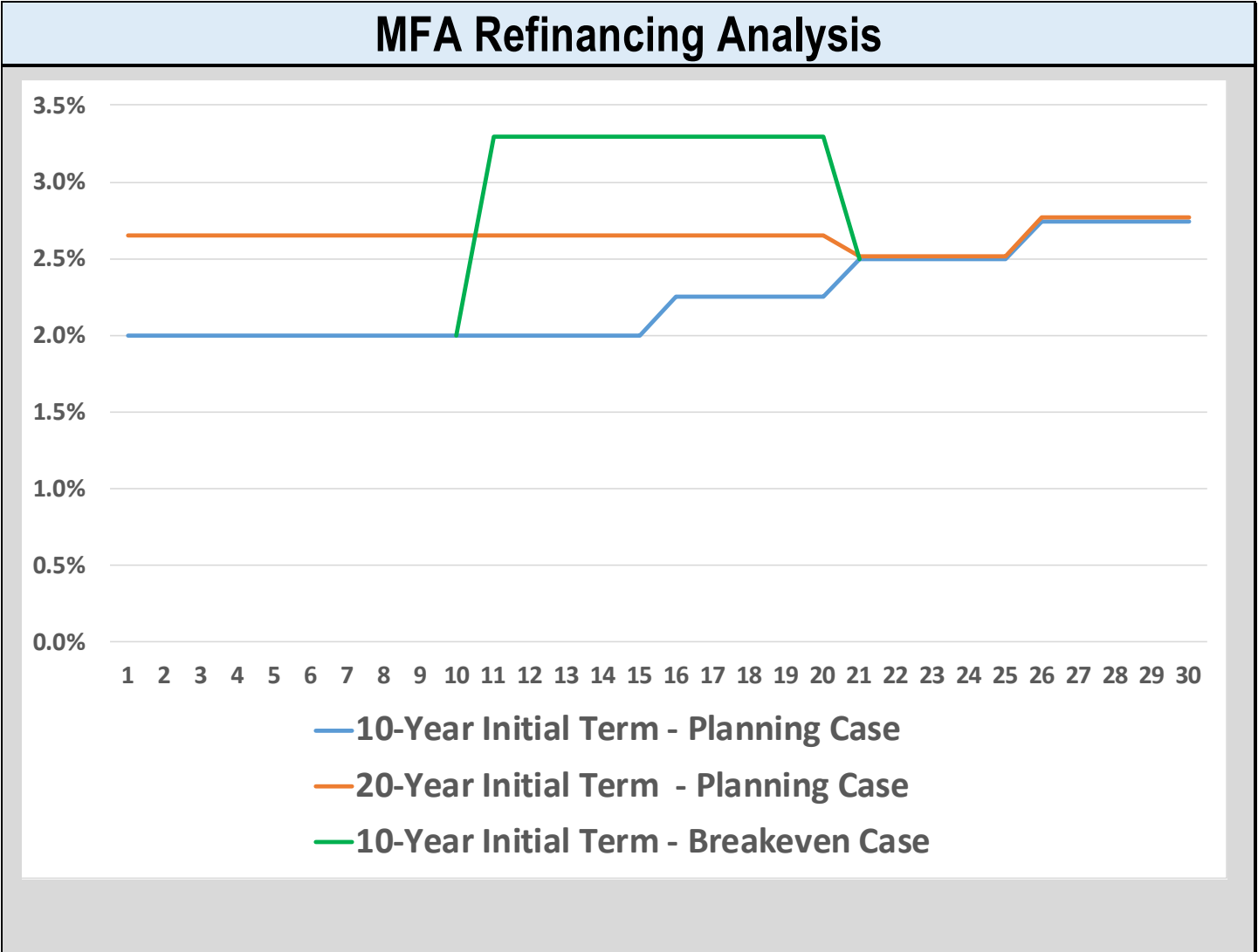
Break Even Analysis

Base case Option 1 rates in years 11-20 differ from the base case above, resulting in equivalent total net interest costs.

	Option 1		Option 2		
Years	Rate	Net Interest Cost (net of actuarial)	Rate	Net Interest Cost (net of actuarial)	Difference
1 - 10	2.00%	174,506	2.65%	239,506	- 65,000
11 - 15	3.30%	128,657	2.65%	96,157	32,500
16 - 20	3.30%	110,436	2.65%	77,936	32,500
21 - 25	2.50%	50,071	2.50%	50,071	-
25 - 30	2.75%	39,809	2.75%	39,809	-
		<u>503,480</u>		<u>503,480</u>	<u>-</u>

The analysis shows the current 10 year initial option would cost \$117,500 (approximately 30%) less than the new initial 20 year term per \$1 million borrowed. A financial break-even analysis shows refinancing rates would have to rise from approximately 1.65% today by 3.30%, between years 10 and 20, to justify switching to the 20 year initial term.

The following graph is a visual representation of re-financing interest rates presented in the above table:



Planning			Breakeven	
	Option 1	Option 2	Option 1	
Years	10-Year	20-Year	10-Year	
1-10	2.00%	2.65%	2.00%	
11-15	2.00%	2.65%	3.30%	
16-20	2.25%	2.65%	3.30%	
21-25	2.50%	2.50%	2.50%	
25-30	2.75%	2.75%	2.75%	

**REPORT TO THE FINANCE COMMITTEE
MEETING OF WEDNESDAY, JANUARY 05, 2022**

SUBJECT **Update on the Municipal Finance Authority Product Offerings**

ISSUE SUMMARY

To provide an update on Municipal Finance Authority of BC (MFABC) pooled investment options available to the Capital Regional District (CRD).

BACKGROUND

The MFABC is launching a new pooled investment product intended for long-term investment; the Diversified Multi-Asset Class (DMAC) fund. This new product will provide local governments access to investment diversification options beyond the fixed income market (bonds) by investing in a global portfolio of assets inclusive of equities, which were previously unavailable. Several Canadian provinces including Alberta, Saskatchewan, Ontario and Nova Scotia have included equities as an investment for many years. Assuming a long-term investment time horizon, a global multi-asset class portfolio has the potential to offer better risk-adjusted returns when compared to fixed-income.

Once launched, BC local governments will be required to meet the MFABC's suitability requirements, including declaration and agreement that funds being invested have a minimum 10 year vesting period. In addition, the Ministry of Housing and Municipal Affairs (Ministry) will impose investment limits based upon the size of the local government's total reserves. The maximum investment will be 25% of total cash and investments as last reported to the Ministry at December 31, 2020. Thus, the maximum allowable investment in 2022 would be \$91 million.

IMPLICATIONS

Financial Implications

Investment decisions are guided through the CRD Investment Policy (IP) on the basis of key objectives. These objectives are safety of principal, liquidity, responsible investing and return on investment. A review of the DMAC pooled fund with the CRD Investment Policy (IP) is summarized in Table 1, below.

Table 1: Proposed DMAC Pooled Fund – CRD Suitability Assessment

Consideration	Assessment
Time Horizon:	Long-term (10+ years minimum)
Liquidity Constraint:	Possible that investment manager will delay fulfilling redemption requests in the event of overwhelming redemption demands
Sources of returns:	Capital gains/losses (unit value appreciation or depreciation) All distributions are automatically reinvested in additional units of the DMAC fund
Return potential:	+4-6% (volatility in returns is to be expected, resulting at times in negative returns)
Fossil Fuel Free Lens:	Estimated 94%+ of holdings meets criteria
IP Lens:	Qualifies under current IP
Legislative Lens:	Meets legislative criteria (<i>Community Charter</i> Section 183, (b) pooled investment funds under section 16 of the <i>Municipal Finance Authority Act</i>)
Risk/Benefits Analysis:	
Diversification beyond fixed income & access to multiple global asset classes	
Exposure to illiquid asset classes: 30 day notice period Preservation of Capital: if liquidated in a negative return period erosion of capital can occur	
Illiquidity risk: Fund intended for long-term holdings only which may constrain attempts to redeem funds on a timely basis	
Professional Management: Phillips, Hager & North are the primary fund managers	

Once available, staff will review suitability of the new DMAC pooled fund with investment goals in alignment with the IP.

CONCLUSION

The Municipal Finance Authority of BC is developing a Diversified Multi-Asset Class pooled fund product to add to the current investment product offering. The fund looks to provide higher yields while diversifying investment risk for local government clients. The current Investment Policy of the Capital Regional District aligns with the proposed new offering and staff will include as a portfolio investment option wherever suitable.

RECOMMENDATION

The Finance Committee recommends to the Capital Regional District Board:
That the Update on the Municipal Finance Authority Product report be received for information.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Larisa Hutcheson, P. Eng., Acting Chief Administrative Officer

ATTACHMENT(S)

Appendix A: DMAC Overview

Appendix B: MFA DMAC Presentation

Additional Background: DMAC Pooled Investment Fund

The MFA is offering a new optional investment vehicle intended for long-term investments (i.e. 10+ years) by BC local governments: The Diversified Multi-Asset Class pooled investment fund (DMAC). A multi-asset class global portfolio can offer superior risk-adjusted returns and can enhance some risk characteristics of a fixed-income only reserves portfolio, as long as the time horizon for the investment is truly long-term in nature.

The DMAC Fund is not appropriate for all Local Governments (LGs). While the MFA will help educate and support LGs, LGs will need to do their own due diligence before investing. LGs are considered professional investors by Canadian securities regulators.

Preservation of capital through diversification of investments into the broadest selection of asset categories possible, and picking the right exposures within those categories, should be the main priority for local government investors. However, if the investments are not needed until well into the future, the purchasing power of short dated bonds and deposit investments are being diminished, as inflation is higher than expected returns on those investments.

Cash flow forecasting is critical to the analysis process which supports the ability and accuracy of matching investments with future requirements. A well-designed cash flow forecast can support a longer-term investment horizon and improve risk-adjusted returns.

MFA's DMAC Fund is professionally designed for LG reserves not needed for 10 years or longer at very low cost. Among the biggest risks involved in buying the DMAC fund is the risk of a LG selling the Fund earlier than originally anticipated (and crystalizing losses during a downturn). Managing expectations and educating all stakeholders on volatility will be key to limiting bad outcomes. Segregation or "earmarking" of suitable long-term reserves along with education should limit divestment of holdings at inopportune times. Whether due to accounting practices, or from the actual performance of the Fund, higher than normal volatility should be expected. While MFA cannot dictate how LGs manage their investment process and practices, MFA will require evidence of staff and council discourse about the potential short-term volatility of the DMAC Fund and the intent to hold on to it for the long term.

Investment best practices call for a Board- or Council-approved Investment Policy to guide risk tolerance and the objectives of an investment portfolio. The Capital Regional District's current investment policy would permit investing long-term investments into the DMAC fund.

The presentation in Appendix B, provided by the MFA, outlines the diversification, exposure and risk characteristics of the DMAC.

MFA's Diversified Multi-asset Class Fund

Peter Urbanc, CEO



**Municipal Finance
Authority of BC**

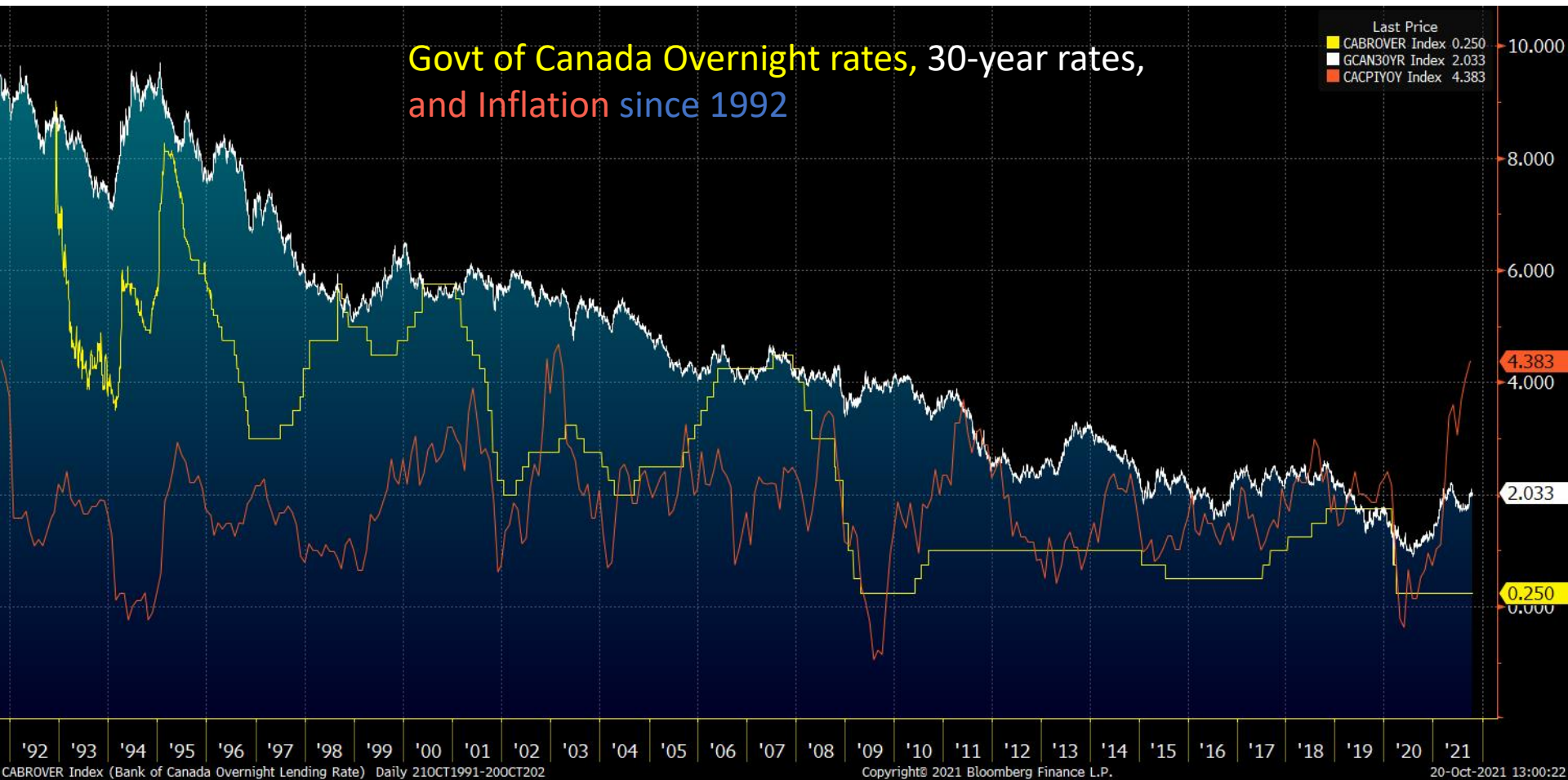


- MFA is offering a new **optional** investment vehicle intended for **long-term** investments by BC local governments (“LGs”): The Diversified Multi-Asset Class pooled investment fund (“DMAC”)
- In order to support long-term capital growth and reduce certain risks, MFA endorses the ability for **well-suited** LGs to diversify a portion of investments into a professionally-managed global portfolio of stocks, bonds and alternative assets
- Several jurisdictions already have allowed expanded investment options for LGs for many years (Alberta, Saskatchewan, Ontario, Nova Scotia)
- A multi-asset class global portfolio can offer superior risk-adjusted returns and can enhance some risk characteristics of a fixed-income only reserves portfolio - **as long as the time horizon for the investment is truly long-term in nature**
- The DMAC Fund is not appropriate for all LGs. While MFA will help educate and support LGs, LGs will need to do their own due diligence before investing. LGs are considered professional investors by Canadian securities regulators
- In addition to strict on-boarding requirements (by MFA) to ensure suitability prior to entering into the Fund, the Province has imposed an investment limit of 10 or 25% of a LG’s prior years’ ‘Total Year-end Cash & Investments’



Fixed income investments are likely over-valued

Investors have done well by owning long-term bonds over the last 25 years - as interest rates have fallen. However, locking in long-term interest rates at today's low rates is very risky



10-year Performance Projections: Various Asset Mixes



Investing in bonds alone is likely not a suitable strategy for long-term portfolios which are aimed at funding long-term capital investments

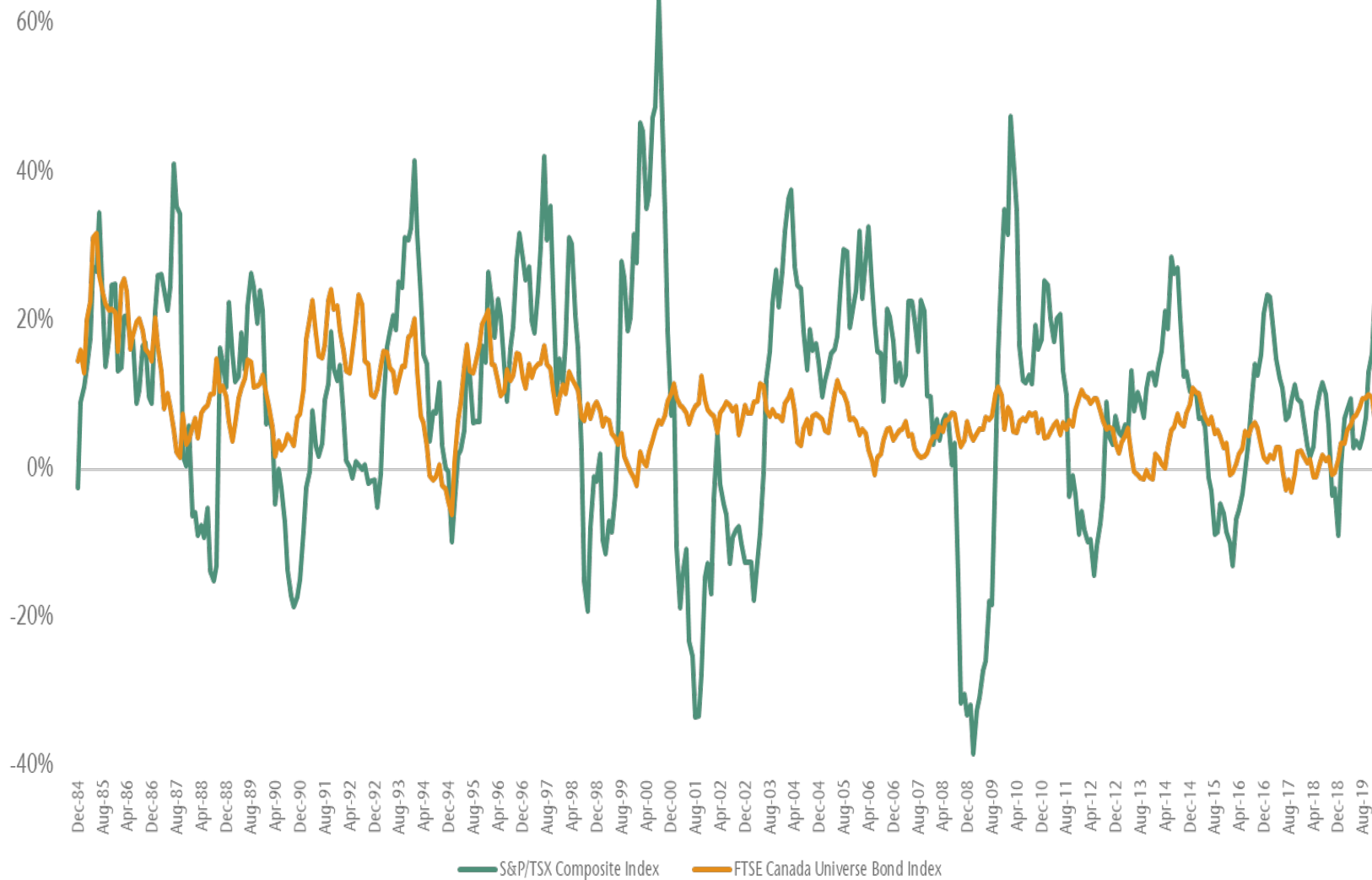
	Portfolio A Govt Bonds	Portfolio B All Bonds	Portfolio C 50 / 50	Portfolio D 25 / 75	Portfolio E 10 / 90
Canadian Government Bonds	100%	0%	0%	0%	0%
Canadian Universe Bonds	0%	100%	0%	0%	0%
Global Universe Bonds (CAD-Hedged)	0%	0%	50%	25%	10%
Global Equities (in CAD)	0%	0%	50%	75%	90%
Long Term Expected Return (10 years)	1.0%	1.3%	4.3%	5.6%	6.3%
Annual Volatility	4.6%	4.4%	7.3%	10.7%	12.9%
Sharpe Ratio (Return per unit of risk)	0.10	0.18	0.51	0.47	0.45

Hypothetical performance analyses conducted in October 2020, for illustrative purposes only.
There is no guarantee hypothetical returns or projections will be realized.

Year over year investment returns are more volatile for stocks vs bonds



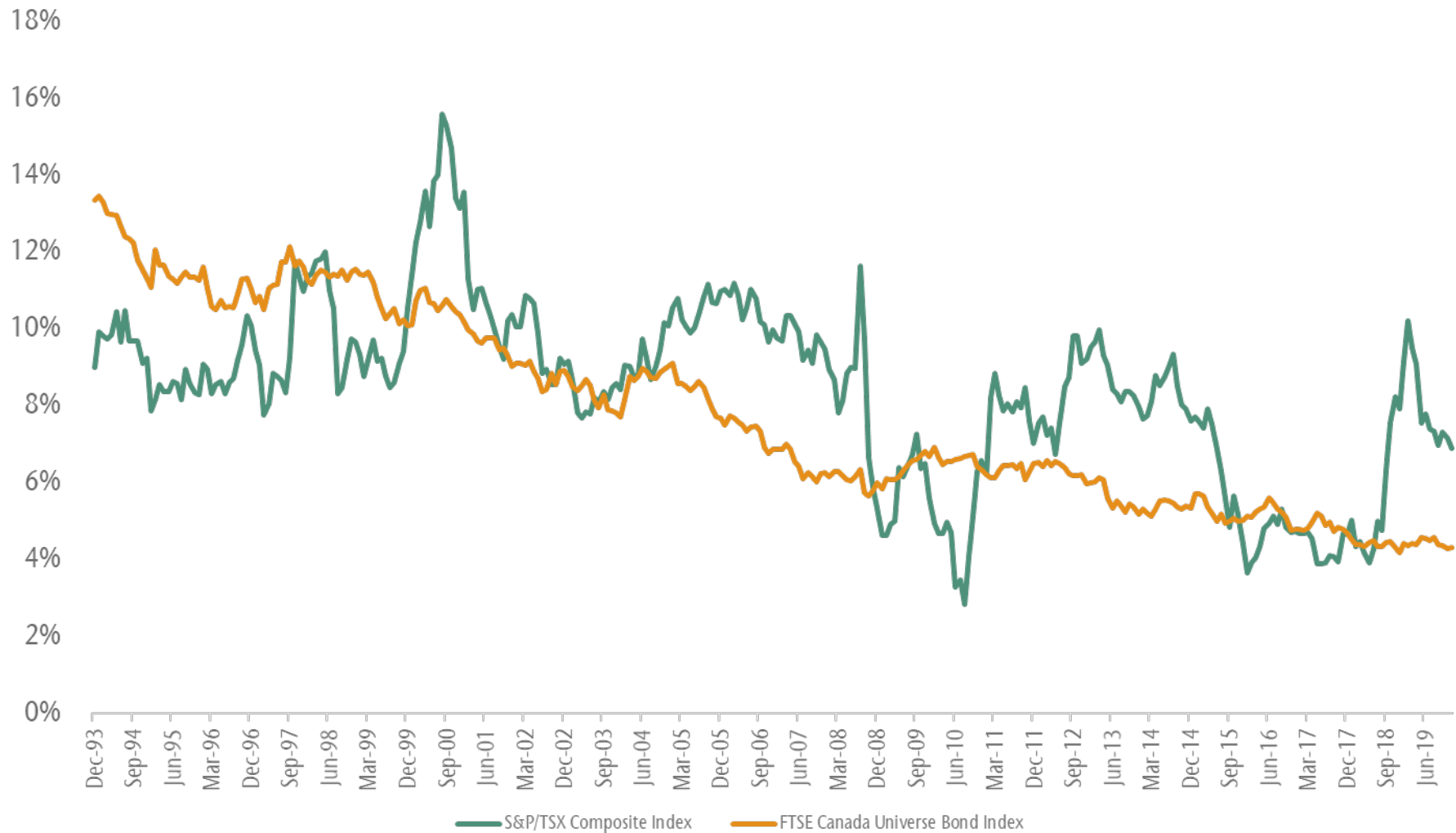
ROLLING 1-YEAR PERIODS



Over 10-year periods, equities investment returns have been positive since the 1980s



ROLLING 10-YEAR PERIODS



Asset class diversification reduces volatility and increases risk-adjusted returns



ROLLING 10-YEAR PERIODS



DMAC aims to provide global diversification and optimize risk-adjusted returns



Asset Class/Strategy	Asset Class/Strategy Characteristics	Exposure Range *	Expected Return Range	Expected Annual Volatility	Expected Annual Downside Risk
Short & Universe Bonds	<ul style="list-style-type: none"> Key source of stability and modest income Tactical management of multi-sector-credit and illiquidity 	5.0% to 15.0%	2.0% to 2.3%	2.3% to 4.3%	-3.0% to -7.5%
Multi-asset Global Credit	<ul style="list-style-type: none"> Diversified global exposure to investment grade and sub-investment grade credit Not benchmark driven, providing more flexible approach to credit markets 	5.0% to 15.0%	4.0% to 5.0%	9.3%	-18.7%
Canadian & Global Equities	<ul style="list-style-type: none"> Actively managed fundamental equities Significant component of portfolio return Large global component reduces exposure to concentrated Canadian markets 	20.0% to 40.0%	5.6% to 6.4%	14.3% to 17.0%	-25.0% to -27.8%
Low Volatility Equities	<ul style="list-style-type: none"> Reduce risk embedded in traditional equity allocations Typically resilient in drawdowns but trail in strong up-markets 	10.0% to 20.0%	5.1% to 5.8%	11.0% to 11.7%	-15.5% to -16.4%
Emerging Market Equities	<ul style="list-style-type: none"> Exposure to faster growing emerging markets Increases portfolio expected return 	5.0% to 8.0%	7.6%	23.3%	-33.9%
Alternatives	<ul style="list-style-type: none"> High Yield Mortgages, Real Estate, and/or Infrastructure Funds are being considered Strong risk-adjusted returns that are less correlated with equities and low volatility 	10.0% to 20.0%	5.8% to 6.0%	1.7% to 9.6%	-13.4% to -13.9%

* MFA is currently refining the asset allocation parameters - these ranges are preliminary. The Fund Manager will have latitude to operate within approved ranges by asset class to allow for tactical asset allocation decisions and rebalancing.

Change in risk profile: Introducing Equities into a LG's Investment Portfolio



The impact of investing 20% of “City A’s” existing portfolio into a global stock portfolio is shown below. This is a conservative illustration of the increased volatility of introducing the DMAC Fund, as that DMAC will have lower risk characteristics than a 100% global stock portfolio.

	<u>City A</u> Current Portfolio (Portfolio Size: \$1.7B)	<u>City A</u> Adjusted Portfolio w/ 20% Equity Exposure (Portfolio Size: \$1.7B)
Expected Annual Return (\$ / %)	\$36.0M (2.12%)	\$50.2M (2.95%)
Volatility**	+/- \$30.8M (1.81%)	+/- \$55.7M (3.27%)
Avg. Max. Drawdown†	-\$15.1M (-0.89%)	-\$42.0M (-2.47%)
VaR (99%) (~1 in 100)	-\$70.3M (-4.14%)	-\$157.7M (-9.27%)
Worst Drawdown◇ (~1 in 2,000)	-\$101.9M (-5.99%)	-\$249.7M (-14.69%)

10-year investment horizon. ** 1 standard deviation; ~67% of the time actual returns are +/- x from the expected return. † Calculated by running 2,000 simulations across 10 years and finding the worst annual peak-to-trough decline by scenario, the average is then taken across those 2,000 scenarios. ◇ Of the 2,000 simulations the worst drawdown; theoretically a 1 in 2,000 scenario.



Preservation of capital through **diversification** of investments into the broadest selection of asset categories possible, and picking the right **exposures** within those categories, **should be the main priority** for local government investors. However, if the investments are not needed until well into the future, the purchasing power of short dated bonds and deposit investments are being diminished – as inflation is higher than expected returns on those investments.

Cash flow forecasting is critical to the analysis process which supports the ability and accuracy of matching investments with future requirements. A well-designed cash flow forecast can support a longer-term investment horizon and improve risk-adjusted returns.

MFA's DMAC Fund is professionally designed for LG reserves not needed for 10 years or longer **at very low cost**. Among the biggest risks involved in buying the DMAC fund is the risk of a LG selling the Fund earlier than originally anticipated (and crystalizing losses during a downturn). **Managing expectations and educating all stakeholders on volatility will be key to limiting bad outcomes. Segregation or “earmarking” of suitable long-term reserves along with education should limit divestment of holdings at inopportune times.** Whether due to accounting practices, or from the actual performance of the Fund, higher than normal volatility should be expected. While MFA cannot dictate how LGs manage their investment process and practices, MFA will require evidence of staff and council discourse about the potential short-term volatility of the DMAC Fund and the intent to hold on to it for the long term.

Investment best practices call for a **Council-approved Investment Policy** to guide risk tolerance and the **Objectives** of an investment portfolio.



**Municipal Finance
Authority of BC**

CELEBRATING

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Alternative Asset: A financial asset that does not fall into one of the conventional investment categories. Conventional categories include stocks, bonds, and cash. Alternative investments include private equity or venture capital, real estate, infrastructure, hedge funds, and managed futures. Alternative investments typically have low correlation with conventional investment categories.

Drawdown: A drawdown is a peak-to-trough decline of an investment during a specific period for an investment. A drawdown is usually quoted as the percentage between the peak and the subsequent trough.

Emerging Market Economy: An emerging market economy is the economy of a developing nation that is becoming more engaged with global markets as it grows. Countries classified as emerging market economies are those with some, but not all, of the characteristics of a developed market. As an emerging market economy progresses it typically becomes more integrated with the global economy, as shown by increased liquidity in local debt and equity markets, increased trade volume and foreign direct investment, and the domestic development of modern financial and regulatory institutions.

Estimated Long-term Return: Is a hypothetical measure that forecasts an investor's expected return over the life of an investment.

Investment Time Horizon: The projected length of time your money will be invested.



Low Volatility Equity (Strategy): A low-volatility investing strategy focuses on reducing volatility or risk compared to an index. This strategy uses risk as the primary measure to determine if a particular stock will be included or excluded in a portfolio, and what the optimal weighting of the included stock will be.

Market Exposure: Market exposure refers to the dollar amount of funds or percentage of a broader portfolio that is invested in a particular type of security, market sector, or industry. Market exposure is usually expressed as a percentage of total portfolio holdings.

Multi-asset Global Credit: Is a diversified investment discipline that aims to capture global credit risk premiums by investing in a range of geographies, asset classes, and credit instruments.

Professional Investor (also: “Accredited Investor”): Financially sophisticated individuals or entities (LGs) assumed to have requisite knowledge and understanding of professional investing concepts and can enter into investment-related contracts with other professional investors. Generally, regulatory investment suitability assessments/obligations are waived for the professional selling services and this results in limited legal recourse for the professional purchasing investment services.



Risk-adjusted Return: A risk-adjusted return measures an investment's return after taking into account the degree of risk that was taken to achieve it. There are several methods of risk-adjusting performance, such as the Sharpe ratio for example, with each yielding a slightly different result. In any case, the purpose of risk-adjusted return is to help investors determine whether the risk taken was worth the expected reward.

Sharpe Ratio: Is used to help investors understand the return of an investment compared to its risk. The Sharpe Ratio adjusts a portfolio's past performance – or expected future performance – for the excess risk that was taken by the investor. A higher Sharpe Ratio indicates better risk-adjusted performance compared to a lower Sharpe Ratio in a comparable asset class, but a standalone Sharpe Ratio value is of little informational value as it varies between asset classes and portfolio types.

Universe Bonds: Highly-rated (investment grade (BBB), or higher) corporate and government bonds which meet minimum liquidity requirements.

Value at Risk (VaR): The estimated maximum loss at a level of confidence (probability), over a given period.

Volatility: Is the tendency of an investment to experience price swings (ups and downs) over a period of time.

**REPORT TO FINANCE COMMITTEE
MEETING OF WEDNESDAY, JANUARY 05, 2022**

SUBJECT **Capital Regional District External Grants Update**

ISSUE SUMMARY

A bi-monthly update on external grants activity for the period of October 12 through December 13, 2021.

BACKGROUND

This report summarizes activities and outcomes since the CRD External Grants Update was last presented at the November 2021 Board meeting. Additionally, the CRD External Grants Dashboard (Appendix A) details grant applications, awards, and status of projects in progress.

IMPLICATIONS

Financial Implications

Grants / Contributions Awarded

Four grants are under news embargo.

1. \$11,290,921 through National Housing Strategy's – Canada Mortgage and Housing Corporation – Rapid Housing Initiative – Major Cities Stream to support the Catherine Street Supportive Housing Project, 45 units.
2. \$100,000 through Enabling Accessibility Fund – Small Projects Stream to support the Improving Accessibility – Panorama Recreation & SEAPARC Project. (Declined November 2020 and re-considered in Summer 2021).
3. \$100,000 through BC Hydro Community Energy Manager Program to support the CRD's Community Energy Specialist from September 2021 – September 2023.
4. \$89,912 through Canada Summer Jobs to support various services in youth employment.
 - a. \$31,757 for Panorama – Greenglade.
 - b. \$20,830 for SEAPARC.
 - c. \$16,609 for Panorama – Aquatics.
 - d. \$6,528 for SSI – Parks & Recreation.
 - e. \$4,450 for Panorama – Tennis.
 - f. \$3,374 for Panorama – Summer Camp.
 - g. \$3,192 for Regional Parks.
 - h. \$3,172 for Integrated Water Services.
5. \$65,000 through Canada Nature Fund's Species at Risk Priority Places – Environment and Climate Change Canada Program to support the Species at Risk Assessment,

Planning and Habitat Restoration at Mill Hill Regional Park (2021-2023). (2021-2022 \$25,000; 2022-2023 \$40,000).

6. \$3,000 through CRD Traffic Safety Commission to support the CRD Walk and Wheel to School 2021 Project.
7. \$3,000 through Salt Spring Island Foundation to support the Child Care Space Creation – Equipment Project.

Investing in Canada Infrastructure Program Application Update

1. Declined: Investing in Canada Infrastructure Program – Green Infrastructure – Climate Change Mitigation – CleanBC Communities Fund: Panorama Recreation Energy Recovery Project, for \$1,972,430.

Applications Submitted

Eleven applications were submitted:

1. \$37,329,573 (total) through National Housing Strategy's – Canada Mortgage and Housing Corporation – Rapid Housing Initiative – Projects Stream for three projects:
 - a. \$14,935,789 to support the 1053 Meares Street Supportive Housing Project, 50 units.
 - b. \$11,616,000 to support the 150 Drake Road Supportive Housing Project, 35 units.
 - c. \$10,777,784 to support the 1176 Yates Street Supportive Housing Project, 46 units.
2. \$36,900,000 through Infrastructure Canada's Disaster Mitigation and Adaptation Fund to support the Capital Regional District – Regional Water System Upgrades – Disaster Mitigation and Adaptation Improvement Project.
3. \$11,290,921 through National Housing Strategy's – Canada Mortgage and Housing Corporation – Rapid Housing Initiative – Major Cities Stream to support 865 Catherine Street Supportive Housing Project, 45 units.
4. \$283,719 through UBCM's Community Resiliency Investment – 2022 FireSmart Community Funding & Supports Program to support the Capital Region FireSmart Program Establishment Project.
5. \$148,400 through Federation of Canadian Municipalities – Green Municipal Fund-Community Buildings Greenhouse Gas Reduction Pathway Feasibility Study Grant, to support Developing a GHG Reduction Pathway for Capital Regional District Recreation Centres.
6. \$65,000 through Canada Nature Fund – Species at Risk Priority Places – Environment and Climate Change Canada program to support the Species at Risk Assessment, Planning and Habitat Restoration at Mill Hill Regional Park.

7. \$25,000 through UBCM's Community Emergency Preparedness Fund – 2022 Evacuation Route Planning Stream to support the Capital Regional District Evacuation Route Planning Project.
8. \$8,080 through Civil Forfeiture Office Grant Program for Specialized Equipment and training for Police and Related Agencies to support the CRD Regional Parks Compliance and Enforcement Program.
9. \$6,900 through UBC Sustainability Scholars Program to support Understanding Pathways to Equitable Energy Retrofits of Purpose-Built Rental Multi-Unit Residential Buildings in the CRD Project.

Core Area Wastewater Treatment Plant Project Update

The Core Area Wastewater Treatment Plant project is partially funded by the Federal Government, the Province of BC, and the Federation of Canadian Municipalities Green Municipal Fund grant/loan program. During the months of October and November, the CRD received the final \$62M of the \$248M grant award in funding from the Province of BC. The P3 Funding from Infrastructure Canada (\$41M) is the remaining final payment to be received. Final payments are subject to holdback until the project and reporting are complete. Cumulatively, the CRD has received \$421M of the estimated revised total of \$462M in grant revenues. The remaining (up to) \$41M is expected to be received in 2022 based on timing of eligible expenditures and achievement of target milestones.

Service Delivery Implications

New Grant Opportunities

Thirteen new grant calls were issued during the reporting period and two grant programs extended their deadlines. Grant Calls in Progress for which the CRD is eligible to apply are featured in Appendix A (see pages 6-7), and in the table below:

Grant	Deadline	Information
Research and Knowledge Initiative – Infrastructure Canada	Extended to 05-Nov-21	Provides funding to support research and knowledge-sharing projects to advance public infrastructure needs.
Canadian Women in Local Leadership (CanWill) – Federation of Canadian Municipalities (FCM)	05-Nov-21	Provides funding through FCM for social inclusion capacity initiatives to support women for municipal leadership positions.
CanExport Community Investments	19-Nov-21	Provides funding to support foreign direct investment initiatives, including marketing, training, identification, and retention.
Celebrate Canada	21-Nov-21	Provides funding to support Canada events.

Grant	Deadline	Information
Recovery Funding for Professional Arts Presentation Organizations – Canada Arts Presentation Fund	13-Dec-21	Provides funding to support organizations who own/operate presentation venues and experienced challenges during COVID-19.
2022 Platinum Jubilee of Her Majesty Queen Elizabeth II – Community Projects	Extended to 20-Dec-21	Provides funding to community-based projects celebrating the 70-year reign.
Celebration and Commemoration Program — Reopening Fund	10-Jan-22	Provides funding for commemorative/celebratory events and educational/awareness materials to support local economics impacted by COVID-19.
Habitat Stewardship Program for Species at Risk	10-Jan-22	Provides funding for habitat projects for species at risk.
Nature Smart Climate Solutions Fund – Environment and Climate Change Canada	25-Jan-22	Provides funding for nature-based solutions through three streams: 1. Place-Based Actions Stream. 2. Sector-Based Policy Stream. 3. Reverse Auction Pilot Stream.
Poverty Reduction Planning and Action Program – UBCM	11-Feb-22	Provides funding through two streams to support projects that reduce poverty at a local level: 1. Poverty Reduction Plans and Assessments. 2. Poverty Reduction Action.
Cultural Spaces Fund – Making Cultural Spaces Safe During COVID-19 Initiative	Continuous	Provides one-time funding to arts and heritage organizations to reopen their spaces in alignment with public health guidelines.
MITACS – Municipal Support Grants	Continuous	Provides funding to support post-secondary researchers for innovative projects.

Forthcoming Grants

1. Spring 2022 (TBA) CleanBC Go Electric Public Charger Program to provide funding (rebates) for public Direct Current Fast Chargers. Currently prioritizing high geographic areas: rural, Indigenous and Northern Communities, and fast charging pilot projects.
2. Capital Projects Stream (TBA) – Rural Transit Solutions Fund to support delivery of rural transit solutions.

CONCLUSION

The CRD recognizes grants are a supplementary funding source to address the needs of services provided to the region. The External Grants Update outlines how the CRD continues to integrate and consider these grant opportunities relative to service needs, as well as informing local partners of these opportunities through the grants dashboard. The CRD will continue to provide a summary of activities and outcomes in the External Grants Update on a bi-monthly basis.

RECOMMENDATION

The Finance Committee recommends to the Capital Regional District Board:
That the Capital Regional District External Grants Update be received for information.

























Submitted by:	Lia Xu, MSc., CPA, CGA, Finance Manager, Local Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Larisa Hutcheson, P. Eng., Acting Chief Administrative Officer

ATTACHMENT(S)

Appendix A: External Grants Dashboard

Grants Administration Dashboard

Externally Sourced Grant Funding

STATUS LEGEND:  Intent to apply  Work in Progress ( =delay)  Application Done - Outcome pending  Project Done ( =payment pending)  Application Declined  Links to information								
Grant Program Links		Application Deadline	Project	Status	Board Resolution	Comments	Grant Ask	% of Total Project (Eligible & Ineligible Costs)
GRANT APPLICATIONS IN PROGRESS	CleanBC - BC Hydro Commercial Custom Program	N/A	Panorama Energy Recovery Project		N/A	PES - Panorama is the lead	\$ 200,000	7%
	Jumpstart Community Development Program	01-Feb-20	Swim Program for Indigenous Children and Youth		N/A	PES - Panorama is the lead. Postponed due to COVID-19	\$ 2,692	TBC
	Island Health Community Wellness Grant	26-Feb-20	Lifeguard Academy for Indigenous Youth		N/A	PES - Panorama is the lead. Postponed due to COVID-19	\$ 13,264	TBC
	Investing in Canada Infrastructure Program-Rural and Northern Communities Stream	22-Oct-20	Maliview Wastewater Treatment Plant Upgrade		9-Sep-20	SSI Administration is the lead	\$ 1,989,000.00	88.47%
	Investing in Canada Infrastructure Program-CleanBC Communities Fund	12-Nov-20	Panorama Recreation Energy Recovery project		14-Oct-20	PES - Panorama is the lead	\$ 1,972,430.00	70%
	New Horizons for Seniors Program	20-Oct-20	Community Garden Improvements at Greenglade Community Centre		N/A	PES - Panorama is the lead	\$ 25,000.00	100%
	CleanBC Organic Infrastructure and Collection Program – Organic Processing Infrastructure	04-Feb-21	Salt Spring Island Composting Project		10-Feb-21	Environmental Resource Management - Partnership project TBC	\$ 168,462.00	44.44%
	Canada Summer Jobs	03-Feb-21	SEAPARC (\$25,536), Regional Parks (\$3,192), IWS (\$3,192), Panorama – Tennis (\$12,768), Panorama – Aquatics (\$27,274), Panorama – Summer camp (\$3,192). Panorama – Greenglade (\$36,936), and SSI – Parks & Rec (\$6,384).		N/A	Human Resources is the lead. Approved for \$89,912.	\$ 118,474.00	TBC
	Natural Resources Canada – Zero Emission Vehicle Infrastructure Program, MURBS, Workplaces and LDV Fleets	04-Jun-20	Eight Level Two Electric Vehicle Chargers, applied for up to \$40,000 for corporate fleet chargers.		N/A	Climate Action is the lead	TBC	TBC
	Habitat Stewardship Program for Species at Risk	02-Mar-21	State of Species at Risk project for Regional Parks		N/A	Regional Parks is the lead	\$ 49,806.00	39.45%
	Canada Healthy Communities Initiative-Intake 2	25-Jun-21	Centennial Park Plaza Project		N/A	SSI Parks and Recreation is the lead	\$ 100,000.00	33.33%
	Zero Emissions Vehicle Incentive Program-Natural Resources Canada	22-Jun-21	Capital Region Electric Vehicle Charging Initiative		N/A	Climate Action coordinated a joint partnership application with City of Victoria, Township of Esquimalt, and Town of View Royal. Total grant request, \$457,500. The CRD’s individual grant request is \$315,000.	\$ 315,000.00	34.43%
	Canada Community Revitalization Fund	23-Jul-21	Revitalization of Centennial Park		8-Sep-21	SSI Parks and Recreation is the lead	\$ 600,000.00	75.01%
	CRD Traffic Safety Commission	30-Jul-21	CRD Walk and Wheel to School 2021 project		N/A	Climate Action is the lead. Approved for \$3,000.	\$ 3,000.00	60.00%
	Natural Resources Canada Zero Emission Vehicle Awareness Initiative	16-Aug-21	Capital Region E-Mobility Awareness Initiative		N/A	Climate Action is the lead	\$ 224,000.00	73.00%
	Federation of Canadian Municipalities – Green Municipal Fund-Community Buildings Greenhouse Gas Reduction Pathway Feasibility Study Grant	Continuous	Developing a GHG Reduction Pathway for Capital Regional District Recreation Centres		N/A	Climate Action is the lead	\$ 148,400.00	TBC














Grants Administration Dashboard

Externally Sourced Grant Funding

STATUS LEGEND: Intent to apply Work in Progress (=delay) Application Done - Outcome pending Project Done (=payment pending) Application Declined Links to information									
GRANT APPLICATIONS IN PROGRESS	CleanBC Go Electric Fleets Infrastructure Assessment rebate	31-Mar-23	Go Electric Fleets IWS Facility Assessment		N/A	Climate Action is the lead. Pre-approved for Rebate.	\$	4,500.00	50.00%
	Salt Spring Island Foundation	Fall 2021	Child Care Space Creation - Equipment for New Day Care		N/A	SSI Parks and Recreation is the lead. Approved for \$3,000.	\$	5,000.00	33.33%
	BC Hydro Community Energy Manager Program	2021	Community Energy Specialist from Sept. 2021-Sept. 2023		N/A	Climate Action is the lead. Approved for \$100,000.	\$	100,000.00	N/A
	Disaster Mitigation and Adaptation Fund - Large-Scale Project Stream	15-Oct-21	Capital Regional District - Regional Water System Upgrades - Disaster Mitigation and Adaptation Improvement Project		Required	IWS is the lead	\$	36,900,000.00	42.41%
	National Housing Strategy’s – Canada Mortgage and Housing Corporation – Rapid Housing Initiative – Projects Stream	31-Aug-21	1053 Meares Street Supportive Housing Project, 50 units		Required	Regional Housing is the lead	\$	14,935,789.36	80.00%
	National Housing Strategy’s – Canada Mortgage and Housing Corporation – Rapid Housing Initiative – Projects Stream	31-Aug-21	150 Drake Road Supportive Housing Project, 35 units		Required	Regional Housing is the lead	\$	11,616,000.00	80.00%
	National Housing Strategy’s – Canada Mortgage and Housing Corporation – Rapid Housing Initiative – Projects Stream	31-Aug-21	1176 Yates Street Supportive Housing Project, 46 units		Required	Regional Housing is the lead	\$	10,777,784.37	80.00%
	National Housing Strategy’s – Canada Mortgage and Housing Corporation – Rapid Housing Initiative – Major Cities Stream	31-Aug-21	865 Catherine Street Supportive Housing Project, 45 units		Required	Regional Housing is the lead. Approved for \$11.3M	\$	11,290,921.00	66.46%
	Civil Forfeiture Office Grant Program for Specialized Equipment and Training for Police and Related Agencies	24-Nov-21	CRD Regional Parks Compliance and Enforcement Program		N/A	Regional Parks is the lead	\$	8,079.75	100.00%
	UBC Sustainability Scholars Program - BC Hydro	Nov-21	Understanding Pathways to Equitable Energy Retrofits of Purpose-Built Rental Multi-Unit Residential Buildings in the CRD project		N/A	Climate Action is the lead	\$	6,900.00	100.00%
	Enabling Accessibility Fund-Small Projects	13-Jul-20	Improving Accessibility - Panorama Recreation & SEAPARC		N/A	Panorama and SEAPARC. Approved for \$100,000 after initial decline in 2020	\$	100,000.00	87%
	Canada Nature Fund’s Species at Risk Priority Places – Environment and Climate Change Canada Program	Fall 2021	Species at Risk Assessment, Planning and Habitat Restoration at Mill Hill Regional Park (2021-2023)		N/A	Regional Parks is the lead. Approved for \$65,000 (2021-2022 \$25,000; 2022-2023 \$40,000).	\$	65,000.00	41.73%
	Community Emergency Preparedness Fund – 2022 Evacuation Route Planning Stream	19-Nov-21	Capital Regional District Evacuation Route Planning project		Required	Protective Services	\$	25,000.00	83.33%
	Community Resiliency Investment Program 2022 FireSmart Community Funding & Supports	08-Oct-21	Capital Region FireSmart Program Establishment Project.		8-Dec-21	Protective Services is the lead	\$	283,719.00	100.00%
TOTAL GRANT ASKS IN PROGRESS (EXCLUDING CORE AREA LIQUID WASTE MANAGEMENT)							\$	192,928,824	

Grants Administration Dashboard

Externally Sourced Grant Funding

STATUS LEGEND:  Intent to apply  Work in Progress ( =delay)  Application Done - Outcome pending  Project Done ( =payment pending)  Application Declined  Links to information							
CORE AREA LIQUID WASTE MANAGEMENT - GRANT FUNDING STATUS							
Grant Program Links		Contribution Terms and Purpose	Status	Board Resolution	Comments	Grant Award Maximum	Redeemed to Date
CORE AREA GRANTS	Infrastructure Canada - 3P Funding Agreement (Federal funding)	Lesser of 25% of eligible costs or \$83.4M for a bio-solids energy centre treatment facility for wastewater sludge.				\$ 41,000,000	\$ -
	Infrastructure Canada - Building Canada Fund (Federal funding)	Up to 50% of eligible costs to a maximum of \$120M for construction of the McLoughlin Point Wastewater Treatment Plant, marine outfall pipe, and completion of the Victoria Harbour crossing.		Funding agreements executed. Construction to start in April 2017 as per March 16, 2017 joint media release (Canada, BC, CRD)		\$ 120,000,000	\$ 120,000,001
	Infrastructure Canada - Green Infrastructure Fund (Federal funding)	Up to 50% of eligible costs to a maximum of \$50 M to upgrade Clover Point and Macaulay Point pump stations, implement attenuation tanks, and upgrade existing pump stations and piping systems.				\$ 50,000,000	\$ 50,000,001
	Provincial Funding	The lesser of 1/3 total cost (excluding land acquisition cost) or \$248M for construction of the wastewater treatment plant, the energy centre for sludge treatment, and conveyance system upgrades - all serving the Core Area.		08-Mar-17	CRD Board approved execution of the Provincial Agreement	\$ 248,000,000	\$ 248,000,000
	FCM - Green Municipal Fund - Water Capital Projects	\$3M grant in combination with a \$20M loan.				\$ 3,000,000	\$ 2,750,000
	TOTALS					\$ 462,000,000	\$ 420,750,002





























Grants Administration Dashboard

Externally Sourced Grant Funding

STATUS LEGEND: Intent to apply Work in Progress (=delay) Application Done - Outcome pending Project Done (=payment pending) Application Declined Links to information									
Grant Program Links		Dept.	Project Deadline	Project	Status	Lead	Project Cost (Estimate)		Grant Award
PROJECTS IN PROGRESS	Bike BC Cycling Infrastructure Program	PES	30-Jun-21	E&N Rail Trail Phase 3: Atkins Ave. to Savory School		PES: Infrastructure Engineering and Facility Management	\$	4,157,536	\$ 1,000,000
	Building BC - Community Housing Fund	PPS	2023	Caledonia Housing Project		CRD Housing is the lead. Application is also seeking mortgage subsidy of \$666,500 per year. Supported by CRHC resolution 24-Jul-2018.	\$	50,225,725	\$ 15,500,000
	FCM Green Municipal Fund - Pilot Project	F&T	31-Oct-21	Zero Emissions Fleet Initiative		Risk Management - Climate Action	\$	1,087,000	\$ 350,000
	BC Rural Dividend	PES	22-Mar-21	Engineering Design for SGI Regional Trails		Regional Parks	\$	200,000	\$ 100,000
	BC Rural Dividend	SSI	22-Mar-21	Shared Service Business Model		SSI Administration	\$	100,000	\$ 90,750
	Child Care Space Creation Program	SSI	15-Apr-21	SSI PARC Licensed Preschool Child Care Space		SSI Administration	\$	296,460	\$ 214,600
	Affordable Rental Innovation - CMHC	PPS	31-Dec-21	Regional Housing First Program		Regional Housing: Partners include CRD, BC Housing, CMHC at \$40M each.	\$	120,000,000	\$ 120,000,000
	Reaching Home-Designated Communities	PPS	31-Mar-24	For community homelessness service projects		PPS: Regional Housing	\$	4,772,699	\$ 4,772,699
	Reaching Home-Indigenous Homelessness	PPS	31-Mar-22	For community homelessness service projects		PPS: Regional Housing		TBC	\$ 1,011,768
	Reaching Home-COVID-19 Response	PPS	30-Jun-21	For community homelessness service projects		PPS: Regional Housing		TBC	\$ 3,231,049
	City of Victoria Housing Reserve Fund	PPS	2023	Michigan Housing Project		PPS-Regional Housing-CRHC	\$	1,395,000	\$ 1,020,000
	UBCM-Community Emergency Preparedness Fund-Volunteer & Composite Fire Departments Equipment & Training	PPS	TBD	Joint CRD Volunteer Fire Department Equiptment and Training Project		PPS	\$	128,372	\$ 114,191
	UBCM-Community Resiliency Investment Program-FireSmart Community Funding & Supports	PPS	TBD	CRD Firesmart Project 2020		Parks and PPS	\$	50,900	\$ 49,900
	UBCM Housing Needs Reports Program Grant	PPS	2021	Regional Housing Needs Report-Capital Region		CRD Development and Planning Advisory Committee	\$	150,000	\$ 150,000
	Community Child Care Space Creation Program	SSI	TBD	Multipurpose room for licensed child care and recreation programs		SSI Administration		TBC	\$ 832,725
	Community Emergency Preparedness Fund - Emergency Support Services	PPS	2021	Electoral Area Equipment and Training for Emergency Support Services Modernization		Protective Services		TBC	\$ 24,983
	BC Rural Dividend - Rural Community Development Grants	SGI	TBD	SGI Broadband Connectivity - Planning Project		SGI Administration		TBC	\$ 50,000
	BC Active Transportation Infrastructure Grants Program: Active Transportation Network Planning Grant and Active Transportation Infrastructure Grant	SSI	Mar-21	Lower Ganges Road Pathways Phase 2: Booth Canal to Baker Road		SSI Administration	\$	700,000	\$ 490,000
	Investing in Canada - Community, Culture, Recreation	PES	TBD	Mayne Island Regional Trail - Phase One Development		PES - Regional Parks		TBC	\$ 2,778,393
	2020 Emergency Operations Centres and Training Program-Community Emergency Preparedness Fund	PPS	2021	Electoral Areas (JDF, SSI, SGI) EOC Supplies Procurement Project		Protective Services	\$	25,000	\$ 25,000
	BC Hydro Sustainable Communities Implementation Fund	PES	2021	Capital Region Electric Vehicle Infrastructure Road		PES - Environmental Protection - Climate Action	\$	71,500	\$ 36,000
	Active Transportation Planning Program	SGI	2021	Active Transportation Plan for the Southern Gulf		SGI Administration	\$	28,240	\$ 20,000
	Rapid Housing Initiative-Major Cities Stream Immediate Support-Canada Mortgage and Housing Corporation	PPS	TBD	Permanent Affordable Housing under Rapid Housing Initiative		Regional Housing. Allocation of \$13,056,502		N/A	\$ 13,056,502









Grants Administration Dashboard

Externally Sourced Grant Funding

STATUS LEGEND:  Intent to apply  Work in Progress ( =delay)  Application Done - Outcome pending  Project Done ( =payment pending)  Application Declined  Links to information										
PROJECTS IN PROGRESS	COVID-19 Safe Restart Grants for Local Governments	FT	2021	Funding for local operations impacted by COVID-19		Finance		N/A	\$	1,996,000
	2021-21 Salt Spring Island Transit Annual Operating Agreement	SSI	2021	Salt Spring Island Paratransit System funding through Safe Restart.		SSI Administration		N/A	\$	224,354
	Provincial Urban Deer Cost-Share Program	SGI	2021	Enhanced Eco-Cultural Restoration Partnership Proposal – Fallow Deer Management on Mayne Island		SGI Administration	\$	43,000	\$	18,000
	Community Economic Recovery Infrastructure Program-Unique Heritage Infrastructure Stream	IWS	2022	Goldstream Powerhouse Roof		Regional Water Supply Service	\$	77,160	\$	76,000
	Municipal Asset Management Program-FCM	AM	2022	Asset Life-Cycle Assessment Policy and Procedures		Asset Management	\$	62,500	\$	50,000
	Community Energy Financing - FCM	PES	TBD	Capital Regional Residential Energy Retrofit Program		PES - Environmental Protection - Climate Action	\$	320,000	\$	175,000
	ParticipACTION Community Better Challenge	SSI	2021	Swim the Southern Gulf Islands		SSI Parks and Recreation	\$	1,000	\$	400
	Province of BC-Ministry of Forests, Lands, Natural Resource Operations and Rural Development	PES	2022	Elk/Beaver Lake Oxygenation System project		PES - Regional Parks	\$	1,667,000	\$	750,000
	Salt Spring Island Foundation-Foundations of Youth Grant	SSI	2021	Salt Spring Lifeguard School program		SSI Parks and Recreation	\$	2,875	\$	500
	Building BC - Community Housing Fund	PPS	TBD	2780 Spencer Rd project in partnership with CRHC		Regional Housing	\$	19,900,000	\$	5,900,000
	Community Emergency Support Services – Emergency Support Services	PPS	2021	CRD ESS Drills and Equipment Funds		Protective Services	\$	25,000	\$	25,000
	2021 FireSmart Economic Recovery Fund-Community Resiliency Investment Program-UBCM	PPS	2021	Capital Regional FireSmart Economic Recovery		Protective Services	\$	137,907	\$	137,907
	2021 Emergency Operations Centres & Training-Community Emergency Preparedness Fund	PPS	2021	CRD Electoral Area EOC Functional Exercises		Protective Services	\$	25,000	\$	25,000
	Investing in Canada Infrastructure Program – Green Infrastructure – Environmental Quality Program	IWS	31-Mar-26	Magic Lake Estates Wastewater System Renewal		IWS - Infrastructure Engineering	\$	12,150,000	\$	5,653,266
	Investing in Canada Infrastructure Program-COVID-19 Resilience Infrastructure Stream	SSI	2023	SSI Drake Road Trail Upgrade Project		SSI Parks and Recreation	\$	176,401	\$	90,127
	Strengthening Communities' Services-UBCM	SSI/PPS	31-Jul-22	Salt Spring Island Homelessness COVID Response project		SSI and Regional Housing	\$	325,570	\$	308,520
	BC Active Transportation Network Planning Grant Program	SSI	31-Mar-23	Pedestrian and Cycling Master Plan Update - Salt Spring Island edition 2021		SSI Administration	\$	60,000	\$	30,000
	TD Friends of the Environment Foundation Program	SGI	05-Oct-22	Galiano Island Parks and Recreation Commission Zuker Native Plant Restoration		SGI Administration and Galiano Island Parks and Recreation Commission	\$	42,964	\$	6,500
	2021-22 Reaching Home-Government of Canada	PPS	2022	Designated Communities (\$2,401,331) and Indigenous Homelessness (\$1,315,537).		Regional Housing	\$	3,716,868	\$	3,716,868
	Climate Action Revenue Incentive Program	Finance	2021	2020 CARIP Grant Report		Finance and Climate Action	\$	87,073	\$	87,073
GRANTS AWARDED as of December 13, 2021							\$	257,539,553	\$	203,571,211









Grants Administration Dashboard

Externally Sourced Grant Funding

STATUS LEGEND:  Intent to apply  Work in Progress ( =delay)  Application Done - Outcome pending  Project Done ( =payment pending)  Application Declined  Links to information						
Grant Program Links		Launch Date	Application Deadline	Resolution Needed	Departments Alerted	Status
GRANT CALLS IN PROGRESS	Community Gaming Grant	Ongoing		Not applicable; CRD's role can be to support a not-for-profit in pursuing these grants.	All	Grant alert sent
	Human and Social Programs		30-Nov-21			
	Green Municipal Fund - Plans, Feasibility Studies, Pilot Projects Capital Projects	Ongoing	Ongoing	Depends on \$ value	Standing Item	
	Address Improvement Grant	Ongoing	Ongoing	Not Specified	IT	Grant alert sent
	BC Hydro Sustainable Communities Program	Ongoing	Ongoing	N/A	Standing Item	
	Efficiency BC - Online hub of energy efficiency initiatives	Ongoing	Ongoing	N/A	Standing Item	
	Ship-source Oil Pollution Fund	Ongoing	Ongoing	TBD	Standing Item	Grant alert sent
	Ecological Gifts Program	N/A	Ongoing	Not Specified	All	Grant alert sent
	Family Violence Initiative	N/A	Ongoing	Not Specified	All	Grant alert sent
	Federal Lands Initiative	N/A	Ongoing	Not Specified	All	Grant alert sent
	National Housing Co-Investment Fund (New Construction, Housing Repair and Renewal, and Rental Construction Financing)	N/A	Ongoing	Not Specified	All	Grant alert sent
	Clean Fuels Program – Building New Domestic Production Capacity-Natural Resources Canada	N/A	13-Oct-21	Not Specified	All	Grant alert sent
	Disaster Mitigation and Adaptation Fund-Infrastructure Canada-Large-scale projects	N/A	15-Oct-21	Required	All	Grant alert sent
	Local Government Partnership Program	N/A	21-Oct-21	Required	All	Grant alert sent
	Museum Assistance Program-Canadian Heritage	N/A	01-Nov-21	Not Specified	All	Grant alert sent
	Research and Knowledge Initiative – Infrastructure Canada	N/A	05-Nov-21	Not Specified	All	Grant alert sent
	Canadian Women in Local Leadership (CanWill) – Federation of Canadian Municipalities	N/A	05-Nov-21	Not Specified	All	Grant alert sent
	Habitat Conservation Trust Foundation-Stewardship Grants	N/A	05-Nov-21	Not Specified	All	Grant alert sent
	Habitat Conservation Trust Foundation-Enhancement and Restoration Grants	N/A	05-Nov-21	Not Specified	All	Grant alert sent
	Disaster Mitigation and Adaptation Fund-Infrastructure Canada-Small-scale projects	N/A	15-Nov-21	Required	All	Grant alert sent
	Childcare BC New Spaces Fund	N/A	16-Nov-21	Required	All	Grant alert sent
	CanExport Community Investments	N/A	19-Nov-21	N/A	All	Grant alert sent
	Evacuation Route Planning – Community Emergency Preparedness Fund-UBCM	N/A	19-Nov-21	Required	All	Grant alert sent

Grants Administration Dashboard

Externally Sourced Grant Funding

STATUS LEGEND:  Intent to apply  Work in Progress ( =delay)  Application Done - Outcome pending  Project Done ( =payment pending)  Application Declined  Links to information						
GRANT CALLS IN PROGRESS	Celebrate Canada	N/A	21-Nov-21	Not Specified	All	Grant alert sent
	CleanBC Go Electric Public Charger Program	N/A	26-Nov-21	Not Specified	All	Grant alert sent
	Community to Community Forum-UBCM	N/A	03-Dec-21	Not Specified	All	Grant alert sent
	Recovery Funding for Professional Arts Presentation Organizations – Canada Arts Presentation Fund	N/A	13-Dec-21	Not Specified	All	Grant alert sent
	2022 Platinum Jubilee of Her Majesty Queen Elizabeth II – Community Projects	N/A	20-Dec-21	Required	All	Grant alert sent
	Celebration and Commemoration Program — Reopening Fund	N/A	10-Jan-22	Not Specified	All	Grant alert sent
	Habitat Stewardship Program for Species at Risk	N/A	10-Jan-22	Not Specified	All	Grant alert sent
	Nature Smart Climate Solutions Fund	N/A	25-Jan-22	Not Specified	All	Grant alert sent
	Investing in Canada Infrastructure Program – Green Infrastructure – Environmental Quality Program Stream	08-Oct-21	26-Jan-22	Required	All	Grant alert sent
	Emergency Support Services – Community Emergency Support Service-UBCM	N/A	28-Jan-21	Required	All	Grant alert sent
	Poverty Reduction Planning and Action Program – UBCM	N/A	11-Feb-22	Required	All	Grant alert sent
	Emergency Operations Centre and Training-Community Emergency Preparedness Fund-UBCM	N/A	25-Feb-22	Required	All	Grant alert sent
	CleanBC Go Electric Fleets Program	N/A	31-Mar-23	Not Specified	All	Grant alert sent
	Active Transportation Fund	N/A	TBC	Not Specified	All	Grant alert sent
	Rural Transit Solutions Fund-Capital Projects	N/A	TBC	Not Specified	All	Grant alert sent
	Zero Emission Transit Fund – Infrastructure Canada	N/A	TBC	Not Specified	All	Grant alert sent
	Cultural Spaces Fund – Making Cultural Spaces Safe During COVID-19 Initiative	N/A	Continuous	Not Specified	All	Grant alert sent
	MITACS – Municipal Support Grants	N/A	Continuous	Not Specified	All	Grant alert sent
	Community Buildings Retrofit Initiative- FCM	N/A	Continuous	Required	All	Grant alert sent
	Canada Arts Presentation Fund-Development	N/A	Continuous	Not Specified	All	Grant alert sent
	Green Municipal Fund: Local Home-Energy Upgrade Financing Program-FCM	N/A	Continuous	Required	All	Grant alert sent
	Economic Development Readiness Program-ICET	N/A	Continuous	Not Specified	All	Grant alert sent
	Municipal Asset Management Program - FCM	N/A	Continuous	Required	All	Grant alert sent
	Sustainable Affordable Housing-Green Municipal Fund-FCM	N/A	Continuous	Required	All	Grant alert sent
	Smart Renewables and Electrification Pathways Program	N/A	Continuous	Not Specified	All	Grant alert sent
	Municipal Natural Assets Initiative-Expressions of Interest	08-Oct-19	TBD	Not Specified	All	Grant alert sent

Grants Administration Dashboard

Externally Sourced Grant Funding

STATUS LEGEND:  Intent to apply  Work in Progress ( =delay)  Application Done - Outcome pending  Project Done ( =payment pending)  Application Declined  Links to information

Funding Sources / Plans	Description	Possible Timing	Links
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FUNDING INITIATIVES: ONGOING SCAN	UBCM Funding and Resource updates 2021	List of Local Government Programs and Services	
	GRANTS FORECAST		CleanBC Go Electric Public Charger Program, Spring 2022, TBD
			Capital Projects Stream – Rural Transit Solutions Fund, TBD
			UBCM Grants: Age-Friendly Communities, TBD
			Investing in Canada Infrastructure Program: COVID-19 Resilience Stream – Ventilation Improvement
			Island Health Community Wellness Granting Program 2021/22 intake, TBD

**REPORT TO FINANCE COMMITTEE
MEETING OF WEDNESDAY, JANUARY 05, 2022**

SUBJECT **Bylaw No. 4476: Security Issuing Bylaw, Spring 2022**

ISSUE SUMMARY

Approval of the security issuing bylaw for borrowings by the Capital Regional District (CRD).

BACKGROUND

Under Sections 410 and 411 of the *Local Government Act*, the CRD must adopt a security issuing bylaw to provide for the issue of debentures or other debt for all or any part of the debt authorized under loan authorization bylaws for its own borrowings and on behalf of municipalities requesting debt. Debt issuance is undertaken twice annually by the Municipal Finance Authority (MFA). The process requires the CRD Board to adopt separate security issuing bylaws for each borrower. The approved bylaws are then submitted to the Ministry of Municipal Affairs for approval. No municipal requests for the Spring MFA 2022 issue have been submitted to the CRD.

The CRD is requesting the issue of securities as follows in Table 1 below:

TABLE 1: Capital Regional District Financial Plan Borrowing – (\$ Millions)

Security Issuing Bylaw No.	Service	LOAN AUTHORIZATION				Term of issue	Issue amount (\$M)	Notes
		BL No.	Authorized (\$M)	Borrowed (\$M)	Remaining (\$M)			
4476	Regional Parks	4142	\$6.10	\$5.60	\$0.50	10	\$0.50	E&N Rail Trail-Humpback Connector
	Magic Lake Estates Wastewater System	4320	\$6.00	\$3.76	\$2.24	30	\$1.00	Magic Lake Estates Wastewater System Upgrade
	South Galiano Fire Protection & Emergency Response Service	4239	\$2.40	\$0.00	\$2.40	25	\$2.10	South Galiano Fire Hall
	SGL Small Craft Harbour Facilities	4408	\$1.18	\$0.00	\$1.18	20	\$0.71	SGL Harbour Facility Improvements
	Vancouver Island Regional Library - Debt	3915	6.00	0.00	6.00	30	6.00	Vancouver Island Regional Library Construction
	TOTAL						\$10.31	

ALTERNATIVES

Alternative 1

The Finance Committee recommends to the Capital Regional District Board:

1. That Bylaw No. 4476, "Security Issuing Bylaw No. 1, 2022", be introduced and read a first, second, and third time; and
2. That Bylaw No. 4476 be adopted.

Alternative 2

That Bylaw No. 4476 be referred back to staff for further review.

IMPLICATIONS

Financial Implications

The CRD funds capital projects in some cases with long term borrowings to mitigate the annual revenue requirements and to spread costs to users over time, over the life of the asset.

Borrowing and Rate Details

Each new issue will generally be for a 10-year term, which means the lending rate is set from the date of funding for a period of 10 years. Local governments have the option to borrow for periods ranging from 5 to 30 years; therefore, any terms that exceed the 10 year period will have the lending rate reset starting in year 11. Typically, the rate will be reset for the next 5 years covering the start of year 11 to the end of year 15, and this "5-year reset process" will continue as required (i.e. until loan obligations mature). While new issues are generally funded for a 10-year initial term, the MFA evaluates how best to finance each issue based on market conditions, requests received and future refinancing risk.

Current indicative market interest rates are provided by the Municipal Finance Authority of BC and these form the starting point for internal CRD budget purposes:

TABLE 2: Indicative Market Interest Rates

Time Horizon	MFABC Indicative Rates
5 years	1.80%
10 years	2.23%
15 years	2.55%
20 years	2.68%
25 years	2.68%
30 years	2.68%

The rate and length of the initial term, on each request, is confirmed only after the security issuing bylaw receives approval and after the MFA Board approves the issue terms. Each borrowing request has been included in the approved financial plan based on revenue and cost estimates calculated using a 10-year initial term. Any differences will be incorporated into a financial plan amendment if they are considered material.

CONCLUSION

The CRD, through security issuing bylaw, is enabled to borrow from the Municipal Finance Authority (MFA) for both regional district and municipal borrowings. No municipal requests for the Spring MFA 2022 issue have been submitted to the CRD. The services requesting the borrowing will bear the resulting debt service costs. Approval of the bylaw is recommended to permit participation in the MFA's Spring 2022 debt issuance.

RECOMMENDATION

The Finance Committee recommends to the Capital Regional District Board:

1. That Bylaw No. 4476, "Security Issuing Bylaw No. 1, 2022", be introduced and read a first, second, and third time; and
2. That Bylaw No. 4476 be adopted.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Larisa Hutcheson, Acting Chief Administrative Officer

ATTACHMENT(S)

Appendix A: Bylaw No. 4476, Security Issuing Bylaw No. 1, 2022

**CAPITAL REGIONAL DISTRICT
BYLAW NO. 4476**

**A BYLAW TO AUTHORIZE ENTERING INTO AN AGREEMENT RESPECTING FINANCING
BETWEEN THE CAPITAL REGIONAL DISTRICT AND THE
MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA**

WHEREAS:

- A. The Municipal Finance Authority of British Columbia (the "Authority") may provide financing of capital requirements for Regional Districts or for their member municipalities by the issue of debentures or other evidence of indebtedness of the Authority and lending the proceeds therefrom to the Regional District on whose request the financing is undertaken;
- B. Under the provisions of section 411 of the *Local Government Act*, the amount of borrowing authorized by each of the following loan authorization bylaws, the amount already borrowed under the authority thereof, the amount of authorization to borrow remaining thereunder, and the amount being issued under the authority thereof by this bylaw;
- C. The table contained in this bylaw is to provide clarity and information for the purposes of this bylaw;
- D. The Board of the Capital Regional District (the "Regional District") hereby requests that such financing shall be undertaken through the Authority.

NOW THEREFORE the Board of the Regional District in open meeting assembled enacts as follows:

- 1. The Authority is hereby requested and authorized to finance from time to time the undertakings, as further described in the Loan Authorization Table below, at the sole cost and on behalf of the Regional District up to, but not exceeding Ten Million, Three Hundred and Ten Thousand Dollars (\$10,310,000) in lawful money of Canada (provided that the Regional District may borrow all or part of such amount in such currency as the Trustees of the Authority shall determine but the aggregate amount in lawful money of Canada and in Canadian Dollar equivalents so borrowed shall not exceed \$10,310,000 in Canadian Dollars) at such interest and with such discounts or premiums and expenses as the Authority may deem appropriate in consideration of the market and economic conditions pertaining.

Security Issuing Bylaw No.	Service	LOAN AUTHORIZATION				Term of issue	Issue amount (\$M)	Notes
		BL No.	Authorized (\$M)	Borrowed (\$M)	Remaining (\$M)			
4476	Regional Parks	4142	\$6.10	\$5.60	\$0.50	10	\$0.50	E&N Rail Trail- Humpback Connector
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	South Galiano Fire Protection & Emergency Response Service	4239	\$2.40	\$0.00	\$2.40	25	\$2.10	South Galiano Fire Hall
	SGI Small Craft Harbour Facilities	4408	\$1.18	\$0.00	\$1.18	20	\$0.71	SGI Harbour Facility Improvements
	Vancouver Island Regional Library - Debt	3915	6.00	0.00	6.00	30	6.00	Vancouver Island Regional Library Construction
	TOTAL						\$10.31	

2. Upon completion by the Authority of financing undertaken pursuant hereto, the Chair and officer assigned the responsibility of financial administration of the Regional District, on behalf of the Regional District and under its seal shall, at such time or times as the Trustees of the Authority may request, enter into and deliver to the Authority one or more agreements, which said agreement or agreements shall be substantially in the form annexed hereto as Schedule "A" and made part of this bylaw (such Agreement or Agreements as may be entered into, delivered or substituted hereinafter referred to as the "Agreement") providing for payment by the Regional District to the Authority of the amounts required to meet the obligations of the Authority with respect to its borrowings undertaken pursuant hereto, which Agreement shall rank as debenture debt of the Regional District.
3. The Agreement in the form of Schedule "A" shall be dated and payable in the principal amount or amounts of monies and in Canadian dollars or as the Authority shall determine and subject to the *Local Government Act*, in such currency or currencies as shall be borrowed by the Authority under Section 1 and shall set out the schedule of repayment of the principal amount together with interest on unpaid amounts as shall be determined by the Treasurer of the Authority.
4. The obligation incurred under the said Agreement shall bear interest from a date specified therein, which date shall be determined by the Treasurer of the Authority, and shall bear interest at a rate to be determined by the Treasurer of the Authority.
5. The Agreement shall be sealed with the seal of the Regional District and shall bear the signature of the Chair and the officer assigned the responsibility of financial administration of the Regional District.
6. The obligations incurred under the said Agreement as to both principal and interest shall be payable at the Head Office of the Authority in Saanich and at such time or times as shall be determined by the Treasurer of the Authority.

7. During the currency of the obligations incurred under the said Agreement to secure borrowings in respect of the Regional District Loan Authorization Bylaws No. 4142, 4320, 4239, 4408 and 3915 if the anticipated revenues accruing to the Regional District from the operation of the “Regional Parks Extended Service Establishment Bylaw No. 1, 1989”, “Outer Gulf Islands Magic Lake Estates Sewage System Local Service Establishment Bylaw, 1990”, “South Galiano Fire Protection and Emergency Response Service Establishment Bylaw No. 1, 1993”, “Small Craft Harbour Facilities Local Service Establishment Bylaw No. 1, 1998”, and “Vancouver Island Regional Library District Borrowing Service Area Establishment Bylaw No. 1, 2014” services are at any time insufficient to meet the annual payment of interest and the repayment of principal in any year, there shall be requisitioned an amount sufficient to meet such insufficiency.
8. The Regional District shall provide and pay over to the Authority such sums as are required to discharge its obligations in accordance with the terms of the Agreement, provided, however, that if the sums provided for in the Agreement are not sufficient to meet the obligations of the Authority, any deficiency in meeting such obligations shall be a liability of the Regional District to the Authority and the Board of the Regional District shall make due provision to discharge such liability.
9. The Regional District shall pay over to the Authority at such time or times as the Treasurer of the Authority so directs such sums as are required pursuant to section 15 of the *Municipal Finance Authority Act* to be paid into the Debt Reserve Fund established by the Authority in connection with the financing undertaken by the Authority on behalf of the Regional District pursuant to the Agreement.
10. This bylaw may be cited as "Security Issuing Bylaw No. 1, 2022".

READ A FIRST TIME THIS	th	day of	20__
READ A SECOND TIME THIS	th	day of	20__
READ A THIRD TIME THIS	th	day of	20__
ADOPTED THIS	th	day of	20__

CHAIR

CORPORATE OFFICER

Schedule "A" to Bylaw # _____

**CANADA
PROVINCE OF BRITISH COLUMBIA
AGREEMENT**

Regional District of _____

The Regional District of _____ (the "Regional District") he promises to pay to the Municipal Finance Authority of British Columbia (the "Authority") at its Head Office in Saanich, British Columbia, the sum of _____ DOLLARS (\$ _____) in lawful money of Canada, together with interest thereon from the ____ day of _____ 20__, at varying rates of interest, calculated semi-annually, in each and every year during the currency of this Agreement; and payments of principal and interest shall be as specified in the schedule attached commencing on the ____ day of _____ 20__, provided that in the event the payments of principal and interest hereunder are insufficient to satisfy the obligations of the Authority undertaken on behalf of the Regional District, the Regional District shall pay over to the Authority such further sums as are sufficient to discharge the obligations of the Regional District to the Authority.

DATED at _____, British Columbia, this ____ day of _____, 20__.

IN TESTIMONY WHEREOF and under the authority of
Bylaw # _____ cited as "_____",
this Agreement is sealed with the Corporate Seal of the
Regional District of _____ and signed
by the Chair and Treasurer thereof.

Chair

Treasurer

Pursuant to the *Local Government Act*, I certify that the within Agreement has been lawfully and validly made and issued and that its validity is not open to question on any ground whatsoever in any court of the Province of British Columbia.

Deputy Inspector of Municipalities of British Columbia

PRINCIPAL AND/OR SINKING FUND DEPOSIT AND INTEREST PAYMENTS

Date of Payment	Total Payment	Principal/Sinking Fund Deposit	Interest
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$