

LONG POINT REGION CONSERVATION AUTHORITY
Audit and Finance Committee Hybrid Meeting Minutes of July 26, 2021
Approved by the Audit and Finance Committee October 4, 2021

Members in attendance: Dave Beres, Michael Columbus, V. Donnell and John Scholten

Virtual attendance: Ken Hewitt

Staff in attendance: Judy Maxwell, Aaron LeDuc, Zachary Cox and Dana McLachlan.

Virtual attendance: Michael Ayres, Vice President and Investment Counsellor, CIBC Private Wealth Management

Regrets: none

1. The meeting was called to order by Chair D. Beres at 9:30am.

2. Additional Agenda Items

There were no items to add to the agenda.

3. Declaration of Conflicts of Interest

None recorded.

4. Minutes of the Previous Meeting

There were no minutes to review.

B. BUSINESS ARISING

None

C. NEW BUSINESS

1. Investment Review

Mr. Ayres noted that 2020 was a difficult year for the markets but worked in favour of low risk bond investments. The 2020 1-year bond return was 7.5%. Since then, inflation has crept up and the portfolio is down approximately 1.5% for the first six months of 2021 and the cashable yield is 2.25% as of June 30th. Mr. Ayres warned of lower returns in the bond portfolio for 2021.

The Personal Protected Notes (PPN) started slow but currently show a positive yield of 2.5% going into the 5th year of a 7-year term and currently have a secondary market price of \$101.40. Mr. Ayres reported that the public sector is leaning toward the equity market and suggested rolling the notes over and linking to a growth-based strategy. The principal is still guaranteed but there would be no annual payout like the income portfolio currently in place. That is used for operational expenses.

AUDIT COMMITTEE MEMBERS
Dave Beres, Michael Columbus, Valerie Donnell,
Ken Hewitt, John Scholten

Mr. Ayres, K. Hewitt, J. Maxwell and A. LeDuc will meet to discuss options and present them to the committee for review.

Michael Ayres left the meeting at 10:00 a.m.

AUD-8/21

Moved by V. Donnell

Seconded by M. Columbus

THAT the LPRCA Audit and Finance Committee accepts the Private Wealth Management Investment Review as information.

CARRIED

2. Investment Report / Statement of Compliance – June 30, 2021

The Endowment Fund totalled \$6,005,429 with \$4,005,429 held in the bond portfolio and \$2,000,000 in a PPN at December 31, 2020, earning \$277,476 or 7.5% in the bond portfolio and an increase of .50% or \$10,002 in the PPN yield.

As of June 30, 2021, the balance of the Endowment Fund was \$5,864,224, \$3,864,224 in the bond portfolio and \$2,000,000 in the PPN, earning an unrealized loss of \$58,242 or -1.5% in the bond portfolio. The PPN's coupon date is November 22, 2021.

Approximately, \$120,000 per year is withdrawn from the Endowment Fund for Conservation Education and only the interest earned is withdrawn as allowed under the agreement with the Nature Conservancy of Canada (NCC). A compliance report was submitted to NCC last year.

As part of the regulatory requirements, staff presented the Statement of Compliance acknowledging that the investments for the period as at June 30, 2021 were compliant with the LPRCA Investment Policy.

AUD-9/21

Moved by J. Scholten

Seconded by V. Donnell

THAT the LPRCA Audit and Finance Committee receives the Statement of Compliance for Investments – 2021 report as information.

CARRIED

3. LPRCA Reserve Funds - Investments

As at December 31, 2020, the Reserve Funds totaled \$9,149,138 of which \$3,170,828 was internally restricted and \$5,978,311 externally restricted.

AUDIT COMMITTEE MEMBERS
Dave Beres, Michael Columbus, Valerie Donnell,
Ken Hewitt, John Scholten

As per policy, another \$1 million could be invested into PPN's although, these funds would then be tied up for 3-7 years depending on the length of term chosen.

AUD-10/21

Moved by K. Hewitt

Seconded by M. Columbus

THAT the LPRCA Audit and Finance Committee receives the LPRCA Reserve Funds – Investments report information.

CARRIED

4. 2021-22 General Insurance Renewal

Current insurance broker, Marsh Inc. had estimated that the 2021-22 insurance premiums would be increasing by 17.5% - 25%. Therefore, as directed by the committee, staff sought a comparator quote from another insurance broker/provider. Morison Insurance produced a quote from Frank Cowan based on the current LPRCA insurance requirements/coverage.

The quote from Morison was competitive but was unable to provide blanket liability coverage for the vehicles, whereas, Marsh provides blanket liability for \$19,643 less than the vehicle coverage quoted by Morison.

The final 2021-22 policy from Marsh increased 25.37% over last year but was \$6,884 or 6.72% less than the quote from Morison.

AUD-11/21

Moved by J. Scholten

Seconded by V. Donnell

THAT the LPRCA Audit and Finance Committee receives the 2021-22 General Insurance Renewal report as information.

CARRIED

The next meeting is yet to be determined.

The Chair adjourned the meeting at 10:30 a.m.

Dave Beres
Audit and Finance Committee Chair

Judy Maxwell
General Manager/Secretary-Treasurer

/dm

AUDIT COMMITTEE MEMBERS
Dave Beres, Michael Columbus, Valerie Donnell,
Ken Hewitt, John Scholten

LONG POINT REGION CONSERVATION AUTHORITY
Audit and Finance Committee Meeting Minutes
of October 4, 2021

Members in attendance: Dave Beres, Michael Columbus, Valerie Donnell, Ken Hewitt and John Scholten
Staff in attendance: Judy Maxwell, Aaron LeDuc, Zachary Cox and Dana McLachlan.
Virtual attendance: Michael Ayres, Vice President and Investment Counsellor, CIBC Private Wealth Management
Regrets: none

A. Call to Order

1. The meeting was called to order by Chair D. Beres at 6:30 p.m.

2. Additional Agenda Items

There were no items to add to the agenda.

3. Declaration of Conflicts of Interest

None recorded.

4. Minutes of the Previous Meeting

AUD-12/21

Moved by J. Scholten

Seconded by V. Donnell

THAT the minutes of the Audit and Finance Committee meeting held July 26, 2021 be adopted as circulated.

CARRIED

B. Business Arising

There was no business arising from the previous minutes

AUDIT COMMITTEE MEMBERS
Dave Beres, Michael Columbus, Valerie Donnell,
Ken Hewitt, John Scholten

C. New Business

1. Investment Options Discussion via Zoom with Michael Ayres, CIBC Private Wealth Management

Mr. Ayres provided an overview of the current bond funds which are used to generate targeted interest income, and the current personal protected notes (PPN) held by LPRCA. As per the committee's request for higher interest options, Mr. Ayres noted that PPN's were the safest option as they offer principal protection, growth potential and diversification. To increase the growth potential, Mr. Ayres suggested PPN's linked either to the TSX Bank Index or the TSX Telecom Index.

The committee agreed the PPN's linked to the Bank Index was the better investment choice at this time.

Michael Ayres left the meeting at 7:30 p.m.

AUD-13/21

Moved by K. Hewitt

Seconded by J. Scholten

THAT the LPRCA Audit and Finance Committee direct staff to follow through with CIBC Private Wealth Management to invest \$1 million in the PPN linked to the Bank Index for a 6-year term.

CARRIED

2. 2022 Budget Direction

In 2020, staff were tasked with producing a budget with a target blended increase of 1.5% to the municipal levy and achieved an overall levy increase of 1.51% for its 2021 budget.

Staff have started the budget process for 2022 and, as in the past, used Statistics Canada Consumer Price Index (CPI) for inflation over the previous 12-month period as a reference. From September 2020 through August 2021 the CPI has averaged 2.1% for Canada and Ontario. Staff proposed a 2% cost of living increase and have requested a target blended increase of 2.5% to the municipal levy for the 2022 budget as the basket of consumer goods used to calculate the CPI is not reflective of the products and services required for LPRCA operations.

The Committee directed staff to target a 2.5% increase to the municipal levy for the 2022 budget as requested.

AUDIT COMMITTEE MEMBERS
Dave Beres, Michael Columbus, Valerie Donnell,
Ken Hewitt, John Scholten

AUD-14/21

Moved by V. Donnell

Seconded by M. Columbus

THAT the LPRCA Audit and Finance Committee receives the report 2022 LPRCA Budget Direction as information;

And

THAT the LPRCA Audit and Finance Committee direct staff to prepare a DRAFT 2022 Budget for consideration by the Board of Directors with a target municipal levy increase of 2.5%

CARRIED

The next meeting is yet to be determined.

The Chair adjourned the meeting at 7:50 p.m.

Dave Beres
Audit and Finance Committee Chair

Judy Maxwell
General Manager/Secretary-Treasurer

/dm

AUDIT COMMITTEE MEMBERS
Dave Beres, Michael Columbus, Valerie Donnell,
Ken Hewitt, John Scholten