

## **Minutes: Finance and Administration Advisory Committee Meeting**

Monday, March 3, 2025

Hybrid Meeting Via Zoom and at MVCA Office

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### **Roll Call**

#### **Members Present**

- Janet Mason, Chair
- Roy Huetl, Vice Chair
- Cathy Curry (Virtual 1:08 p.m.)
- Jeannie Kelso (Virtual)
- Jeff Atkinson
- Mary Lou Souter
- Richard Kidd
- Paul Kehoe

#### **Members Absent**

- Allan Hubley

#### **Staff**

- Sally McIntyre, General Manager
- Stacy Millard, Treasurer
- Scott Lawryk, Property Manager
- Alex Broadbent, Manager of IC&T
- Elizabeth Clifflen Gallant, Finance Assistant
- Kelly Hollington, Recording Secretary

#### **Guests**

- Jennifer Hess, Manager, Investment Services Municipal Financial Officers Association
- Keith Taylor, Chief Investment Officer, ONE Investment

J. Mason called the meeting to order at 1:00 p.m.

### **Declarations of Interest**

Members were asked to declare any conflicts of interest. No declarations were received.

### **Agenda Review**

There were no additions or amendments to the agenda.

**FAAC25/03/03 - 1**

**MOVED BY: J. Atkinson**

**SECONDED BY: P. Kehoe**

**Resolved, that the agenda for the March 3, 2025 Finance and Administration Advisory Committee Meeting be adopted as presented.**

**“CARRIED”**

**Main Business**

**1. Approval of Minutes: Finance and Administration Advisory Committee Meeting, November 28, 2024.**

There were no comments or discussion on the minutes.

**FAAC25/03/03 - 2**

**MOVED BY: M. Souter**

**SECONDED BY: R. Huetl**

**Resolved, that the minutes of the Finance and Administration Advisory Committee Meeting held on November 28, 2024 be received and approved as printed.**

**“CARRIED”**

**2. MVCA 2025 Investment Policy & 2025 Strategy, Report 3475/25, Stacy Millard.**

S. Millard presented the 2025 Investment Policy and Strategy. She reviewed MVCA’s current approach to investments and recommended ONE Investment as a broker to continue to grow capital reserves. She highlighted Table 1 of the Investment Periods and Approach in the Draft Investment Policy.

J. Mason asked if this policy is approved if it will go back to the Board for review. S. Millard explained that the investment mix will be reviewed annually following annual update of the *10-year Capital Plan*. S. McIntyre highlighted item 4.d) in the Draft Investment Policy: The Board shall review and approve the investment mix following annual update of the *10-year Capital Plan*.

J. Kelso asked when investment reports would be tabled with the Board. S. Millard responded that the investment mix is likely to be reviewed quarterly along with the Financial Update report.

P. Kehoe asked why the Category 3 reserve balance target needs to be higher. He expressed concern regarding funds being allocated to Category 3 programs and services instead of Category 1 and 2. S. McIntyre asked to table this discussion until item 6. Financial Update. P. Kehoe agreed.

J. Mason asked which other Investment Brokers were considered. S. Millard responded that MVCA's current bank was considered. She explained that the pool of candidates was small due to security and management requirements.

S. McIntyre explained that ONE Investment is the broker of choice for many municipal jurisdictions because they are required to adhere to the Municipal Act.

S. Millard commented that she connected with South Nation Conservation Authority, they've opted to stay with their bank but have the staff and resources to oversee, advise and manage investments.

**a. Presentation by ONE Investment.**

J. Hess provided an overview of ONE Investment. She explained that they are a non-profit operated by Local Authority Service, the business services arm for the Association of Municipalities of Ontario and CHUMS, a subsidiary of the Municipal Finance Officers Association.

She highlighted that they are currently servicing approximately 40% of all Ontario municipalities and approximately 20 other entities, including 6 Conservation Authorities within Ontario. She highlighted that education and assistance are their primary focus, ONE Investment will continually advise to help tailor the appropriate mix of investments to minimize risks and meet investment outcomes.

She reviewed investment advisory services. She reviewed the two streams of investments based on municipal act legislation, Legal List and Prudent Investor. She provided an overview of Legal List portfolio options including High Interest Savings Account (HISA), Canadian Government Bond, Canadian Corporate Bond and Canadian Equity. She reviewed HISA options.

K. Taylor provided performance statistics for ONE Investment's Canadian Government Bond, Canadian Corporate Bond and Canadian Equity portfolios. He reviewed the Legal List fee structure, ONE Investment governance including the ONE Investment Board and Investment Advisory Committee and investment themes.

He highlighted the importance of diversification in the mitigating investment risks. He emphasized the stability of fixed income investments and the potential for higher returns from equity markets. He noted that a combination of equity and fixed income investments could be appropriate.

J. Mason asked if inflation was considered in the values in the chart demonstrating the growth of equity investments and bonds from 2022-2023. She noted that bonds yield interest and asked if the graph reflects the interest being added. K. Taylor explained that when investing in fixed income, you should expect a return that broadly matches inflation. He responded that the graph amounts are nominal dollars with no inflation adjustments.

M. Souter asked what the intended investment mix is for MVCA. S. McIntyre responded that the intended mix for 2025 is 25% in Canadian Corporate Bonds and 75% in Canadian Government Bonds as stated in the Investment Policy & 2025 Strategy under 3.1 Investment Mix. S. Millard added that the policy is to review the mix every year with the Capital Plan, any changes must be approved by the Board of Directors.

J. Mason thanked J. Hess and K. Taylor for their presentation. The Committee continued discussions.

J. Mason expressed concern regarding the lack of consideration of inflation and interest in ONE Investment's graph values. J. Atkinson commented that he believes the goal was to demonstrate the stability of the bonds. He highlighted the goal of ensuring that MVCA's investments don't lost value to inflation over time.

J. Mason commented that the high interest savings account showed better returns than the bonds in the examples provided. S. Millard explained that the goal is to find a mix to maintain stability in a changing market.

J. Mason asked if any committee members have experience working with ONE Investment. She confirmed that no one on the committee has experience with ONE Investment.

R. Kidd commented that there are two choices, the Bank and ONE Investment. He noted that ONE Investment provides the opportunity for flexibility in investing.

M. Souter commented that the proposed mix in the strategy is low risk and not much different than the current strategy of investing in GICs. She expressed support to using ONE Investment.

S. McIntyre highlighted that the motion is to sign off on a limited time frame of two years, after which MVCA can re-evaluate.

J. Atkinson asked when the \$750,000 would mature and be transferred to ONE Investment. S. Millard responded that if approved, starting this week and up until April.

P. Kehoe asked what ONE Investment will be directed to do. J. Mason explained that the investment mix set out in the report will be recommended to the Board of Directors for approval. S. Millard added that, if approved, \$750,00 will be invested in Canadian Corporate Bonds and the balance in Canadian Government Bonds.

**FAAC25/03/03 - 3**

**MOVED BY: J. Atkinson**

**SECONDED BY: M. Souter**

**Resolved, That the Finance and Administration Advisory Committee recommend that the Board of Directors approve:**

- 1. The Investment Policy attached to this report.**
- 2. The 2025 investment strategy set out in this report.**
- 3. Transfer of investments to ONE Investment as set out in this report during the next two fiscal years.**

**“CARRIED”**

**3. Palmerston Beach Property Transfer, Report 3476/25, Scott Lawryk.**

S. Lawryk explained that property title issues have been resolved at the Palmerston Beach property. The transfer process of the property with the Township of North Frontenac can proceed. He recommended sharing legal costs with the Township. A letter has been submitted to the Minister of Natural Resources to inform them of the intended transfer of the parcel to the Township. He recommended that legal fees be shared with the Township.

R. Huetl asked how MVCA will convey the message of their recommendation to split legal costs. S. McIntyre responded that she would write a letter to the Township of North Frontenac Chief Administrative Officer (CAO) requesting that the item be brought to council for consideration. She noted that the standing offer on that property from the Township states that MVCA would incur all of the legal costs. It was not anticipated

that the process would be as long and costly, which is why MVCA is asking for this consideration.

M. Souter asked what happens if the Township refuses to share the costs. S. McIntyre explained that in conversations with R. Huetl, he will put forward MVCA's position at council. If council denies it, MVCA must honor the current agreement.

R. Kidd commented that MVCA is hoping on the goodwill of the Township.

J. Kelso commented that it is important to highlight that residents of the Township will use and enjoy this property. She added that she is hopeful the Township will be reasonable.

R. Huetl added that the plan is to ask for 50% but to negotiate for 25% if denied. He noted that he has made the Mayor of the Township of North Frontenac aware of this.

**FAAC25/03/03 - 4**

**MOVED BY: J. Kelso**

**SECONDED BY: R. Huetl**

**Resolved, That the Finance and Administration Advisory Committee recommend that the Board of Directors direct the General Manager to petition the Township of North Frontenac to contribute 50% towards the legal fees incurred by MVCA to provide clear title of the Palmerston Beach property for the Township.**

**"CARRIED"**

**4. K&P Transfer Agreements, Report 3477/25, Scott Lawryk.**

S. Lawryk reviewed the background and current status of K&P Transfer agreements including the three documents received in early 2024 from the counties of Lanark, Frontenac and Renfrew: a Draft Agreement of Purchase of Sale (APS), Draft Lease Agreement and Memo of title issues along MVCA's section of the trail.

He highlighted outstanding concerns with the current drafts and the proposed amendments to mitigate MVCA's financial risks. A 10-year lease agreement is recommended, which would require approval from the Minister of Natural Resources. The amended drafts have been provided to the counties for review and comment.

P. Kehoe expressed concerns regarding title issues and the financial implications related to the sale of the property. M. Souter supported P. Kehoe's concerns.

R. Kidd expressed concerns regarding the reimbursement of legal and survey costs if the counties terminate the agreement.

M. Souter asked how much the trail costs to maintain currently, how much it has cost MVCA over the past 10-years to maintain and if maintenance of the trail will be transferred along with the sale. S. McIntyre explained that there is potential risk related to paying a share of the legal survey costs.

S. McIntyre noted that there is value in having clear titles. She explained that significant investments were made in the K&P Trail after its purchase in 1991. Within the next decade, MVCA made the decision to stop investing in the K&P Trail, which caused degradation of the condition of the trail, making certain sections dangerous. The amount of investment required to address the degradation is significant. The mitigation of risk associated with trail usage has been a challenge to implement due to signage being vandalized or removed. She highlighted that there is a long-term opportunity for a higher level of government to invest in the asset to mitigate risks and capitalize on it as a tourism asset within the broader community. Having clear titles makes the transfer of the trail more attractive to the counties to take on. She noted that by taking over the property under a lease agreement, the counties will be responsible for maintenance improvements. MVCA's 10-year Capital Plan already allows for a small investment of \$15,000 per year on the K&P Trail.

P. Kehoe expressed concern regarding the financial implications of the transfer. He suggested that closing the trail could be an option.

J. Mason asked if the committee wants Staff to provide a report of all the options for the K&P Trail and to table them at the next meeting.

R. Kidd expressed his concerns regarding the liability related to the trail. He highlighted that MVCA currently owns the property and is liable if accidents occur due to the degradation of the trail. He expressed concerns regarding the costs to make the trail safe for use.

S. McIntyre explained that, regarding title issues, the 70% of the trail with issues is by length, not by owner. She noted that a lot of the title issues are where the Crown patent is not clear, the province still has some sort of ownership over the parcel. Mapping will be provided at the Board of Directors meeting to clearly demonstrate the nature of the title issue.

R. Kidd asked for the percentage of parcels affected to be included. S. McIntyre noted that the majority of the parcels affected are in Renfrew County.

M. Souter asked if it's possible to sign a Quit Claim for the section of the trail in Renfrew County. S. McIntyre suggested against shortening the trail. She explained that the K&P Trail is a connecting link between the Ottawa Valley Rail Trail and the Havelock Trail. She highlighted the importance of the trail staying in public ownership with either MVCA or the counties.

S. McIntyre acknowledged that a large investment is needed to improve the trails and reduce liability. She noted that the property has great potential tourism and recreational value to the counties.

R. Kidd asked if the K&P Trail is subject to any railroad transportation acts that restrict the sale of individual parcels. S. McIntyre explained that MVCA acquired the property from the Province, not a rail company. S. McIntyre noted that railroad transportation acts have not come up in discussions with legal council but will look into this subject further.

M. Souter asked for more information when this report is tabled with the Board of Directors to be able to make a reasonable and informed decision.

J. Mason commented that the map of title issues and outstanding risk items should be included in the Board report.

M. Souter asked for a breakdown of expenses related to the purchase and maintenance of the trail.

R. Kidd commented that it is important to clarify that the agreement is a lease-to-own.

J. Mason tasked staff with providing a complete background of the K&P Trail risks and associated costs.

#### **FAAC25/03/03 - 5**

**MOVED BY: P. Kehoe**

**SECONDED BY: R. Huetl**

**Resolved, That the Finance and Administration Advisory Committee recommend that the Board of Directors authorize the General Manager and Board Chair to finalize and execute agreements with the counties of Lanark, Renfrew and Frontenac for the lease and acquisition of the K&P Trail as set out in this report.**



**5. Tenant Agreements, Report 3478/25, Scott Lawryk.**

S. Lawryk reviewed tenant agreements with MVCA at their head offices and Mill of Kintail Conservation Area site. He highlighted the need to move toward cost recovery while balancing the importance of community partnerships. The committee discussed how to update agreements with various tenant organizations using the properties.

J. Kelso asked who is responsible for losses or damages and whether MVCA is carrying extra insurance to cover tenants. S. Lawryk explained that MVCA is expecting all of the groups to provide their own insurance, MVCA should be added to their policy. Proof of insurance will be required for any future agreements.

R. Kidd commented that requiring rent for use of the properties may incentivize fundraising by the tenant organizations. He noted that it is tough to set policy that would suit everyone. He commented that with new tenant agreements, it will be easier to obtain cost-recovery.

J. Mason asked if the Mississippi Valley Field Naturalists (MVFN) are paying \$50 per month in rent. S. Lawryk responded that they were charged that amount originally but have not been charged recently. She asked if Mississippi Madawaska Land Trust (MMLT) is paying \$3600. S. Lawryk responded that the agreement with MMLT was recently formalized.

M. Souter commented that some of the groups could pay rent and that some of the existing deals are generous. She highlighted the importance of cost-recovery. She noted that a blanket policy would not be suitable.

J. Atkinson suggested having one-on-one conversations with the groups to discuss policy changes and gain an understanding of what’s possible. He expressed support in asking for liability insurance from each group. He highlighted the updates to Mill of Kintail facilities add value for tenant organizations.

S. Millard noted that most groups are not paying for parking at the Mill of Kintail Site. There is an opportunity to request parking fees.

J. Kelso expressed her support in one-on-one conversations with tenant organizations to present MVCA’s costs related to the maintenance of the facilities.

R. Kidd expressed support in moving toward cost-recovery of expenses related to tenant use of the site.

J. Mason asked the committee to provide their input regarding tenant agreements to S. McIntyre and S. Lawryk.

**6. Financial Update – 2024 Q4, Report 3479/25, Stacy Millard**

S. Millard presented the unaudited financial data as of December 2024. She noted that there are potentially some minor audit adjustments. She explained that discussion is required to determine appropriate allocation of surplus funds. She recommended allocating the surplus to Category 3 reserve to support the expansion of Category 3 programs. The Category 3 reserve target is based on covering 1 year of salary for staff.

P. Kehoe expressed concerns with allocating surplus funds to Category 3 rather than Category 1 and 2. He asked what programs are included in Category 3. S. McIntyre responded that the Education Program, Stewardship Program and Museum are considered Category 3.

P. Kehoe commented that Category 3 programs should be fully cost-recoverable.

S. Millard noted that the reserve policy is set up to cover fluctuations in grant funding.

S. McIntyre explained that MVCA has a 5-year contract with member municipalities to deliver on Category 3 programs.

P. Kehoe commented that MVCA could provide the surplus funds back to the municipalities.

S. McIntyre stated that MVCA is invested in delivering Category 3 programs. By setting aside funds, MVCA is able to allow for fluctuations in grant programs and other funding. She highlighted the importance of planning for the long-term and working toward cost-recovery. The surplus funds are due to over-budgeting in other categories. She commented that options for the surplus funds include returning the money to the municipalities, over-funding the Category 2 operating reserve or allocating to Category 3.

P. Kehoe asked if the funds can be allocated to Category 1 reserves.

R. Kidd asked for confirmation of MVCA's reserve policies.

M. Souter asked if funds can be moved from Category 3 reserves to Category 1 or 2 reserves.

S. McIntyre explained that you must have separate operating and capital reserves for each category of programs/services. The regulations prescribe that reserves required a name, purpose and target value. Category 3 program target values have not been met based on the target value approved in the policy. She noted that she would look into regulations regarding transferring of balances from Category 3 reserves to Category 1 or 2 reserves.

J. Mason asked if the surplus can be allocated to a capital reserve or dam infrastructure reserve, whether the fund allocation is flexible. S. McIntyre responded that the Board of Directors has the discretion to allocate funds where they see fit.

R. Kidd expressed concerns regarding the restrictions of reserve fund allocation. He asked if a contingency reserve can be created to allow for flexibility in use of funds for any purpose.

J. Kelso expressed concerns regarding the creation of a contingency reserve. She noted that it gives the impression that MVCA is taking more funds than needed.

S. McIntyre explained that when the various reserves were set up, targets were calculated to track progress. She noted that the Operating reserve provides for unexpected expenses and can be considered a contingency fund for Category 1 programs.

C. Curry commented that provincial regulations can change. She highlighted the importance of clear reserves and security and expressed her support in the recommendation in the report.

**FAAC25/03/03 - 6**

**MOVED BY: J. Atkinson**

**SECONDED BY: C. Curry**

**Resolved, That the Finance and Administration Advisory Committee recommend that the Board of Directors approve:**

- 1. Drawdown of the Category 3 Operating Reserve by \$21,007 to cover a short-fall in daily parking pass revenues;**

2. Allocation of the Category 2 Operating Surplus of \$100,000 in accordance with Option 2 of this report.
3. Allocation of any remaining year-end surplus after audit adjustments to the Water Control Structure Reserve.

4 In Favour

4 Opposed

**“FAILED”**

The committee discussed the recommendation and decided to amend to remove item B from the original recommendation - the allocation of funds to the Category 3 reserves. J. Mason asked if this decision is time-sensitive. S. McIntyre confirmed that an allocation decision is needed by the next Board of Directors meeting to finalize the financial statements.

**FAAC25/03/03 - 7**

**MOVED BY: P. Kehoe**

**SECONDED BY: J. Atkinson**

**Resolved, That the Finance and Administration Advisory Committee recommend that the Board of Directors approve:**

1. Drawdown of the Category 3 Operating Reserve by \$21,007 to cover a short-fall in daily parking pass revenues;
2. Allocation of any remaining year-end surplus after audit adjustments to the Water Control Structure Reserve.

**“CARRIED”**

**Adjournment**

**FAAC25/03/03 - 7**

**MOVED BY: P. Kehoe**

**SECONDED BY: J. Kelso**

**Resolved, That the Finance and Administration Advisory Committee meeting be adjourned.**

**“CARRIED”**

The meeting adjourned at 2:59 p.m.

K. Hollington, Recording Secretary