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The Regional Municipality of Durham

MINUTES

FINANCE & ADMINISTRATION COMMITTEE

Tuesday, October 10, 2023

A regular meeting of the Finance & Administration Committee was held on Tuesday, October 10, 2023 in the Council Chambers, Regional Headquarters Building, 605 Rossland Road East, Whitby, Ontario at 9:30 AM. Electronic participation was offered for this meeting.

1. Roll Call

Present: Councillor Ashe, Chair
Councillor Leahy*, Vice-Chair left the meeting at 10:57 AM
Councillor Garrod
Councillor Lee
Councillor McDougall
Councillor Woo
Regional Chair Henry
***denotes Councillors participating electronically**

Also

Present: Councillor Crawford

Absent: Councillor Schummer, was absent on municipal business

Staff

Present: E. Baxter-Trahair, Chief Administrative Officer
B. Bridgeman*, Commissioner of Planning & Economic Development
C. Chai, Director – Financial Solutions, Utility Finance and Investment Portfolio
A. Chung, Systems Support Specialist, Corporate Services – IT
S. Ciani, Committee Clerk, Corporate Services – Legislative Services
M. D’Souza, Manager, Compensation & Benefits
L. Fleury, Legislative Officer and Deputy Clerk Pro Tem, Corporate Services – Legislative Services
B. Goodwin, Commissioner of Corporate Services
N. Harkness, Supervisor, Asset Management Systems
A. Hector-Alexander*, Director, Diversity, Equity, and Inclusion
W. Holmes, General Manager, DRT
K. Hornburg, Deputy General Manager, Business Services, DRT
L. O’ Dell, Director, Human Resources
N. Pincombe, Director, Business Planning & Budgets
D. Ramkissoon, Manager - Investment Portfolio
N. Taylor, Commissioner of Finance
A. Wakeford, Senior Solicitor, Regional Solicitor’s Office
***denotes staff participating electronically**

2. Declarations of Pecuniary Interest

There were no declarations of pecuniary interest made.

3. Adoption of Minutes

Moved by Councillor Lee, Seconded by Councillor Woo,
(71) That the minutes of the regular Finance & Administration Committee meeting held on Tuesday, September 12, 2023, be adopted.

CARRIED

4. Statutory Public Meetings

There were no statutory public meetings.

5. Presentations

5.1 Duane Ramkissoon, Manager, Investment Portfolio, re: Prudent Investor: Options Analysis and Next Steps for Adoption (2023-F-23) [Item 8.2 a)]

D. Ramkissoon, Manager, Investment Portfolio, provided a PowerPoint presentation on the Prudent Investor: Options Analysis and Next Steps for Adoption.

Highlights from the presentation included:

- Regulatory Framework
- Prudent Investor (PI) vs Legal List
- Governance Options
- Short and Long-term Funds
- Benefits of Adopting PI
- Key Considerations of PI
- Collaboration with Local Municipalities
- Next Steps
- Conclusion

5.2 Jennifer Hess, Manager, Investment Services, ONE Investment and Keith Taylor, Chief Investment Officer, ONE Investment, re: Prudent Investor: Options Analysis and Next Steps for Adoption (2023-F-23) [Item 8.2 a)]

J. Hess, Manager, Investment Services and K. Taylor, Chief Investment Officer, ONE Investment, provided a PowerPoint presentation on the Prudent Investor: Options Analysis and Next Steps for Adoption.

Highlights from the presentation included:

- What is ONE Investment
- ONE Joint Investment Board (JIB) – Governance
- Municipal Oversight

- Participating Municipalities
- Ontario's Only Joint Investment Board
- Selection of Investment Managers
- Roles under Prudent Investor Program
- Investment Outcomes Approach

J. Hess, K. Taylor and N. Taylor responded to questions with respect to who is on the JIB; how much money is currently under management with the JIB; what are the fees for Durham to join ONE Investment; what are the year-over-year returns; how did ONE investment perform against other JIBs; if the Region changes its mind are the funds locked up with ONE Investment; is there some say in what types of investments the Region wishes to make, for example can it be assured that only ethical investments are made; how much does ONE Investment manage under the Prudent Investor portfolio and through the Legal List portfolio; will the Region's current investments in the Canadian equity market through ONE Investments be maintained or fall under the prudent investor policy; who approves investment plans; the use of the Municipality of Clarington as a case study; what are the thresholds/parameters for Money Not Required Immediately (MNRI); and recovering the costs associated with investment diversification.

6. Delegations

There were no delegations.

7. Administration

7.1 Correspondence

There were no communications to consider.

7.2 Reports

A) Community Safety and Well-Being (CSWB) Plan Update (2023-A-15)

Report #2023-A-15 from Elaine Baxter-Trahair, Chief Administrative Officer, was received.

E. Baxter-Trahair advised that this report is an update on the Community Safety and Well-Being activities and that the focus going forward is to ensure that the data is available to measure outcomes.

Moved by Councillor Lee, Seconded by Councillor McDougall,
(72) That Report #2023-A-15 of the Chief Administrative Officer, be received for information.

CARRIED

8. Finance

8.1 Correspondence

There were no communications to consider.

8.2 Reports

A) Prudent Investor: Options Analysis and Next Steps for Adoption (2023-F-23)

Report #2023-F-23 from Nancy Taylor, Commissioner of Finance, was received.

N. Taylor, D. Ramkissoon and J. Hess responded to questions with respect to:

- working with the local area municipalities;
- which of the Region's municipalities have expressed an interest in joining ONE Investment;
- is there any benefit in waiting for the other municipalities to decide how they would like to proceed before making any decisions;
- why does it cost more for the Region to start this process than it did for the City of Toronto;
- the amount of the Board remuneration;
- if the Region decides to go with ONE Investment through the (Joint Investment Board (JIB) now, can other investment option choices be made in the future;
- which budget year would the investment returns impact;
- are the costs ongoing or one-time;
- how would investments be divided;
- if a by-law is put in place to move to Prudent Investor, is it revocable;
- the process moving forward;
- other large municipalities who may be interested in ONE Investment;
- is working with ONE Investment the best value for the Region;
- if the front-ended costs decrease for additional municipalities that join and if those who joined earlier will receive a rebate;
- eligibility requirements for municipalities to join;
- are there any guarantees on annual rates of return;
- assisting the local municipalities to join/invest;
- will the Region see better returns on investments by joining with the ONE Investment JIB;
- what is the benefit to joining the JIB;
- what happens if the Region creates its own investment board;

- how many additional employees would it take to manage this fund alone; and
- if the Region does not partner with Prudent Investor, would additional Regional employees be required to receive better investment returns.

Comments were made with respect to considering creating the Region's own investment board.

Moved by Councillor McDougall, Seconded by Councillor Garrod,
(73) That we recommend to Council:

- A) That Council approve the adoption of the Prudent Investor Standard;
- B) That Council delegate authority to the Commissioner of Finance/Treasurer to work with interested local municipalities and ONE Investment to determine the most suitable governance structure for the Region of Durham and proceed with next steps as required with a report back on status as feasible;
- C) That the Commissioner of Finance and the Chief Administrative Officer be delegated authority to execute any documents or agreements that may be required to put the PI Standard into effect, as approved by Council and concurrent with applicable by-law approval, to the satisfaction of the Regional Solicitor; and
- D) That the Commissioner of Finance have the discretion to finance varying costs of adopting the Prudent Investor standard based on the most suitable governance structure.

CARRIED

Moved by Councillor McDougall, Seconded by Councillor Woo,
(74) That the Committee recess for five minutes.

CARRIED

The Committee recessed at 10: 57 AM and reconvened at 11:07 AM

A roll call was conducted following the recess and all members of the Committee were present with the exception of Councillors Leahy and Schummer.

B) Water Meters and Related Equipment, Software and Services (2023-F-24)

Report #2023-F-24 from Nancy Taylor, Commissioner of Finance, was received.

Staff responded to a question with respect to whether it has been confirmed that the price offered by Neptune is the lowest.

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

- A) That the current Standing Agreement (C002817) with Neptune Technology Group (Canada) Limited for the provision of Water Meters and Related Equipment, Software and Services be extended for the period of October 31, 2023, to October 31, 2025;
- B) That the Competitive Procurement Process be utilized for Water Meter Replacement Services for a new services agreement beyond October 31, 2025;
- C) That the Commissioner of Finance be authorized to execute all documents related to the contract.

CARRIED

C) Appeals to Regional Development Charge By-law #42-2023 (2023-F-25)

Report #2023-F-25 from Nancy Taylor, Commissioner of Finance, was received.

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

- A) That the consulting firm of Watson & Associates Economists Ltd. and legal firm of WeirFoulds LLP be retained, at an estimated cost not to exceed \$75,000, to provide technical and legal expertise to assist staff with the preliminary analysis of the five appeals to the Ontario Land Tribunal regarding Regional DC By-law #42-2023 and to support staff in meetings with the appellants;
- B) That staff report back to Regional Council if any of the five appeals proceed to the Ontario Lands Tribunal which will require additional financial resources;
- C) That the cost of this external consulting and legal services expenditures in the estimated amount of up to \$75,000 be funded at the discretion of the Commissioner of Finance; and
- D) That the Commissioner of Finance be authorized to execute any necessary agreements.

CARRIED

D) Capital Budget Approval for Phase 1 of the Durham Region Transit Harmony and Windfields Farm Terminals (2023-F-26)

Report #2023-F-26 from Nancy Taylor, Commissioner of Finance and Bill Homes, General Manager, Durham Region Transit was received.

Staff responded to a question regarding whether funds were included in the 2023 budget for the land purchase.

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

- A) That the Harmony Terminal (Phase 1) capital project budget in the amount of \$5,000,000 for land acquisition and associated costs be approved;
- B) That the Windfields Farm Terminal (Phase 1) capital project in the amount of \$2,000,000 for land acquisition and associated costs be approved;
- C) That a total of up to \$7,000,000 in debenture financing for the Harmony Farm Terminal (Phase 1) project (\$5,000,000) and the Windfields Farm Terminal (Phase 1) project (\$2,000,000) be approved; and
- D) That the Commissioner of Finance/Regional Treasurer be authorized to execute all necessary agreements subject to the approval of the Regional Solicitor and the General Manager, Durham Region Transit.

CARRIED

9. Advisory Committee Resolutions

9.1 Durham Region Anti-Racism Taskforce Resolution, re: Request to Fly Pan-African Flag

Regional Chair Henry advised that there is a flag policy in place and this request is outside of the realm of the policy and will need to be investigated.

Moved by Regional Chair Henry, Seconded by Councillor Woo,

(78) That the following recommendation from the Durham Region Anti-Racism Taskforce (DRART) be referred to staff:

That the Pan-African flag be flown continuously at Durham Region Headquarters in support of African Refugees and Asylum Seekers.

CARRIED

10. Confidential Matters

10.1 Reports

A) Confidential Report of the Commissioner of Corporate Services – Labour Relations/Employee Negotiations with respect to Non-Unionized Management/Exempt Group (2023-A-16)

Confidential Report #2023-A-16 from Barb Goodwin, Commissioner of Corporate Services, was received.

Moved by Councillor Lee, Seconded by Councillor Garrod,

(79) That we recommend to Council:

That the recommendations contained in Confidential Report #2023-A-16 of the Commissioner of Corporate Services be adopted.

CARRIED

11. Other Business

11.1 Budget Guideline Follow-Up Report Update

Chair Ashe asked for an update on what has occurred since the discussions at the September Finance & Administration Committee and Regional Council meetings regarding the 2024 Budget guideline.

N. Taylor advised that the two additional budget guideline scenarios that were requested are being discussed with Department Heads in an attempt to find ways to meet the requested guidelines, and there will be a report back in November.

In response to a question regarding if the Region has received any reimbursement for the funds provided to Ukrainian and Afghan asylum seekers, N. Pincombe provided details on the amount that has been budgeted to assist asylum seekers.

Discussion ensued with respect to the proposed tax increase being heavily weighted on things the Region has no control over; and that some of the service level increases the Region is seeing are due to growth through immigration and there is a need for partners at the provincial and federal levels to come to the table to help.

In response to a question regarding whether the Durham Regional Police Services Board (DRPSB) is going through the same process and rigour that the Region is to review their budget, Chair Ashe noted that the Police Chief advised at the last Council meeting that the Board had met and there was no change in their budget request. Councillor Woo also advised that the DRPSB will look at the request for a reduced budget increase, but it may not be feasible given the increased need for policing in Durham Region.

A question was raised regarding whether the public open house for the budget is still happening on October 12th and N. Taylor advised it is being postponed until January 2024.

12. Date of Next Meeting

The next regularly scheduled Finance & Administration Committee meeting will be held on Tuesday, November 14, 2023 at 9:30 AM in Council Chambers, Regional Headquarters Building, 605 Rossland Road East, Whitby.

13. Adjournment

Moved by Councillor Lee, Seconded by Councillor Woo,
(80) That the meeting be adjourned.

CARRIED

The meeting adjourned at 11:30 AM

Respectfully submitted,

K. Ashe, Chair

L. Fleury, Legislative Officer