



Finance Committee

Date: Monday, July 4, 2022

Place: Council Chambers
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Chak Au
Councillor Carol Day (by teleconference)
Councillor Andy Hobbs
Councillor Alexa Loo
Councillor Bill McNulty
Councillor Linda McPhail (by teleconference)
Councillor Harold Steves (by teleconference)
Councillor Michael Wolfe (by teleconference)

Call to Order: The Chair called the meeting to order at 4:22 p.m.

MINUTES

It was moved and seconded

That the minutes of the meeting of the Finance Committee held on June 6, 2022, be adopted as circulated.

CARRIED

In accordance with Section 100 of the Community Charter, Mayor Brodie declared to be in a conflict of interest as he is the Chair of the Board of Trustees for the Municipal Finance Authority of British Columbia and left the meeting at 4:23 p.m.

Vice-Chair Andy Hobbs assumed the role of Chair.

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DELEGATIONS

1. Peter Urbanc, CEO, Municipal Finance Authority of BC (“MFA”), was in attendance to provide information on the MFA Diversified Multi-asset Class Fund (“DMAC”).
A PowerPoint presentation was provided (copy on file) and a detailed overview of the new investment vehicle, intended for long-term investments by BC local governments, was given. It was noted that three of the eight DMAC strategies are screened to ensure they are Fossil Fuel Free (“FFF”) and that long term, the DMAC is anticipated to be in excess of inflation. Discussion ensued with respect to (i) redemption of funds not permitted for 10 years unless in the case of an emergency, (ii) management fees, and (iv) FFF and land investment options.

FINANCE AND CORPORATE SERVICES DIVISION

2. **ALTERNATIVE INVESTMENT – LONG-TERM DIVERSIFIED MULTI-ASSET CLASS FUND**

(File Ref. No. 03-0900-01) (REDMS No. 6904414)

It was moved and seconded

- (1) *That Council approve up to \$40M as a long-term investment in the Municipal Finance Authority of BC’s Long-Term Diversified Multi-Asset Class Fund, as outlined in the Option section of the staff report titled “Alternative Investment – Long-Term Diversified Multi-Asset Class Fund”, dated June 24, 2022, from the Acting Director, Finance; and*
- (2) *That the proposed amendment to the City’s Investment Policy 3703 be approved.*

The question on the motion was not called as discussion ensued with respect to (i) available emergency funds and the investment portfolio overall, (ii) alternate investment fund options, including land and short term investments, (iii) tax implications (noting capital gains/losses are not taxable), and (iv) general risk analysis.

In response to queries from the Committee, staff confirmed the proposed investment is a conservative amount, approximately 10 percent of the \$360M identified that could be designated for long term investment (and roughly three percent of the City’s total investments), and would not impact any funds available in the case of an emergency.

It was noted that staff will identify land investment options and report back at a future meeting.

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Concern was expressed with respect to not having access to the DMAC invested funds for 10 years as opposed to two to five years to access the FFF invested funds. Given the current climate concerns it was suggested that it would be prudent to invest primarily in FFF funds. As a result, the following **amendment** motion was introduced:

It was moved and seconded

That the proposed Option 3 DMAC Fund Investment up to \$40M be further diversified with the majority of the funds, up to \$21M, toward the Fossil Fuel Free Short Term Bond Fund, and the remainder of the investment up to \$19M to the DMAC Fund.

The question on the amendment motion was not called as discussion ensued regarding the need for a review of the FFF Fund and any anticipated changes to the analysis contained in the report as a result of the amendment.

The question on the amendment motion was then called and **DEFEATED** with Cllrs: Au, Hobbs, Loo, McNulty and McPhail opposed.

The following **referral** motion was then introduced:

It was moved and seconded

That the staff report titled “Alternative Investment – Long-Term Diversified Multi-Asset Class Fund”, dated June 24, 2022, from the Acting Director, Finance, be referred back to staff for more information on the many items discussed.

The question on the referral motion was then called and **DEFEATED** with Cllrs: Hobbs, Loo, McNulty and McPhail opposed.

The question on the main motion was then called and **DEFEATED** with Cllrs: Au, Day, Steves and Wolfe opposed.

It was then moved and seconded

That the staff report titled “Alternative Investment – Long-Term Diversified Multi-Asset Class Fund”, dated June 24, 2022, from the Acting Director, Finance, be tabled to a future meeting.

CARRIED

Mayor Brodie returned to the meeting – 5:45 p.m.

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3. **2022 MAJOR DEVELOPMENT COST CHARGES PROGRAM UPDATE**

(File Ref. No. 03-0900-01) (REDMS No. 6896790)

Discussion ensued with respect to the Development Cost Charge (“DCC”) rate calculation for Single Family and Major Industrial development types. Staff noted the general calculation formula is derived from many components and consistent with the rate calculation used across municipalities. In particular, the per lot calculation for Single Family and per acre of gross site area for the Major Industrial.

With respect to any DCC waiver or reduction (e.g. as permitted under legislation for affordable housing), it was noted in that case the City pays what would be the DCC as it is not a charge that can be avoided.

Staff further noted that once a DCC has been paid for an existing property, the only time there is a new DCC would be in the case of rezoning for an additional property. For example, a single family dwelling subdivided would only incur one DCC for one new dwelling and an existing single family dwelling demolished to rebuild would not incur a DCC.

It was noted that the Committee’s consideration is to provide for further public consultation at this time and that the substantial increases outlined represent a catch up of five years where prices have increased quite a bit, noting an increase of almost 250 percent for one of the charges that has to do with dykes, etc.

It was moved and seconded

That the preliminary DCC programs and DCC rates as outlined in the staff report dated June 10, 2022 titled “2022 Major Development Cost Charges Program Update” from the Acting Director, Finance, be endorsed as the basis for further public consultation in establishing the updated DCC Rates Bylaw.

CARRIED
Opposed: Cllr. Wolfe

4. **AMENDMENTS TO THE CONSOLIDATED 5 YEAR FINANCIAL PLAN (2022-2026) BYLAW NO. 10327**

(File Ref. No. 03-0975-01) (REDMS No. 6907543)

It was moved and seconded

That the Consolidated 5 Year Financial Plan (2022-2026) Bylaw No. 10327, Amendment Bylaw No. 10381, which incorporates and puts into effect the changes as outlined in the staff report titled “Amendments to the Consolidated 5 Year Financial Plan (2022-2026) Bylaw No. 10327” dated June 10, 2022, from the Acting General Manager, Finance and Corporate Services, be introduced and given first, second and third readings.

CARRIED

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ADJOURNMENT

It was moved and seconded
That the meeting adjourn (5:52 p.m.).

CARRIED

Certified a true and correct copy of the Minutes of the meeting of the Finance Committee of the Council of the City of Richmond held on Monday, July 4, 2022.

Mayor Malcolm D. Brodie
Chair

Lorraine Anderson
Legislative Services Associate