



**City of Kingston
Information Report to Council
Report Number 21-022**

To: Mayor and Members of Council
From: Lanie Hurdle, Chief Administrative Officer
Resource Staff: Kate Lillicrap, Project Manager, Office of the CAO
Date of Meeting: December 1, 2020
Subject: Asset Transfer from Town Homes Kingston to Kingston
Frontenac Housing Corporation - Congregation of Notre Dame
Investment

Council Strategic Plan Alignment:

Theme: 2. Increase housing affordability

Goal: 2.1 Pursue development of all types of housing city-wide through intensification and land use policies.

Executive Summary:

On May 19, 2020, City staff brought [Report Number 20-126](#) to Council recommending that Council authorize and direct staff to take any necessary actions to facilitate the transfer of assets from Town Home Kingston (THK) to the Kingston Frontenac and Housing Corporation (KFHC).

On May 19, 2020, Members of THK met and approved a resolution to approve the merger between THK and KFHC and the transfer of the assets of THK to KFHC. Subsequently, Members of THK, at the same meeting, also approved a resolution authorizing and directing the Board to take the necessary actions to transfer the assets of the THK to KFHC.

THK assets include an investment made by the Congregation of Notre Dame Visitation Province Inc. (CND) through the William F. Casey Estate to the Kingston Municipal Non Profit Housing Corporation (THK) Marguerite Fund.

The purpose of this report is to provide Council with an overview of:

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- The steps taken to-date to secure a direction for the utilization of the aforementioned Marguerite Fund investment
- The proposed application of the aforementioned Marguerite Fund investment
- The involvement and approval of the CND and the THK Board for the proposed divestment of the aforementioned Marguerite Fund investment

While other actions have, and continue to, take place with regards to the preparation of the asset transfer from THK to KFHC, this report focuses solely on the investment made by the CND through the William F. Casey Estate to the Kingston Municipal Non Profit Housing Corporation Marguerite Fund and the approved divestment of this investment.

Recommendation:

This report is for information only.

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Authorizing Signatures:

ORIGINAL SIGNED BY CHIEF
ADMINISTRATIVE OFFICER

**Lanie Hurdle, Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Paige Agnew, Commissioner, Community Services

Peter Huigenbos, Commissioner, Business, Environment & Projects

Not required

Brad Joyce, Commissioner, Corporate Services

Jim Keech, President & CEO, Utilities Kingston

Not required

Desirée Kennedy, Chief Financial Officer & City Treasurer

Not required

Sheila Kidd, Commissioner, Transportation & Public Works

Not required

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Options/Discussion:Background

On May 19, 2020, Members of THK met and approved a resolution to approve the merger between the Kingston Municipal Non-Profit Housing Corporation (THK) and KFHC and the transfer of the assets of THK to KFHC. Subsequently, Members of THK, at the same meeting, also approved a resolution authorizing and directing the Board to take the necessary actions to transfer the assets of the THK to KFHC.

Included in its portfolio of assets, THK holds properties, contract commitments and three financial investments. These investments cannot be transferred as cash from THK to KFHC during an asset transfer.

One of the three investments, the investment made by the CND through the William F. Casey Estate to the Kingston Municipal Non Profit Housing Corporation (THK) Marguerite Fund, was provided in order to provide financial assistance to enhance the quality of life for citizens in Kingston. This investment has a current value of \$252,836.05 and has restrictions associated with its terms of use.

The Board of Directors of THK is ultimately responsible for determining and monitoring its investments. Exhibit A outlines the original Investment and Spending Policy Statement, which is meant to guide Board of Directors in dealing with the assets of the Marguerite Fund.

Updates

Following the direction and support provided by the Members of THK and City Council on May 19, 2020, the THK Board and City staff have continued to take the necessary actions associated with the transfer of assets from THK to KFHC.

Based on preliminary input from the Sisters of the CND, THK Board members and the original intention of the investment (*to provide financial assistance to enhance the quality of life for citizens in Kingston*) City and KFHC staff (as the current operations manager) prepared a proposal for the application of the ~\$252,000 that sits with the Marguerite Fund (Figure 1).

This proposal, which consisted of appliance replacements and playground replacements, was presented to both the Sisters of the CND and the THK Board for review, support and approval.

On September 30, 2020, City staff received formal written support from the CND for the proposed use of the Marguerite Fund investment (Exhibit B). These investments will improve the quality of life of residents within the Town Homes Kingston's units and will ensure that the Fund is fully utilized prior to all asset transfer from THK to KFHC.

Given the formal approval provided by the CND and the THK Board to proceed with the disbursement of funds as proposed, KFHC staff, as the operations manager, have begun to move forward with the work. An overview of initiatives are outlined in Table 1 and Table 2 below.

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Table 1: Appliance Replacement Dates and Details

Estimated work start	Winter 2020-2021
Budget	\$112,000
Work Description:	
<ul style="list-style-type: none"> • Full replacement of all fridges and ranges in all apartments, 70 units • Replacement of fridge and range in common room • New ranges to be equipped with Safe-t-elements for fire safety and all appliances are energy efficient. 	

Table 2: Playground and Site Furnishing Replacement Dates and Details

Estimated work start:	Spring 2021
Budget	\$140,000
Work Description:	
<ul style="list-style-type: none"> • Full replacement of playground base material including raised border for tenant accessibility • Regrading entire base and surrounding area to meet code and encourage dewatering • New accessible playground border with poured in place rubber playground surface • Replacement of 10 various park benched in a state of disrepair with commercial public benches at 4 different THK properties: <ul style="list-style-type: none"> ○ 205 Rideau street ○ 37 Cassidy ○ 2075 Battersea road ○ 375 Patrick street • Replacement of 3 existing picnic tables in a state of disrepair with 3 commercial accessible picnic tables at 2 different THK properties: <ul style="list-style-type: none"> ○ 37 Cassidy ○ 375 Patrick street • Replacement of 3 existing waste receptacles in a state of disrepair with 3 commercial waste receptacles at 3 different THK properties: <ul style="list-style-type: none"> ○ 37 Cassidy ○ 375 Patrick street ○ 2075 Battersea road 	

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Existing Policy/By-Law:

None

Notice Provisions:

None

Accessibility Considerations:

None

Financial Considerations:

None

Contacts:

Lanie Hurdle, Chief Administrative Officer 613-546-4291 extension 1231

Other City of Kingston Staff Consulted:

Kate Lillicrap, Project Manager, Office of the CAO

Ruth Noordegraaf, Director, Housing and Social Services

Mitchell Grange, Acting Manager, Housing and Early Years Programs

Alan McLeod, Acting Director, Legal Services & City Solicitor

Others Consulted:

- Kingston Frontenac Housing Corporation
- Cunningham, Swan, Carty, Little & Bonham LLP
- Congregation of Notre Dame – Visitation Province Inc.

Exhibits Attached:

Exhibit A – THK Investment and Spending Policy

Exhibit B – CND Response to City of Kingston Proposal Sept 2020



Congregation of Notre Dame
Visitation Province Centre
1336 Bedford Highway
BEDFORD, NS B4A 1C9
Tel.: 902-461-9113
Fax: 902-463-7427
e-mail: visitationprovince@cnd-n.com

April 30, 2007

Barbara Butler, General Manager
Town Homes Kingston
222-37 Cassidy Street
Kingston, ON, K7K 7B3

Re: William F. Casey Trust Account Number 035995001

Dear Ms. Butler:

The Congregation of Notre Dame Visitation Province Inc., has held in trust a total of \$297,938.00 from the William F. Casey Estate. We have been holding this money until we were able to find a project that would provide financial assistance to enhance the quality of life for citizens in the City of Kingston. We have read your mission statement for "Town Homes Kingston Corporation". Your desire to provide and maintain a high standard of affordable, suitable, and community-integrated non-profit housing in Kingston would meet our expectations for this Trust Fund.

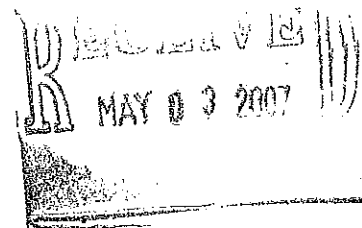
At this time, we are asking you if you will receive the money held in trust and use it for the "Town Homes Kingston Corporation"?

Yours sincerely,

CONGREGATION OF NOTRE DAME

Catherine V. Mac Donald, CND
Catherine V. Mac Donald, CND
For The Administration of Visitation Province

cc Alice Gazeley



INVESTMENT AND SPENDING POLICY STATEMENT

**Kingston Municipal Non Profit Housing Corporation
Marguerite Fund**

Overview

The purpose of the Kingston Municipal Non Profit Housing Corporation (KMNPHC) is to support worthwhile activities which benefit residents of KMNPHC. Through its Finance Committee, the Board of Directors of the KMNPHC is responsible for determining and monitoring its investments. This Investment Policy Statement guides the Investment Manager, Finance Committee, and Board of Directors in dealing with the assets of the Marguerite Fund.

Acting through its Board, the KMNPHC has prepared this Policy Statement to address the manner in which the Marguerite Fund investment portfolio shall be invested. Investments shall be selected in accordance with the criteria and limitations set forth herein and in accordance with all relevant legislation. The overall responsibility for the investment of the Fund lies with the Board, but the investment management of the Fund assets will be delegated to the Fund Investment Manager.

Investment Objectives

The long term objectives of the Marguerite Fund are to provide sufficient investment income and capital appreciation to enable the Board of KMNPHC to fulfill its mandate in perpetuity. To meet these objectives, investments within the portfolio must be diversified and balanced, providing an acceptable mix of capital preservation, capital appreciation and current income.

General Expectations

The goal of this Policy Statement is to ensure that the capital of the Marguerite Fund is preserved, grows, and is invested in a prudent manner, which enables the Fund to meet its current and future objectives.

The Investment Manager appointed by the Board must be a recognized institution dealing at arms length with the Board. Within the guidelines contained in this Investment Policy Statement and after consultation with the Finance Committee, the Investment Manager is expected to exercise full investment discretion regarding individual securities and sub managers. The Investment Manager is expected to manage all Marguerite Fund

Exhibit A to Report Number 21-022

assets with the care, skill and diligence that a prudent person in similar circumstances would exercise. Prudent limits must be attached to purchases of individual securities and reasonable diversification must be maintained. In making investments the Investment Manager is expected to consider all relevant circumstances, including but not limited to:

- General economic conditions
- The potential effect of inflation or deflation
- The role each investment plays within the overall portfolio
- Liquidity needs of the Marguerite Fund

Asset Mix

The Board of Directors of the KMNPFC has established the following asset allocation, which it believes will achieve its investment objectives:

Asset Class	Minimum %	Maximum %	Median %
Fixed Income	40	80	50
Equities	20	60	50

Allocation within each category:

Fixed Income	Minimum %	Maximum %
1 year and under	10	40
1 year – 10 years	60	90
10 years and over	0	10

Equities	Minimum %	Maximum %
Canadian	40	70
USA	15	40
International	10	30
Emerging	5	10

It is expected that a full business cycle will be required to reach the median allocation. It is expected that the Investment Manager will use its discretion to rebalance to achieve optimal results.

Finance Committee Requirements

The management of the Marguerite Fund will fall under the roles and responsibilities of the KMNPFC Finance Committee.

Reporting Requirements

The Investment Manager shall ensure that on-line access of the Marguerite Fund account is available. The Investment Manager shall provide monthly statements as mandated by the IDA (Investment Dealers Association of Canada). The Investment Manager shall report at least semi annually to the Finance Committee, answering any questions that may arise. The Investment Manager shall work with the Auditor of KMNPFC to provide data required for the audited financial statement of the Corporation. The Investment Manager shall provide an annual investment report to the Board of KMNPFC within three months following the calendar year end.

Conflict of Interest

Should a material conflict of interest arise the guidelines prescribed in the KMNPFC Policies and Procedures manual will be followed.

Permitted Investments

The following investments may be made either directly through individual instruments, via pooled funds or managed products:

- Cash and cash equivalents
- Canadian bonds and debentures
- Canadian equities
- Foreign equities

The quality of these investments must conform to the following criteria when the investments are made:

- Cash and cash equivalents - - chartered bank certificates, bankers acceptances, treasury bills, corporate paper rated at least R1-mid by the major rating agencies
- Bonds - - minimum quality rating "A" as measured by the major rating agencies
- Equities - - all equities must be listed on a recognized exchange, must have good marketability and must be diversified as to sector

Restricted Investments

The Marguerite Fund may not trade in futures contracts.

Spending Policy

The goal of the KMNPHC is to achieve a 2% real rate of return, i.e. to earn 2% *plus* inflation as measured by the Consumer Price Index published by Statistics Canada. The inflationary component of the return will remain within the portfolio. Funds in excess of that amount are available for projects and programs which will enhance the quality of life of the residents of KMNPHC. The Board of KMNPHC will be responsible for developing a moving five year plan for the excess of funds. This plan shall be forwarded to the Investment Manager annually.

Approved by the Board of Directors of the Kingston Non Profit Housing Corporation held on the 26th day of January, 2010.

President: Robert Trentadue

Treasurer: Gillian Moss



September 30, 2020

Kate Lillicrap - Project Manager
Chief Administrative Office
216 Ontario Street
Kingston, ON K7L 2Z3

Re: William F. Casey Trust Account Number 035995001

Dear Ms. Lillicrap,

Thanks for your letter dated September 28th regarding the proposed usage of the remaining funds in the William F. Casey Trust Account. Members of the Administration Team reviewed the proposed plans for the upgrading of playground equipment, appliance replacements at the Rideau Crest Tower and the replacement of park benches.

We appreciate the time and effort that went into the formation of this proposal given the short timeline that you have prior to the official transfer of assets. We are very satisfied with the planned usage for the \$252,000 left in the fund. We agree that this proposal is aligned with the original intent of the investment. We wish you all the best as you move forward with the transfer of assets.

Sincerely,

Rebecca McKenna, CND
Province Leader
CND Visitation Province Inc.

Donna McInnis, CND
Province Bursar
CND Visitation Province Inc.