

Title: Investment Policy

Number: FIN-13-02

Approved By: City Council

Administered By: Finance Services

Effective Date: November 25, 2013

Revision Date(s): February 22, 2016

1.0 Purpose/Background

The purpose of this investment policy is to ensure integrity in the management of the City's investment portfolio when investing public funds.

2.0 Policy Statement

This policy will govern the investment of surplus cash, in accordance with the Municipal Act, 2001 (O.Reg.438/97 – Eligible Investments and Related Financial Agreements) or as authorized by subsequent provincial regulations. For the purposes of this policy the City's operating bank accounts regardless of currency are not considered investments and are therefore excluded from restrictions under this policy.

3.0 Scope/Application

This policy applies to all investments made by the City on its own behalf and on behalf of its agencies, boards, commissions and wholly owned subsidiaries including any new funds created by the City unless specifically directed otherwise by City Council.

In order of priority, the investment objectives of the City are:

1. Legality of investments;
2. Risk tolerance and the preservation of principal;
3. Maintenance of Liquidity;
4. Diversification of the investment portfolio; and
5. Maximization of return on investment.

The legal authority to invest funds comes from the Municipal Act, 2001. Investments shall be in conformity with O. Reg. 438/97, although the City has imposed further restrictions on investments and terms as contained in this policy.

1. Government of Canada: Bonds, debentures, treasury bills - no restrictions as to limit.
2. Province of Ontario: Bonds, debentures, treasury bills - to a limit of \$20 million.
3. Other Provinces: Bonds, debentures, treasury bills - to a limit of \$10 million.
4. Municipalities/School Boards: Bonds, debentures, promissory notes - to a limit of \$2 million.

5. Schedule 1 Chartered Banks as listed by the Bank Act (Canada) - Bonds, term deposits, deposit receipts, deposit notes, certificates of deposits, banker's acceptances and other similar instruments issued to a limit of \$50 million per institution.

4.0 Definitions

Not Applicable.

5.0 Responsibilities

5.1 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall not undertake personal investment transactions with the same individual with whom business is conducted on behalf of the City.

6.0 Practice/Procedures

6.1 Risk Tolerance and the Preservation of Principal

Investments shall be undertaken in a manner that minimizes risk and seeks to ensure the preservation of capital in the overall portfolio. Investments shall be made with judgment and care, not for speculation, but for investment, considering the probable safety of the capital as well as the probable income derived.

6.2 Maintenance of Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may reasonably be anticipated.

Investments are limited to an individual term of ten years. Investments with terms in excess of one year are restricted to any of the Canadian Federal, Provincial and Municipal Governments, Canadian Schedule I banks as listed by the Bank Act (Canada) and institutions guaranteed by the aforementioned.

All investments will be interest bearing in nature, either discounted or interest bearing.

6.3 Diversification of the Investment Portfolio

This policy acts to minimize credit risk by limiting investments to the safest types of securities, and diversifying the investment portfolio so that potential losses on individual securities are minimized.

6.4 Maximization of the Return on Investment

The investment portfolio shall be designed with the goal of maximizing the long-term rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

The investment portfolio shall seek to augment returns consistent with or above industry thresholds, with risk limitations identified herein and prudent investment principles.

Investments shall be purchased once multiple bids are received and analyzed. The highest yielding bid, which meets the City's investment strategies, will be accepted. If the highest yielding bid is not selected, an explanation describing the rationale shall be provided. The personnel involved will retain written records of each transaction, including the name of the financial institutions, rates quoted, description of the security, investment selected, and any special considerations that had an impact on the decision.

7.0 Monitoring/Review

The Treasurer of the City shall prepare and provide to Council each year, or more frequently as specified by Council, an investment report.

The investment report shall contain:

1. A statement about the performance of the investments during the period covered by the report;
2. A description of the estimated proportion of the total investments that are invested in its own long-term and short-term securities to the total investment of the City and a description of the change, if any, in that estimated proportion since the previous year's report;
3. A statement by the Treasurer as to whether or not, in their opinion, all investments are consistent with the investment policies and goals adopted by the City;
4. A record of the date of each transaction in or disposal of its own securities, including a statement of the purchase and sale price of each security; and
5. Such other information that Council may require or that, in the opinion of the Treasurer, should be included.

8.0 References

Not Applicable

9.0 Approval

Authority	Date	Signature
Council	March 21, 2016	