

Investments Policy



Section	Date	By-Law Number	Page	Of
Administration & Finance	February 18, 2014	14-2014	1	5
Subsection	Repeals By-Law Number		Policy Number	
Financial Instruments	89-2010		AF-4-2	

Purpose

The goal of the City investment policy shall be to set out the guiding principles and establish a statement of the City's investment policies and goals for the purpose of investing public funds, including those funds held by the Kenora Citizens' Prosperity Trust Fund, while meeting the related statutory requirements.

Legislative and Administrative Authorities

- Section 418 of the Municipal Act, 2001
- Ontario Regulation 438/97, Eligible Investments and Related Financial Agreements, as amended

Guiding Principles

The City shall adhere to the following guiding principles in the consideration, purchase, disposal and administration of any City held investments:

- a) Adhere to statutory requirements
- b) Preservation of capital
- c) Liquidity
- d) Diversification
- e) Yield

Adhere to Statutory Requirements

All investment activities shall be in compliance with the relevant sections of any applicable legislation and related regulations.

Preservation of Capital

Safety of principal is a primary objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

Investments Policy

Policy Number	Page	of
AF-4-2	2	5

Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating or cash flow requirements and limit temporary borrowing requirements. Furthermore, since all possible cash demands cannot be anticipated, the portfolio shall consist largely of securities with active secondary or resale markets. A portion of the portfolio may also be placed in local government investment pools that offer liquidity for short-term funds.

Diversification

The portfolio shall be diversified by asset class, issuer type, credit rating and by term to the extent possible, given legal and regulatory constraints.

Yield

The City shall maximize the net rate of return earned on the investment portfolio, without compromising the other objectives listed previously. Investments are generally limited to relatively low risk securities in anticipation of earning a fair return relative to the assumed risk.

Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, direction and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived. Authorized employees acting in accordance with this policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes.

Delegation of Authority

The Corporate Services Manager has overall responsibility for the prudent investment of the City's portfolio. Authority to manage and implement the investment program may be granted for all or a portion of the City's overall investment portfolio, to an external investment Agent, to act as an Investment Manager on behalf of the City, as determined through an independent and competitive bidding process. That Agent shall act in accordance with the established procedures and internal controls consistent with this investment policy. Those investments governed by the provisions of the "ONE - The Public Sector Group of Funds" agreement shall be deemed delegated to that Agent.

Safekeeping & Custody

The Custodian services are to be provided by a designated Custodian.

Investments Policy

Policy Number	Page	of
AF-4-2	3	5

Eligible Investments

In accordance with Ontario's Eligible Investments and Related Financial Agreements Regulation, the City is not authorized to invest in securities other than those listed in the Regulation.

Reporting

The Corporate Services Manager or designate shall submit an annual investment report to Council, together with the annual audited City Financial Statements. The investment report should include the following:

- a) A listing of investment portfolios held at the end of the reporting period;
- b) A statement about the performance of the portfolio of investments of the City during the period covered by the report;
- c) A statement by the Corporate Services Manager or designate as to whether or not, in his or her opinion, all investments were made in accordance with the investment policies and goals adopted by the City;
- d) A record of the date of each portfolio transaction;
- e) Such other information that the Council may require or that, in the opinion of the Corporate Services Manager or designate, should be included.

Performance Benchmarks

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return throughout budgetary and economic cycles that is commensurate with the investment risk constraints and cash flow needs of the City. Market yields should be higher than the rate given by the City's bank for the various bank accounts.

Market Value

The market value of the portfolio shall be calculated at least annually as at December 31st.

Signing Authority

Transactions related to investments made by the City require staff approval by the Corporate Services Manager or designate. In the absence of that individual, staff approval may be given by the Deputy Treasurer or the CAO.

Decision making authority for investment transactions may be delegated by the City directly to an Investment Manager, following an independent and competitive bidding process, to the extent that the Corporate Services Manager provides that Investment Manager with funds to invest and manage on behalf of the City.

Investments Policy

Policy Number	Page	of
AF-4-2	4	5

Maximum Maturities

To the extent possible, the City shall attempt to match investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than ten (10) years from the date of purchase. Reserve and Trust funds with longer-term horizons may be invested in securities exceeding ten (10) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

Securities for Subdivision and Developing Servicing

This policy relating to securities required for subdivision and development servicing (ie, "Letters of Credit") has been designed to provide adequate protection to the City and to be fair and reasonable to developers and other interested parties. The objective is to ensure that monies that guarantee the installation of services will be available to the City when required. The City will only accept approved securities in the prescribed letter of credit form issued by Schedule I banks, Schedule II banks, loan or trust corporations with a minimum DBRS rating of R-1 middle or issued by credit unions.

Responsibilities

CAO

- Obtain adequate insurance coverage to guard against any losses that may occur due to misappropriation, theft, or other unscrupulous acts of fraud with respect to the City's financial assets.

Corporate Services Manager or designate

- Enters into arrangements with Investment Managers;
- Executes and signs documents on behalf of the City and performs all other related acts in the day to day operation of the investment and cash management program; and
- Develops and maintains all necessary operating procedures for effective control and management of the investment function and reasonable assurance that the City's investments are properly managed and adequately protected.

Investments Policy

Policy Number	Page	of
AF-4-2	5	5

Investment Manager(s)

- Allocates assets and selects securities or investments within such classes, in accordance with established investment policy;
- Provides regular reports (quarterly, at a minimum) to Administration, which include the performance and risk characteristics of the City's Investment Portfolio and meets with Administration and / or Council as required;
- Recommends changes to established investment policy that are deemed appropriate;
- Provides advice and counsel with respect to the Investment Portfolio; and
- May also act as Custodian.

Custodian

- Provides safekeeping of the Investment Assets;
- Processes transactions as directed by the Investment Manager(s) and / or the City;
- Collects interest, dividends and the proceeds of cash equivalent and fixed income instrument maturities;
- Deposits funds and pays expenses as directed by the City;
- Maintains a record of all transactions;
- Provides regular (monthly at a minimum) reports to the City; and
- Provides the Investment Manager(s) and the City with information required to fulfill their duties.