



Corporation of the Township of Brock

Staff Report to the Mayor and Members of Council

From: Trena DeBruijn
Position: Director of Finance/Treasurer
Title / Subject: Investment Policy Updated and Summary of Investments as of December 2023
Date of Report: March 13, 2024
Date of Meeting: April 8, 2024
Report No: 2024-FI-008

1.0 Issue / Origin

This report seeks Council approval to update Policy Number: F5, Municipal Investment Policy and to provide Council with an update on current investments.

2.0 Background

The Township's investment policy was drafted in 1997 and was last updated in 2013.

The revised policy is attached to this report as Appendix A, and the old policy is attached as Appendix B.

3.0 Investment Policy Update

The intent of the policy has not changed substantially. The update policy prioritizes the investment objective as:

- Legality of the investment;
- Preservation of principal;
- Maintenance of liquidity; and
- Competitive rate of return.

For further clarity, the policy defines parameters under which investments can be made, in alignment with the objectives.

The revised policy is attached to this report as Appendix A, and the old policy is attached as Appendix B.

The more significant changes to the policy pertains to the addition of a section on standard of care, changes to administrative procedures and changes to the reporting cycle to Council.

The previous iteration of the Investment Policy had the Treasurer reporting once per year to Council on investments. While the Township is not making monthly investment decisions, staff have amended the policy to require semi-annual reporting to Council, rather than annual.

The previous iteration provided the Treasurer with sole authority over investment purchases and decisions. In order to increase internal controls, the new policy suggests that the Director of Finance/Treasurer (or designate) AND the Mayor (or designate) both have to authorize investment purchases. In addition, the CAO will also be provided with notification of any investment purchases and will sign a document stating that they are aware of the transaction.

4.0 Cash Flow

The Township is undertaking a large project with the Sunderland Arena Renovation and Expansion and cash flow will need to be monitored closely over the next couple of years. Historically, the Township has not formally monitored cash flow to identify trends and opportunities for additional investments. While further investment of excess cash may not happen over the next couple of years (due to the Sunderland project), staff are going to formally start tracking cash flow on a monthly basis to be able to determine whether or not there are further opportunities to do further investment in the future.

5.0 Current Investments

The investment policy requires a minimum of 20% of the Township's investments be held in short term investments (less than 1 year). Currently, 65% of the Township's investment portfolio is considered short term. As these investments come due staff will balance the portfolio and leverage higher interest rates as much as possible.

The longer-term strategy for the Township is targeted to maintain approximately 20% - 30% invested at one year or less, 60 - 70% invested between 1 and 5 years and the remaining 10% to be invested beyond five years and not more than 10 years (provided the investment return is favourable). The investments in the 1 to 5 years will be balanced so as to have at least one investment maturing annually. This laddered approach to investments will ensure that there are always monies coming due and available should the Township require the funds to meet any financial obligations.

Going forward, staff will invest funds being held in tiered savings accounts in line with adopting the laddered approach to investments.

Interest earned on our investments is maintained within the applicable reserve that the funds were invested for.

6.0 Analysis

As at December 31, 2023, the Township had investments of \$9,228,746.48 as follows:

Investment Institution	Issuer	Type of Investment	Par Amount	Maturity	Yield	Purpose	% of Portfolio
BMO Nesbitt Burns	Bank of Montreal	GIC	\$560,000	December 19, 2024	2.55%	Hydro Reserve	6.07%
BMO Nesbitt Burns	Bank of Montreal	Cash Account	\$14,280	Ongoing	0.05%	Hydro Reserve Fund	0.15%
BMO Nesbitt Burns	Bank of Montreal	Cash Account	\$14.25	Ongoing	0.05%	DC – Soft Services	-
BMO Nesbitt Burns	Bank of Montreal	GIC	\$1,007,148	February 1, 2024	5.00%	DC – Soft Services	10.91%
BMO Nesbitt Burns	Bank of Montreal	GIC	\$14,280.00	February 1, 2024	5.00%	Hydro Reserve Fund	0.15%
Scotia Bank	Bank of Nova Scotia	GIC	\$560,000	December 22, 2025	1.10%	Hydro Reserve Fund	6.07%
Scotia Bank	Bank of Nova Scotia	GIC	\$62,106.13	April 1, 2024	4.68%	Sunderland Lions Club – Security for Annual Car Draw	0.67%
Scotia Bank	Bank of Nova Scotia	GIC	\$604,773.87	April 1, 2024	4.68%	Hydro Reserve Fund	6.55%
Scotia Bank	Bank of Nova Scotia	GIC	\$123,704.70	September 3, 2025	5.45%	Capital RF – Harbour	0.34%
Scotia Bank	Bank of Nova Scotia	GIC	\$412,349.00	September 3, 2025	5.45%	Capital RF – Roads and Bridges	4.47%

Scotia Bank	Bank of Nova Scotia	GIC	\$41,234.90	September 3, 2025	5.45%	Capital RF – Sidewalks	0.45%
Scotia Bank	Bank of Nova Scotia	GIC	\$247,409.40	September 3, 2025	5.45%	Capital RF – Snow/Dust Suppression	2.68%
Scotia Bank	Bank of Nova Scotia	GIC	\$206,174.50	September 3, 2025	5.45%	Post Employment	2.23%
Scotia Bank	Bank of Nova Scotia	GIC	\$1,154,691.00	September 2, 2025	5.45%	DC Reserves – Hard Services	12.51%
Scotia Bank	Bank of Nova Scotia	GIC	\$1,469,606.50	September 2, 2025	5.45%	DC Reserves – Soft Services	15.92%
Scotia Bank	Bank of Nova Scotia	GIC	\$597,000.00	November 12, 2024	5.45%	Capital RF – Arenas	6.47%
Scotia Bank	Bank of Nova Scotia	Tiered Savings	\$299,498.79	Ongoing	4.9%	Capital RF – Harbour	3.25%
Scotia Bank	Bank of Nova Scotia	Tiered Savings	\$158,205.57	Ongoing	4.9%	Capital RF- Harbour	1.71%
Scotia Bank	Bank of Nova Scotia	Tiered Savings	\$1,154,747.93	Ongoing	4.9%	Hydro Reserve Fund	12.51%
One Fund	One Fund	High Interest Savings	\$541,521.94	Ongoing	5.465%	Capital RF – Roads and Bridges	5.87%
Total Invested							

7.0 Related Policies / Procedures

The investments outlined above are in alignment with the new investment policy as they are being held primarily in Schedule 1 Banks, with GIC's.

8.0 Financial / Budget Assessment

Total investment and bank interest of \$237,638 is included in the 2024 annual budget.

5.1 Asset Management

N/A

9.0 Climate Change Impacts

N/A

10.0 Communications

N/A

11.0 Conclusion

This report outlines the current investments held by the Township of Brock, as of December 31, 2023.

12.0 Recommendation

That Council accept this report for information purposes and approve the new Municipal Investment Policy (Appendix A, attached).

Appendix A – Updated Municipal Investment Policy

Appendix B – F5 Municipal Investment Policy (old policy to be replaced with new policy)