

Township of Brock Corporate Policy



Policy Name: Municipal Investment Policy

Policy Type: Finance

Policy Number: F5

Reference:

Date Approved: May 1997

Date Revised: November 2013

Approval By:

Point of Contact:

Purpose of Policy

This policy will govern the investment of Surplus Revenue (Operating) funds, Reserves, Reserve Funds, and Trust Funds in accordance with Regulation 438/97, as amended from time to time, and Sections 418-420 made under the Municipal Act S.O., 2001, c25.

Goals/Objective

1. Conformity to Statutory Requirements – As specified in Sections 418-420 of the Municipal Act and Regulation 438/97. Eligible investments may be summarized as securities of Federal, Provincial or Municipal Governments or of banks or trust companies.
2. Preservation of Capital – Since public funds are at stake, the Township should adopt a conservative risk policy using the accepted measure of risk, bond ratings. Portfolio diversification will also be used to minimize risk. A limit should be set for amounts that may be invested in higher risk instruments.
3. Maintenance of Liquidity – If cash flows are unpredictable, liquidity should be kept high in order to cope with unplanned events.
4. Rate of Return Maximization – The challenge is to obtain the best ongoing return possible subject to the self-imposed constraints of other parts of the investment policy, not by compromising them.

Term, Type & Limits

No investment shall be made in a security with a term to maturity exceeding five years.

The Township of Brock will place investment in those instruments permitted under the Municipal Act of Ontario, and more specifically only those issued or guaranteed by the following institutions or their agencies:

- (1) The Government of Canada
- (2) The Provinces of Canada
- (3) Ontario Municipal Governments
- (4) Schedule “1” and “2” banks

The Township of Brock will be permitted to take advantage of investments offered by qualified investment brokerage houses or with Local Authority Services Limited and the CHUMS Financing Corporation acting together as the municipality’s agent for investing in “ONE – The Public Sector Group of Funds”, as circumstances dictate.

Investments will be limited to issuers maintaining a minimum credit rating of ‘R1 Low’ by Dominion Bond Rating Services, or equivalent and the mix of investments will be limited to holdings in the portfolio as follows:

- A minimum of 20% “AAA” (R1 HIGH)
- A maximum of 70% “AA” (R1 MIDDLE)
- A maximum of 10% “A” (R1 LOW)

Transactions

The Treasurer of the Corporation of the Township of Brock, or his/her delegate, has the authority:

- To enter into arrangements with banks, investment brokers, and other financial institutions for the purchase, sale, redemption and safekeeping of securities;
- To execute and sign documents on behalf of the Corporation of the Township of Brock;
- To perform all related acts in the day to day operation of the investment program.

All cash management transactions shall be properly recorded in accordance with generally accepted accounting principles for Ontario municipalities.

In all investment transactions the Treasurer shall consider:

- a) the municipality’s risk tolerance and the preservation of its capital
- b) the municipality’s need for a diversified portfolio of investments, and
- c) obtaining legal advice and financial advice with respect to the proposed investments when deemed to be appropriate.

The Treasurer will prepare an annual report to Council outlining the investments held in each fund by the Corporation. This report will outline the issuer, type of instrument, par amount, maturity date and the yield of each investment held in these funds. This report will also include a

statement by the Treasurer as to whether or not, in his/her opinion, all investments were made in accordance with the investment policy and goals adopted by the municipality.