



THE CORPORATION OF THE MUNICIPALITY OF TWEED

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1.0 Definitions

- (a) **“Council”** shall mean the elected Mayor and Council of the Corporation of the Municipality of Tweed;
- (b) **“Municipality”** shall mean the Corporation of the Municipality of Tweed;
- (c) **“Treasurer”** shall mean the Treasurer or designate appointed by the Corporation of the Municipality of Tweed;
- (d) **“ONE Investment Program”**: A local government investment pool in which Ontario municipalities may invest. ONE Investment Program is operated by Local Authorities Service Limited (a wholly owned subsidiary of the Association of Municipalities of Ontario), together with CHUMS Financing Corporation (a wholly owned subsidiary of the Municipal Finance Officers' Association of Ontario).
- (e) **“Portfolio”** shall mean the collection of securities held by the Corporation of the Municipality of Tweed.

2.0 Purpose

The purpose of this investment policy is to set out the guiding principles and establish a statement of the investment policies and goals for the purpose of investing public funds while meeting the related statutory requirements.

3.0 Scope

The Investment Policy applies to all financial assets of The Corporation of the Municipality of Tweed held within the following:

- General Funds;
- Reserve Funds; and
- Funds held in Trust with the Municipality of Tweed.

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4.0 Governing Principles

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

4.1. Adherence to Statutory Requirements

All investment activities shall be governed by the *Ontario Municipal Act, 2001 as amended*. Investments, unless further limited by Council, will be those deemed eligible under Ontario Regulation 438/97, or as authorized by subsequent provincial regulations.

4.2. Preservation of Capital

All investment decisions will be based upon the preservation of the value of the invested principal. This is accomplished by limiting the types of investments to a maximum percentage of the total portfolio, and by limiting the amount invested within individual institutions to a maximum percentage of the total portfolio.

Staff shall endeavor to mitigate credit, market value, and interest rate risk as follows:

Credit Risk

- Limiting investments to safer types of securities based on credit ratings;
- Vetting investment alternatives offered by the financial institutions, brokers/dealers, intermediaries, and advisors against the stated credit limits

Market Value Risk

- Diversifying the investment portfolio so that potential losses (if any) on individual securities will be minimized

Interest Rate Risk

- Structuring the investment portfolio so that securities mature to meet ongoing cash flow requirements, thereby reducing the need to sell securities on the open market prior to maturity;
- Investing operating funds primarily in shorter-term securities or approved liquid investment pools;
- Use and diversification of longer-term holdings to mitigate effects of interest rate volatility.



4.3. Maintenance of Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating and cash flow requirements and limit temporary borrowing requirements. This shall be done, where possible, by structuring the portfolio such that securities mature concurrent with anticipated cash demands. 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 be placed in eligible investment pools which offer liquidity for short-term funds.

4.4. Earning a Competitive Rate of Return

The rate of return on the investment portfolio will be optimized to the maximum extent possible given the investment objectives of legality, safety of principal and the need to maintain adequate liquidity. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

Normally longer-term investments offer higher yields than shorter-term investments. Investments will be made to obtain the most advantageous yields while at the same time ensuring that the funds can be made available to meet expected cash requirements. The composition of the portfolio, including its term and class of investments will be adjusted within the guidelines of this policy to take advantage of market opportunities which arise to enhance the rate of return on the portfolio.

5.0 Performance Standards

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 the budgetary and economic cycles, commensurate with the investment risk constraints and cash flow needs of the Municipality.

Short-term funds will be compared to the return on the three-month Government of Canada Treasury Bills and the One Fund's Money Market Fund. Long-term funds will be compared to the Bank of Canada's one-year Treasury Bill rate. Furthermore, prime interest rates and other applicable market rates (i.e. Banker's Acceptance) may be utilized to provide a useful benchmark for investment performance with consideration to limitations due to the *Ontario Municipal Act, 2001 as amended*.

Market yields, at the very least, should exceed the rate given by the Municipality's general bank account.



6.0 Eligible Investments

In accordance with Ontario Regulation 438/97 or as authorized by subsequent provincial regulations, the Township is not authorized to invest in securities other than those listed in the Regulation.

7.0 Authorized Investment Dealers

The Municipality is authorized to invest funds through the investment arm of various Schedule 1 banks in Canada, as well as in the One Investment Program's High Interest Savings Account (HISA) and/or the One Investment Program's Canadian Government Bond Portfolio. If an investment opportunity not provided through a Schedule 1 bank or the ONE Fund offers a better return while adhering to all guidelines within this policy, the Treasurer or designate must provide a report to Council for approval before entering into any investment agreements.

The Municipality authorizes One Investment's portfolio under By-Law 2021-XX as an allowable investment option for the Municipality, as the securities held in the ONE Portfolios consist of highly-rated, diversified investment instruments that are guaranteed to be eligible investments as defined in O.Reg 438/97 (as amended) under the Municipal Act.

8.0 Responsibilities

8.1. CAO or others as directed by Council:

- 8.1.1. 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 Municipality's financial assets.

8.2. Treasurer or Designate:

- 8.2.1. Responsible for providing to Council each year, or upon request of Council, an investment report as outlined below;
- 8.2.2. Enter into agreements with banks, investment dealers and brokers; and other financial institutions for the purchase, sale, redemption, issuance, transfer, and safekeeping of securities, all in the name of the Municipality;
- 8.2.3. Execute and sign administrative and trading investment agreements on behalf of the Municipality;



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- 8.2.4. Responsible for ensuring that the credit rating of any securities held in the investment portfolio are being monitored regularly and any material negative changes are communicated a timely manner as may be appropriate;
- 8.2.5. Develop and maintain all necessary operating procedures for effective control and management of the investments, and reasonable assurance that the Municipality's investments are properly managed and adequately protected.

9.0 Investment Reporting

The Treasurer or designate shall provide an annual investment report to Council which includes, at a minimum, the requirements set forth in Ontario Regulation 438/97, as amended. Under the current regulations, the investment report shall contain 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 Municipality during the period covered by the report;
- (c) A statement made by the Treasurer or designate as to whether or not, in their opinion, all investments were made in accordance with the investment policies and goals adopted by the Municipality;
- (d) A record of the date of each portfolio transaction; and
- (e) Such other information that the Council may require, or that, in the opinion of the Treasurer or designate, should be included.

10.0 Standard of Care

10.1. Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, following the prudent person principle of investment management, and considering the probable safety of their principal as well as the probable income to be derived. Consideration will be given to obtaining independent legal and/or financial advice in circumstances in which the Municipality believes additional expertise is warranted.



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Investment staff acting in accordance with written procedure, this investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risks or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidation or the sale of securities are carried out in accordance with the terms of this policy.

10.2. **Ethics and Conflicts of Interest**

Staff involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment policy, 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. Staff shall not undertake personal investment transactions with the same individual with whom business is conducted on behalf of the Municipality.

10.3. **Delegation of Authority**

The Investment Policy and any amendments thereto must be adopted by Council. This policy will delegate to the Treasurer the authority to make investments which comply with this policy, pursuant to section 418(5) of the *Ontario Municipal Act, 2001 as amended*. The Treasurer has overall responsibility for the prudent investment of the Municipality's portfolio.

10.4. **Safekeeping and Custody**

All investments shall be held for safekeeping in the name of the Municipality by financial institutions approved by Council. The depository shall issue a safekeeping receipt to the Municipality for each investment transaction, listing the specific instrument, rate, maturity, and other pertinent information. On a monthly basis, the depository will provide reports which list all investment activity, the book value of holdings, the market value as of month-end and income earned by the investments.



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10.5. **Records Management**

Records and manual files will be kept according to the Municipality's By-law for the Retention Periods for Documents, Records, and Other Papers of the Municipality, as amended.

10.6. **Policy Review**

This policy shall be presented to Council for review and update, if applicable, every two years, in the first year of each elected Council, or as deemed necessary by Council or the Treasurer.