



Policy Manual

Policy Number: FINANCE-004

Subject: INVESTMENT POLICY & GOALS

Policy Statement:

Purpose / Objective

The purpose of this policy is to adopt a statement of the municipality's investment policies and goals. Section 7(1) of O. Reg.438/97, as amended, requires the adoption of such a statement before a municipality invests in a security prescribed under this regulation. This policy will delegate to the City Treasurer or Designate the authority to make investments which comply with the policy, and it will provide investment guidelines which will direct the investment of the City's funds not immediately required.

This policy is to be interpreted and applied in accordance with the requirements of the Municipal Act, 2001 ("the Act") and any regulations passed thereunder ("the regulations"). Terms used in this policy have the meanings applicable to those terms in the corresponding sections of the Act and the regulations.

Related Policy Guidelines

1.0 Primary Objectives:

1.1 Adherence to statutory requirements:

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

1.2 Preservation of capital:

All investment decisions will be based upon the preservation of the value of the invested principal. The City Treasurer or Designate shall endeavor to mitigate credit risk and interest rate risk as follows:

1.2.1 Credit Risk:

- Limiting investments to safer types of securities based on credit ratings;
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized by investing assets among a range of security types by sector, maturity and quality rating; and

- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City does business.

1.2.2 Interest Rate Risk:

- Structuring the investment portfolio so that securities mature to meet ongoing cash flow requirements, thereby reducing the need to sell securities in the open market prior to maturity;
- Diversifying longer-term holdings to mitigate effects of interest rate volatility; and
- Investing in shares or equities of Canadian corporations through a legislatively approved government investment pool, in accordance and as restricted by the Act.

1.3 Maintain Liquidity

The portfolio shall be structured to maintain a proportionate ratio of short, medium and long-term maturities to meet the funding requirements of the Corporation. The investment portfolio shall remain sufficiently liquid to meet all operating or cash flow requirements and limit temporary borrowing requirements. This shall be done by structuring the portfolio so that securities mature to meet ongoing cash flow requirements. Furthermore, since all possible cash demands cannot be anticipated, the portfolio shall include securities with active secondary or resale markets.

1.4 Earning a competitive rate of return:

The rate of return on the investment portfolio will be optimized to the extent possible given the three foregoing Primary Objectives. Higher yields are best obtained by taking advantage of the interest rate curve of the capital market which normally yields higher rates of return for longer-term investments. Yields will also fluctuate by institution as per individual credit ratings (greater risk confirmed by a lower credit rating) and by the type of capital instrument invested in.

2.0 Delegation of Authority:

This policy delegates to the City Treasurer or Designate the authority to make investments which comply with this policy, and this policy is his or her good and sufficient authority for so doing without the need for additional or specific Council approval. The City Treasurer or Designate is authorized to enter into agreements with banks, investment dealers/managers and brokers, and other financial institutions for the purchase, sale, redemption, issuance, transfer and safekeeping of securities in a manner that conforms to the Act and this policy. The authority delegated to the City Treasurer or Designate includes the explicit delegation of the authority needed to complete investment transactions; however the City Treasurer or Designate shall remain responsible for ensuring that the investments are compliant with the regulations and this policy.

3.0 Standard of Care

The City Treasurer or Designate will invest funds in a prudent manner by exercising the care, skill, diligence and judgement that a prudent investor would

exercise in making investments. The City Treasurer or Designate will obtain legal and financial advice where necessary with respect to proposed investments.

4.0 Scope:

The Investment Policy applies to all financial assets of the City of Brantford held within the following:

- Operating Funds;
- Reserve funds; and
- Trust funds.

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| Date of Enactment: June 16, 1997 | Related by By-law Number/ Staff Report Number: By-law Number 195-2021 |
| Review Date: 2009 Amendment Dates: September 13, 2023 | Department Responsible for Review: Finance |
| Date of Next Review: 2028 | Applicable Legislation/ Legislative Authority: Municipal Act |