

**THE CORPORATION OF
THE TOWNSHIP OF SOUTH ALGONQUIN
BY-LAW NO. 21-649**

BEING A BY-LAW TO ADOPT AN INVESTMENT POLICY

WHEREAS the Municipal Act S.O. 2001, c.25 and Ontario Regulation 438/97 provide for the authorization of municipal investments.

AND WHEREAS the Council of The Corporation of the Township of South Algonquin is authorizing the investment of municipal funds in accordance with the Municipal Act S.O. 2001, c.25 and Ontario Regulation 438/97.

NOW THEREFORE the Council of The Corporation of the Township of South Algonquin hereby enacts the following as a By-Law;

1. **THAT** the Council for the Township of South Algonquin hereby adopts the Investment Policy attached hereto as Schedule “A” and forming part of this By-Law.
2. **THAT** this By-Law shall come into force and take effect on the date of its final passing.
3. **THAT** the CAO / Clerk-Treasurer for the Township of South Algonquin is hereby authorized to make minor modifications or corrections of a grammatical or typographical nature to the By-Law and schedule, after the passage of this By-Law, where such modifications or corrections do not alter the intent of the By-Law.
4. **THAT** any other By-Law inconsistent with or antedating this By-Law is hereby repealed.

READ A FIRST & SECOND TIME this 7th day of July, 2021.

COPY

Jane A.E Dumas, Mayor

Bryan Martin, CAO Clerk-Treasurer

READ A THIRD TIME AND PASSED this 7th day of July, 2021

Jane A.E Dumas, Mayor

Bryan Martin, CAO Clerk-Treasurer

POLICY MANUAL	POLICY NO. FIN-003-01
For Township of South Algonquin	EFFECTIVE DATE: July 7, 2021 Revised:
SUBJECT: Investment Policy	DEPARTMENT: Finance

PURPOSE

The goal of the Township investment policy shall be to set out the guiding principles and establish a statement of the Township's investment policies and goals for the purpose of investing public funds held by the Township of South Algonquin, while meeting the related statutory requirements. Ideally the market yields should be higher than the rate given by the Township's bank for the various bank accounts.

GUIDING PRINCIPLES

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

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

DEFINITION

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- **CAO/Clerk - Treasurer** means the Chief Administrative Officer/ Clerk Treasurer of the Township of South Algonquin
- **Deputy Treasurer** means the Deputy Treasurer of the Township of South Algonquin
- **Investment Committee** means the Finance Committee of the Township of South Algonquin

Investment Manager(s) means the person that makes investments in portfolios of securities on behalf of the Township of South Algonquin, in accordance with the investment objectives and parameters defined by this policy. An investment manager may be responsible for all activities associated with the management of client portfolios, from buying and selling securities on a day-to-day basis to portfolio monitoring, settlement of transactions, performance measurement, and regulatory and client reporting.

- **Custodian** means an agent, bank, trust company, or other organization which holds and safeguards an individual, or investment company's assets for them.

ADHERE TO STATUTORY REQUIREMENTS

All investment activities shall be in compliance with the relevant sections of the Municipal Act, 2001 along with any applicable legislation and related regulations as amended from time to time.
 Investments issued or guaranteed shall be in accordance with Ontario Regulation 438/97 as amended.

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.

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 Township 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 judgement 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 Investment Committee has responsibility for the prudent investment of the portfolio held by the Township of South Algonquin. The Investment Committee will make recommendations to the Treasurer to act on behalf of the Township. The Treasurer will act on these recommendations as long as they are consistent with this policy.

Authority to manage and implement the investment program may be granted for all or a portion of the Township's overall investment portfolio, to an external investment Agent, to act as an Investment Manager on behalf of the Township, as determined through an independent and competitive bidding process every five (5) years in consultation with the Township. That Agent shall act in accordance with the established procedures and internal controls consistent with this investment policy. The performance of any Agent will be assessed annually. Those investments governed by the provisions of the *Investment Policy* shall be deemed delegated to that Agent.

SAFEKEEPING & CUSTODY

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

REPORTING

The Treasurer shall cause to have submitted an annual investment report to Council of the Township of South Algonquin, together with the annual audited Township Financial Statements.

The investment report should include the following:

- a) A listing of individual securities held at the end of the reporting period by maturity date;
- b) A statement about the performance of the portfolio of investments of the Township during the period covered by the report;
- c) A description of the estimated proportion of the total investments of the Township that are invested in its own long-term and short-term securities to the total investment of the Township and a description of the change, if any, in that estimated proportion since the previous year's report;
- d) A statement by the Treasurer 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 Township when applicable;
- e) A record of the date of each security transaction, including a statement of the purchase and sale price of each security;
- f) Such other information that the Council may require or that, in the opinion of the Treasurer, 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 Township

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 Treasurer require approval by the Investment Committee.

MAXIMUM MATURITIES

To the extent possible, the Township shall attempt to match investments with anticipated cash flow requirements. 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.

CURRENCY

The Township shall not invest in a security that is expressed or payable in any currency other than Canadian dollars.

EXEMPTION

Any investment currently held by the Township that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

RESPONSIBILITIES

CAO/Clerk – Treasurer

- 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 Township's financial assets.
- Enters into arrangements with Investment Managers;
- Executes and signs documents on behalf of the Township and performs all other related acts in the day-to-day operation of the investment and cash management program;

Deputy Treasurer

- Consults with the Investment Committee on all transactions;
- Presents the quarterly report to the Committee; and
- Develops and maintains all necessary operating procedures for effective control and management of the investment portfolio and reasonable assurance that the Township's investments are properly managed and adequately protected.

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Investment Committee

- The Investment Committee has responsibility for the prudent investment of the Townships portfolio.
- The Investment Committee will direct the Treasurer to act on behalf of the Township.

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