



Subject: Investment Policy

Policy No. : FI-08-2018

Date: May 8th, 2018

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1. PURPOSE

The purpose of this Investment Policy is to provide a clear statement of the Township's investment objectives and to define the responsibilities of the municipality, as well as any other parties involved in managing the Township's investments. It is also used to identify or provide target asset allocations, permissible investments and diversification requirements.

2. POLICY STATEMENT

The Township of Lanark Highlands shall invest in short-term investments that offer increased investment revenues, conform to the listed statutory requirements, are based on ongoing cash flow analysis, the preservation of capital, rate of return maximization and while maintaining the desired level of liquidity to meet short-term cash requirements.

Legislative and Administrative Authorities

- Section 418 of the *Municipal Act 2001*
- Ontario Regulation 438/97, *Eligible Investments and Related Financial Agreements*, as amended

Guiding Principles

Preservation of Capital – Investments shall reflect the primary objective of protecting any principal funds invested.

Liquidity – The portfolio shall remain sufficiently liquid to meet all short term operating requirements and limit temporary borrowing. The portfolio shall consist primarily of securities with active secondary or resale markets.

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 municipality shall maximize the net rate of return earned on the investment portfolio, without compromising the other principles listed above.

3. REPORTING

The Treasurer or designate shall prepare, at a minimum semi-annual basis (or when warranted), a cash flow analysis to determine the appropriate amount of funds to be invested in short-term securities. This report will be presented to Council for approval prior to investment of Township Funds.

On an annual basis the Treasurer or designate will report to Council the following information:

- a) Listing of the securities held at the end of the reporting period
- b) The maturity date of each investment
- c) A statement of the performance of the portfolio for the reporting period specified
- d) A record of any investments purchased or sold in the reporting period
- e) Such other information that the Council may require, or that in the opinion of the Treasurer should be included

4. RESPONSIBILITY

Treasurer

- Report to Council on a semi-annual (or when warranted) cash flow analysis to identify an appropriate amount of funds for investment
- Enter into arrangements with Investment Managers

- Execute and sign documents on behalf of the municipality and perform all other related acts in the day to day operation of the investment and cash management
- Develop and maintain all necessary operating procedures for effective control and management of the investment function

Investment Manager

- Allocate assets and select securities or investments in accordance with the established Township Investment Policy
- Provide regular reports to the Township (at least monthly)
- Recommend changes to established investment policy that are deemed appropriate
- Provide advice and counsel with respect to the Investment Portfolio
- Provide safekeeping of the Investment Assets