



## Investment Policy

<b>Department:</b>	Corporate and Legislative Services
<b>Division:</b>	Financial Services Division
<b>Section/Function:</b>	N/A
<b>Approval Level:</b>	Council
<b>Effective Date:</b>	2021-05-25
<b>Revision #:</b>	1

### 1.0 Purpose

- 1.1. The Purpose of this Policy is to provide guidance for the management of the City of Peterborough's investment funds and to formalize the objectives, restrictions, limits and composition of the investment portfolio.

### 2.0 Application

- 2.1. This Policy applies to all investments made on behalf of the City, with the exception of the Legacy Fund, and includes operating funds, reserve and reserve funds, obligatory reserve funds, capital funds and trust funds.

### 3.0 Definitions/Acronyms

**Adequate Credit Quality** – The capacity for the payment of financial obligations is considered acceptable. May be vulnerable to future events.

**Credit Risk** – Involves limiting investments to safer types of securities based on credit quality ratings as well as diversifying the investment portfolio to minimize potential losses on individual securities. Limiting this risk also entails setting dollar limits on the exposure to the type of issuer.

**Good Credit Quality** – The capacity for the payment of financial obligations is substantial. May be vulnerable to future events, but qualifying negative factors are considered manageable.

**Interest Rate Risk** – The risk that the interest rate will fluctuate and cause significant swings in the level of income derived from the investment portfolio. Interest rate risk is mitigated by investing in securities with varying time to maturity to limit exposure to interest rate volatility.

**Legacy Fund** – An endowment style investment strategy designed to preserve the initial Capital investment while providing a stable income return for the investor. Capital, in the

Legacy Fund Policy, refers to the net proceeds from the sale of assets of Peterborough Distribution Inc. to Hydro One.

**Liquidity** – The investment portfolio is structured to meet cash flow requirements for regular disbursement and other scheduled obligations. To account for unpredictable cash flow demands, the portfolio will consist of an adequate level of securities that can be easily liquidated. The City’s investments shall be diversified by holding securities of various terms to maturity and various types of investments.

**Long Term** – A debt or equity security that is expected to be held for more than 364 days after purchase.

**Preserve Capital** – Refers to the concept of ensuring the principal value of investments is maintained despite fluctuations in various market conditions.

**Rate of Return** – The gain or loss of an investment over a specified period of time expressed as a percentage of the investment’s cost.

**Short Term Investment** – A debt or equity security that is expected to be sold or converted into cash in no longer than 364 days after purchase.

**Superior Credit Quality** – The capacity for the payment of financial obligations is exceptionally high and is unlikely to be adversely affected by future events.

**Treasurer** – An individual appointed by Council in accordance with the **Municipal Act, 2001** who is responsible for handling all of the financial affairs of the City on behalf of and in the manner directed by the Council of the City.

## 4.0 Policy Statement(s)

- 4.1.** This Policy is designed to provide an effective framework for investment of the surplus cash resources of the City of Peterborough bound by statutory legislation.
1. The City will invest funds according to the applicable sections of the **Municipal Act, 2001** such as Section 418, and the **Ontario Regulation 4387/97**.
  2. The Treasurer will invest surplus cash of the City in a prudent manner while striving to:
    1. Ensure an adequate level of Liquidity;
    2. Minimize the degree or risk and Preserve Capital; and
    3. Maximize the Rate of Return.

3. The composition of the City's investment portfolio will be subject to the limits detailed in Chart 1. (Attachment A)
4. The Treasurer has the delegated authority to use the services of an agent for the management of surplus cash.

## 5.0 Appendix, Related Documents & Links

Note: All references refer to the current version, as may be amended from time to time.

### 5.1. Pertinent Resources:

- Municipal Act, 2001  
<https://www.ontario.ca/laws/statute/01m25>
- Ontario Regulation 438/97  
<https://www.ontario.ca/laws/regulation/970438>
- Bank Act, 1991 (Canada)  
<https://laws-lois.justice.gc.ca/ENG/ACTS/B-1.01/index.html>
- Trust and Loan Companies Act, 1991 (Canada)  
<https://laws-lois.justice.gc.ca/eng/acts/T-19.8/index.html>
- Credit Union and Caisses Populaires Act, 1994  
<https://www.ontario.ca/laws/statute/94c11>

### 5.2. Related Policies:

- Policy 0052, Legacy Fund Investment Policy  
[https://www.peterborough.ca/en/city-hall/resources/Documents/Plans-and-Policies/Policy-Accessible-Format/Legacy-Fund-Investment-Policy-Revision-1\\_.pdf](https://www.peterborough.ca/en/city-hall/resources/Documents/Plans-and-Policies/Policy-Accessible-Format/Legacy-Fund-Investment-Policy-Revision-1_.pdf)

### 5.3. Related Procedures:

- N/A

### 5.4. Related Forms:

- N/A

### 5.5. Miscellaneous:

- N/A

**6.0 Amendments/Reviews**

<b>Date</b> (yyyy-mm-dd)	<b>Section #</b> <b>Amended</b>	<b>Comments</b>
2016-10-24		Investment Policy approved by Council. Former Investment and Banking Services Policy rescinded by Council.
2021-05-25	Application & Definitions	Revision #1 - Changes made to Investment Policy through Report CLSFS21-020 – Legacy Fund Investment Policy to exclude the Legacy Fund from the Investment Policy.

<b>Next Review Date:</b>	<b>2024-01-01</b>
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