



## MUNICIPALITY OF **West Elgin**

### Staff Report

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**Report To:** Council Meeting  
**From:** Magda Badura, CAO/Treasurer  
**Date:** 2023-04-27  
**Subject:** Investment Policy

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#### **Recommendation:**

That West Elgin Council hereby receives the report from M. Badura, CAO/Treasurer re: Investment Policy be received;

And That the Investment Policy be approved as presented;

And That the CAO/Treasurer be authorized to invest funds from time to time as deemed appropriate and as directed within the Investment Policy.

#### **Background:**

Over time, the Municipality is accumulating capital reserves to pay for future capital works. This gradual accumulation allows the Municipality to plan for its' capital needs without significantly impacting tax rates in any particular year and to minimize the need to incur debt. The Staff recommend that these funds be invested in appropriate investment vehicles to maximize the Municipality's potential return on funds.

#### **Financial Implications:**

An investment policy has been developed for the Council's consideration that establishes guidelines for municipal investments, ensures compliance with legislation and establishes a reporting practice to the Council. A number of potential investment opportunities/agencies are noted within the policy.

The One Investment Program, and the investment vehicles available through it, meets all criteria established by Provincial legislation for municipal investments. It is an ideal means for smaller municipalities to invest funds with a professional investment entity without the need for significant investment knowledge and ability within the Municipality's Staff complement. All transactions are through automated transfer of money to and from the Municipality's bank account and funds are fully liquid, accessible on a 3<sup>rd</sup> day a request to redeem funds.

Further information, including monthly performance information is available for your perusal at <https://www.oneinvestment.ca/investment-reporting/one-monthly-performance-reports>

In addition, Legal List Portfolio Guidelines are also available for the respective portfolios at the following links. These guidelines provide more details into composition of the portfolio:

#### Equity

<https://www.oneinvestment.ca/what-we-offer/one-legal-list/one-canadian-equity-portfolio>

#### Corporate Bond

<https://www.oneinvestment.ca/what-we-offer/one-legal-list/one-canadian-corporate-bond-portfolio>

#### Government Bond

<https://www.oneinvestment.ca/what-we-offer/one-legal-list/one-canadian-government-bond-portfolio>

Currently, the Municipality has \$10,000,000 in a savings account. The intent is to move 50% of the funds into a high interest savings account to facilitate cash flow requirements and improve interest returns.

For an initial investment, the Municipal Staff recommend conservative approach, and is proposing that \$2,000,000 be invested in ONE's Fixed Income and Equity portfolios as follows:

*Table 1*

<b>Fund Name</b>	<b>Target Weight</b>
ONE Canadian Equity Portfolio	25%
ONE Canadian Government Bond Portfolio	25%
ONE Canadian Corporate Bond Portfolio	50%

Future investments, made at least annually, are not to exceed an amount that allows a minimum of \$5,000,000 to be retained in a high interest savings account. Staff will monitor the savings account closely and, if it is determined that \$5,000,000 is not appropriate to maintain suitable cash flow for the Municipality, the Staff will return to Council to discuss changing the investment limits.

The Staff will report on the investments to the Council at least annually as to the balance and rate of return. Council members may request additional reports at any time.

The Staff will make sure funds are invested and/or redeemed at appropriate times so as not to cause a negative cash flow and to meet all capital and operational obligations without incurring penalties.

**Financial Implications:**

Investment returns will provide additional revenues to augment capital reserves and offset future capital costs, further mitigating future tax rate increases.

**Policies/Legislation:**

s. 418 to s. 420 of the Municipal Act, 2001

O. Reg. 438/97

Respectfully submitted by,

## Report Approval Details

Document Title:	Investment Policy - 2023-20-Administration Finance.docx
Attachments:	- Municipal Investment Policy.docx
Final Approval Date:	Apr 20, 2023

This report and all of its attachments were approved and signed as outlined below:

Heather Bouw