



## **TOWN OF MINTO**

**DATE:** December 20, 2017  
**REPORT TO:** Mayor and Council  
**FROM:** Gordon Duff, Treasurer  
**SUBJECT:** Investment Policy Amendments

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### **STRATEGIC PLAN:**

Manage Town finances in a transparent and fiscally responsible manner using a wide variety of accepted methods such as maintaining healthy reserves, investing conservatively, sensible user fees, property tax control, and responsible borrowing.

### **BACKGROUND**

The Town Investment Policy has been in place for many years. February 2016 after the Province gave Toronto “Prudent Investor” status, staff reported on possible changes to legislation to allow other municipalities more diversified options in portfolio management and asset selection. These changes are not in effect so Minto and other smaller municipalities do not have “Prudent Investor” status, but there have been other changes to legislation over the past few years requiring updated language in Minto’s Investment Policy.

### **COMMENTS:**

In a low interest rate environment, it is difficult to obtain a reasonable rate of return and still maintain liquidity and invest in low risk securities. Returns from bond funds have been disappointing and money market interest rates are also low. For short term funds, Town staff has investigated the allocation of a small portion of funds with credit unions. Interest rates are competitive and the range of investments is flexible.

The Town’s Investment Policy is vague on the eligibility of deposits held in credit unions as an allowable investment. The proposed amendments explicitly include credit unions as an eligible investment for the Town’s funds for deposits with a term of up to two years. At the same time, Schedule III Banks have been added to the investment list. These are generally foreign banks which operate in Canada such as HSBC Bank, Citibank and Wells Fargo.

### **FINANCIAL CONSIDERATIONS:**

This amendment may lead to higher investment returns with minimal risk.

### **RECOMMENDATION:**

That Council of receives the Treasurer’s report dated December 20, 2017, and approves proposed amendments to the Investment Policy to include credit unions as an eligible investment and adding Schedule III banks to the investment list.

Gordon Duff, Treasurer

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