



PORT COLBORNE

Subject: Investment Policy Update

To: Council

From: Corporate Services Department

Report Number: 2024-154

Meeting Date: August 27, 2024

Recommendation:

That Corporate Services Department Report 2024-154 be received; and

That the Investment Policy in Appendix A of Corporate Services Report 2024-154 be approved.

That Staff initiate a process to close the identified trust funds in this report and disburse the related funds directly to the intended purposes or related community group subject to applicable regulation, legislation, and regulatory agencies.

Purpose:

The purpose of this report is to obtain approval for the administrative changes and to include greater direction with respect to Trust Fund investing within the City Investment Policy.

Background:

The City first adopted an Investment Policy in August of 2020. The attached Appendix A to this report highlights, using tracked changes, proposes changes to that policy.

The changes as outlined in the discussion section of this report below are either administrative or seek to provide greater direction with respect to Trust Fund investing.

As of December 31, 2024, the City has approximately \$509,400 in Trust Funds with 80% related to cemeteries. As the City has become the owner and custodian of additional cemeteries the City has been working with the Bereavement Authority of Ontario (BAO) to ensure a streamlined consolidation of Trust Funds with the City as Trustee.

Discussion:

As identified this report seeks to update the City’s Investment Policy for both administrative clarity and to provide greater direction with respect to Trust Fund investing.

Salient administrative clarity includes:

- Greater clarity when the policy refers to City or Trust Fund investments.
- Additional reference to applicable acts.
- Nomenclature clarification.
- In the event there is a negative change in credit of a non-redeemable fixed term investment that would have prevented its original purchase per the policy, it will be monitored and not renewed once the fixed term has passed.

Salient direction with respect to Trust Fund investing includes:

- Trust Fund investments can be in any currency.
- Trust Funds can be invested through a trust fund account established at an investment brokerage of a Schedule I Bank.
- Establish asset mix, eligible investments, diversification and benchmarks as follows:

Asset Mix	Eligible Investments	Target		Benchmark
		Minimum	Maximum	
Cash	Cash and High Interest Savings Accounts	0%	15%	FTSE TMX 91-Day T-Bill Index
Fixed Income	Multi-Asset Credit	25%	55%	FTSE TMX Universe Bond Index
Canadian Equities	Equities (listed on a major recognized public exchange)	0%	45%	S&P/TSX Composite
Global Equities		20%	70%	MSCI World Index

In addition to the changes in the Investment Policy, Staff are working to streamline Trust Fund management and accounting as the City assumes various cemeteries. This is being done to maximize the benefit of the Trust Funds for the causes to which they support. In this process Staff are working to move the funds to a common brokerage and recommend closing all Trust Funds except for the Cemetery Trust Fund as a result of their small size (Trust Funds identified in the Financial Implications section). Staff identify that their small size causes a situation where zero or close to zero

disbursements are provided to support their desired causes. For example, the Julia Yager (Bethel) Trust would only produce \$74 dollars if the Trust Fund earned 10%. The administrative cost, including audit costs, is greater than the investment income.

Internal Consultations:

This Investment Policy Update has been undertaken by Financial Services subsequent to a review of other Public Sector investment policies.

Financial Implications:

As identified within the Investment Policy, the policy aims to support the preservation of capital, liquidity and achieve a competitive rate of return.

The closing of the following trusts, subject to applicable regulation and legislation, is a recognition of their size and the resulting fact that the investment income generated does not cover their required administrative or audit costs. This limits the benefit, if any, that the funds can be used to help support their intended causes.

Trusts	Amount	Potential Disbursement
Local Improvements	\$25,300	Capital Budget
Julia Yager (Bethel) Trust	\$7,400	Bethel Community Group
Fulton Trust	\$1,000	Capital Budget
Sherkston Trust	\$11,900	Sherkston Community Group
Roselawn Centre	\$57,300	Roselawn Capital Reserve
	\$102,900	

Where the funds are ultimately disbursed will be subject to a review of their origin, funder's original intent, funder's current agreement (should the funder(s) be contactable) and approval of applicable regulatory agencies.

Public Engagement:

The City has worked with the BAO with respect to Trust Funds and its role as the Trustee. To close the remaining Trust Funds the City will work with applicable regulatory agencies as required.

Strategic Plan Alignment:

The initiative contained within this report supports the following pillar(s) of the strategic plan:

- Welcoming, Livable, Healthy Community
 - Sustainable and Resilient Infrastructure
-

Conclusion:

This report recommends that the Investment Policy in Appendix A of Corporate Services Report 2024-154 be approved and that Staff initiate a process to close the identified trust funds in this report and disburse the related funds directly to the intended purposes or related community group subject to applicable regulation, legislation, and regulatory agencies.

Appendices:

- a. Appendix A – Investment Policy Update

Respectfully submitted,

Bryan Boles
Director, Corporate Services / Treasurer
905-228-8018
Bryan.boles@portcolborne.ca

Report Approval:

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final review and approval by the Chief Administrative Officer.