



ADMINISTRATION & FINANCE DIVISION
Treasury Report 2021/28A

TO: Mayor Caul & Members of Council

FROM: Dawn Galusha, Treasurer

DATE: June 22, 2021

SUBJECT: Investment Management

BACKGROUND

At the Administration & Finance Executive meeting of May 18, 2021, I brought forward information regarding the Town's current investments. At that time, the rates for GICs that renewed in April were 0.3% and the HISA interest rate was 0.165%. My initial report suggested that we deal with the Hobson Chahal Advisory Group through CIBC Wood Gundy, as their proposal showed investing in various bonds and principal protected notes with an average of 5 years duration and an average yield of 2.13%. Since this is significantly more than the GIC and Savings account rates, we were initially ready to invest there.

Council requested that we look further into investment options with One Investment. We have been speaking with two advisors from One Investment who are able to assist us with determining an investment strategy. The Advisory Services have no additional cost and their products are designed specifically for Municipalities and guarantee investments. They have suggested that we work through a Cash Management Guide to analyze when the reserves money will be required. After this, they will help us to build a diversified portfolio to meet our needs.

Per the Town's Investment Policy, 1.15, the Town will "... invest public funds so as to maximize the rate of investment returns and principal protection while meeting the daily cash flow and liquidity demands of the Town of Fort Frances and complying with statutory requirement of the *Municipal Act, 2001*." The delegation of authority under the policy is to the Treasurer and/or CAO. They have overall responsibility of the prudent investment of the Town's portfolio. Authority to manage and implement the investment program may be granted for all or a portion of the Town's overall investment portfolio, to an external investment Agent, to act as an Investment Manager on behalf of the Town. That Agent shall act in accordance with the established procedures and internal controls consistent with this policy. Those investments governed by the provisions of One Investment – The Public Sector Group of Funds agreement shall be deemed delegated to that agent. Further, transactions related to investments made by the Town require staff approval by the Treasurer. In the absence of that individual, staff approval may be given by the CAO.

One Investment High Interest Savings Account rates have increased to 0.715% (Prime less 1.735%), so as interest rates rise, this rate will also rise. The Performance Report for May 2021 is attached for your information, as is the ONE Legal List which shows the recommended term of each offering.

My recommendation is to transfer most of the funds that are required in the short-term to the High Interest

Savings Account, immediately. Further I will work through determining the cash flow of the reserve funds and work with the ONE Investment advisors to determine a diversified portfolio that will meet the needs of the Town of Fort Frances.

If so desired, they will provide a presentation to Council to allow Council to ask any questions of them.

RECOMMENDATION

The Administration and Finance Executive Committee agrees to the recommendation of the Treasurer, to transfer most of the reserve funds in the short-term to the High Interest Savings Account. Further the Treasurer will work with the ONE Investment advisors to determine a diversified portfolio that will meet the needs of the Town of Fort Frances.

Council Approval of this report will agree to the Administration and Finance Executive Committee to approve transferring most of the reserve funds in the short-term to the High Interest Savings Account. Further the Treasurer will work with the ONE Investment advisors to determine a diversified portfolio that will meet the needs of the Town of Fort Frances.