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Investment Policy

1. PURPOSE

This policy will provide direction and limits to the Brampton Public Library Board, CEO and Director of Business Management & Operations in respect to investing the Funds of the Library in order minimize the financial risk to the Library while obtaining the highest possible return. To achieve this goal, low risk investment instruments will be used.

Investments shall be selected in accordance with the criteria and limitations set forth herein and in accordance with all relevant legislation.

2. SCOPE

This policy guides the actions of the Library Board, CEO, and Director, Business Management & Operations.

This policy will include but not limited to trusts, bequests, endowments, donations, funds received from third parties, and any other excess Library cash balances that are either on deposit or invested.

This policy operates in conjunction with all related Brampton Library policies.

3. DEFINITIONS

Canadian Deposit Insurance Corporation (CDIC) is a Government of Canada crown corporation that contributes to the stability of the Canadian financial system by providing deposit insurance against the loss of eligible deposits at member institutions in the event of failure.

Fund means a sum of money saved or made available for a particular purpose for the benefit of the Library

Guaranteed Investment Certificate is a savings option where there is an agreement to invest Library assets for a certain amount of time in exchange for interest on funds invested.

Investment means to allocate money in the expectation of some benefit in the future.

Liquidity is a measure of an asset's convertibility to cash.

Long term investments are investment(s) that the Library intends to hold for a term greater than one year.

Maturity is the date on which payment of a financial obligation is due.

Short term investments are investment(s) that the library intends to hold for a term less than a year, in order to meet operational needs

4. FUND GOVERNANCE

The Brampton Public Library Board (the “Library”) is the legal administrator of the investment and is responsible for its overall management. The Library acts through its Board (the “Board”) in discharging its duties. Although the Board retains overall responsibility for the Funds, the Board has allocated its responsibilities in respect of the investment as set out below.

The Board shall:

- Evaluate quantitatively and qualitatively the Investment performance at least annually. The review shall include a comparison of the rates of return achieved relative to the objectives established, an analysis of the reasons for such returns, and an assessment of the risk assumed in the pursuit of such returns
- Delegate tasks relating to the overall management of the Fund to selected employees of the Library

The Brampton Public Library CEO and Director, Business Management & Operations shall:

- Retain the services of a financial institution and/or investment advisor to manage funds on behalf of the Library
- Establish strategies for achieving investment targets
- Execute investment transactions
- Annually, identify provisions in the Statement that may need to be revised due to new investment strategies or changes in the markets
- Ensure that the provisions of the investment policy are met
- Provide direction and instructions as may be required from time to time
- Provide Library Board with an investment report highlighting: Total investments held, performance of investments, and annualized returns

Staff designated by the Director, Business Management & Operations, may make investments internally.

5. FUND OVERVIEW AND INVESTMENT IMPLICATIONS

Fund Characteristics

The Fund exists to support:

- The daily operations of the Library and to preserve the value of principal investment
- Income maximization subject to limitations of the policy
- Liquidity
- To provide funds for unanticipated operating or capital needs of the Library
- The Fund is exempt from income tax due to its “Charity” status

Investment Implications

- Liquidity must be sufficient to meet periodic drawdown requirements on the Fund.

6. INVESTMENT OBJECTIVES, BELIEFS AND MANDATES

The Brampton Public Library Board (the “Library”) maintains assets for two purposes. Some assets are intended to support the daily operations of the Library. Other assets are intended as a long-term investment, where the goal is to grow the real value of the funds. The prudent and effective management of these assets will have a direct impact on the achievement of these goals.

Investment Objectives

The Fund shall be managed on a going concern basis, with the primary objective of providing reasonable rates of return, consistent with available market opportunities, a quality standard of investment, and low levels of risk dictated by liquidity requirements.

Investment Beliefs

The Board from time to time will review and confirm its investment beliefs with respect to the Fund. The Board currently believes:

- that the Fund should be fully invested because long-term cash holdings will reduce long-term rates of return;
- that the Fund should be invested in fixed income to retain the capital required to meet short and long term needs;
- that maturity of investments shall be a minimum of thirty days to a maximum of five years, to meet library short and long term needs

Investment Management Structure

The Director, Business Management & Operations will invest the funds as follows:

- Funds will be held in an insured commercial financial institution in interest bearing accounts
- Investments will be held will be held in a Certificates of Deposit, Term Deposits, or Guaranteed Investment Certificates (GICs) with the financial institution and Principle Protected Notes
- Investments must be principal protected
- Investments will be made through a certified Investment Advisor
- Investments shall only be in Canadian funds, payable in Canadian funds
- Investments shall not exceed five (5) years maturity and CDIC insurance coverage wherever possible

Portfolio Investment Allocation

The Library must consider both short-term and long-term cash flow requirements when investing.

The following asset mix has taken the Library's risk tolerance and cash requirements into consideration.

Short-term Investments:

- Minimum of 50% of funds invested will be in short-term assets (Maturities of 1 year or less)
- Within short-term investment, 50% of investments must contain liquid assets including Daily Interest or cashable GICs

Long-term Investments:

- Up to 50% of funds invested will be in long-term investments and consider assets under the Investment Management Structure section).
- Investment will allow for a 10% deviation from the 50% target which will be reassessed annually

Non Eligible Investments

If the Library makes an investment such as equities or mutual funds as part of a bequest or donation, the Director, Business Management & Operations and CEO or designate will arrange for the sale of the securities or other assets at the first opportunity.

7. Conflict of Interest Policy

Individuals or other Bodies governed by the Guidelines

These guidelines apply to the Board, Management, and any employee or agent retained by any of the foregoing to provide services to the Fund.

Conflict of Interest

Any persons listed above shall not knowingly permit their interests to conflict with their duties and powers in respect of the Fund. Any such person shall disclose any direct or indirect material association or material interest or involvement in aspects related to his or her role with regard to the Fund's investments that would result in any potential or actual conflict of interest. Without limiting the generality of the foregoing, this would include material benefit from any asset held in the Fund, or any significant holdings, or membership on the board of directors of any corporation, or any actual or proposed contracts.

Procedure on Disclosure

The person involved in the conflict shall disclose the nature and extent of the conflict to the Board in writing, or request to have it entered in the minutes of a meeting of the Board upon first becoming aware of the conflict. The disclosure shall be made orally if knowledge of the conflict arises in the course of a discussion at a meeting of the Board. Upon giving notice, the person or persons will refrain and withdraw from all discussions and participation in decisions pertaining to those matters where a conflict of interest exists or is perceived to exist.

8. Statement Review

The Board shall review the Statement at least annually, taking into account whether any developments such as the following have occurred:

- Governance changes
- Changing investment beliefs
- Changing risk tolerance
- Changes to purposes/requirements of the Fund
- Changes to the Fund's cash flows
- Changes to length of investment horizon
- Changed expectations for the long term risk/return tradeoffs of the capital markets
- New investment products
- Changes to legislation
- Any practical issues that arise from the application of the Statement