
Terms of Reference
Investment Board under the Prudent Investor Standard

1. City Council

Council's vision, strategic goals and objectives with regards to overall investments assets and activities are captured and developed in the Investment Policy Statement (IPS).

The IPS defines:

- The goals of the investment program;
- The Risk and Return objectives;
- The Investment Philosophy;
- What types of investment are appropriate;
- The proportion of each type of investments;
- The role and responsibility assigned to each party involved in the investment process; and
- Any unique need of the City to be taken into consideration.

Under the Prudent Investment Standard, Council selects and appoints an investment board to oversee and implement the investment program of the City.

2. Mandate and Authority of the Investment Board

The Investment Board is established as a City board, responsible to control and manage the City's investments pursuant to the Prudent Investment Standard and the Investment Policy Statement adopted by City Council.

The Board will adopt and follow an Investment Plan that implements the City's Investment Policy. The Investment Plan shall deal with how the Board will invest the City's money.

The Board may retain agents to act on its behalf pursuant to the requirements of the prudent investment standard.

3. Board Composition and Term

The Investment Board will be composed of five (5) members: including a Chair, three (3) citizen members and the City's Treasurer.

The term for Investment Board members will be ending on November 14, 2022 or until successors are appointed, served at the pleasure of City Council. The maximum term is two (2) four (4) year terms.

4. Eligibility

Officers and employees of the City and Council members are prohibited from appointment to the Investment Board with the exception of the Treasurer required under the Prudent Investor Standard. Members must not have declared bankruptcy, or had disciplinary action by a security regulator or self-regulating investment organization in the past twenty (20) years.

5. Accountability and Reporting

At least annually, following City Council's review of the Investment Policy, the Board will review its Investment Plan and update it as required. The Board will submit an annual report to Finance and Corporate Services Committee about the performance of the City's investment portfolio.

6. Member Qualifications

Public members of the Board shall collectively represent a range of skills, knowledge and experience to discharge their duties in an effective manner including:

- Executive level experience in a major public or private organization;
- Senior level experience in the investment industry such as the management of institutional portfolios including pension funds, endowments, foundations, mutual funds, and closed-end funds;
- Professional skills relating to investment and/or debt management as well as an understanding of risk and financial administration within the framework of the prudent investor standard;
- Post-graduate degree in any one of the fields of: finance, business, economics, risk management, accounting, public administration or related fields that may include certification such as CFA designation, Chartered Investment Manager designation or equivalent;
- Possession of sound judgement and knowledge of good governance; and
- Understanding of the principles of public accountability and integrity.

A minimum of two (2) Board members must have senior level experience in the investment industry such as the management of institutional portfolios including pension funds, endowments, foundations, mutual funds, and closed-end funds.

7. Chair Qualifications

In addition to the qualifications of Board Members, the Chair will be required to demonstrate the following qualifications:

- Leadership and administrative skills;
- Highly developed chairing and facilitation skills; and
- The ability to effectively represent the Board and communicate with City Council, City Committees, the media and general public.

8. Citizen Appointment Process

The Legislative and Court Services Department will be responsible for the citizen recruitment and application process. A team comprised of the Chief Administrative Officer, The GM of Community and Corporate services, the Director of Finance and the Portfolio Manager will review, short-list and interview applicants and recommend candidates for appointment by City Council.

9. Remuneration

Members will be remunerated up to \$1,000 per meeting and the Chair will be remunerated up to \$1,500 per meeting.

Total Investment Board cost is estimated to range of \$0 to \$40,000 per annum and is to be funded from the Finance Department budget.

10. Meeting Management and City Liaison

The Legislative and Court Services department will provide meeting management support to the Investment Board and staff from the Finance Department will be the City liaison(s) to the Board.

11. Staff Responsibilities and Duties

Staff shall consist of the following:

Finance/Treasury Department

- Develop and review investment policies for recommendation and approval by Council;
- Implement the Investment Plan as directed by the Investment Board; and
- Preparation of investment performance reporting, Investment Board materials and reports to Council.

Legislative and Court Services Department

Provide administrative support to the Investment Board for scheduled meetings. These duties will include preparing the Agenda and meeting package, booking meeting rooms, and taking minutes of the meeting.

Legal Services

- Provide support to the Investment Board with regard to City policies, procedures, and other legal matters; and
- Assist the Investment Board to obtain outside legal counsel with regards to matters requiring more specialized expertise.

Finance Accounting Services

- Record and reconcile transactions for all investment funds;
- Make payments for various services required by the Investment Board and staff; and
- Prepare audited financial statements as required.

12. Comparative analysis of City Investment Board vs. Joint Investment Board

	<u>City of Barrie Board</u>	<u>Join Outside Board</u>
Investment Strategy	Customized Solution, tailored to City of Barrie	Funds are allocated into pooled funds according to each investor risk and return objectives
Access to Funds	Ability to better match needs for funding and re-allocate assets to be available same-day	Usually a notice period is required of 1-2 business days
Risk Management	Significantly improved risk management through diversification by asset class, sector, and credit quality. Cash Flow Match portfolio	Risk managed in the context of offered portfolio mandate.
Board Composition	Fully Independent Board – working on behalf of the City. Treasurer member of board.	Minimal to no representation. “25% of seats allocated to participating Municipalities”.
Board Selection	City determines selection criteria	City of Barrie has no influence
Incremental Costs	Board Cost: Est. \$40,000 per annum	Est. Share of Board Cost: \$80,000-\$100,000 per annum (8-10 basis points of \$100m portfolio)
Reporting	Content specific to City’s investments and reporting requirements.	Portfolio performance Statement. Periodic reporting
Investment Managers	In house or external.	Appointed by Investment Board, usually 3 rd Party Asset Managers
Investment Performance	Risk Adjusted Returns 2.34% Total Return on Bond portfolio	Comparable Bond Portfolio: 1.51%