



## Report of the General Manager and Chief Financial Officer

### Revised Investment Policy

#### Recommendation

1. The Board approve the revised Investment Policy (Attachment 1).

#### Summary

This report recommends a revision to Housing York Inc.'s (HYI) Investment Policy 2017-01 to permit that in the event that York Region provides the Investment Manager services, no service level agreement would be required.

#### Background

##### **The Board approved an updated Investment Policy as part of HYI's new Long-Term Fiscal Plan**

In [November 2017](#), the Board of Directors approved a new Long-Term Fiscal Plan for HYI. The plan was developed to ensure HYI remains fiscally responsible and is accountable for effectively managing its assets. A key component of the fiscal plan is an updated Investment Policy to ensure prudent management of HYI's working capital and reserves.

##### **HYI's Investment Policy reflects the Region's policy**

HYI buildings constructed under the Provincial Reform program (buildings constructed typically between 1987 to 1995) are regulated by the *Housing Services Act, 2011*. All housing providers regulated by the *Housing Services Act* are required to invest their capital reserves in a pooled investment program operated by the Housing Services Corporation (HSC) and managed by Worldsource Financial Management.

HYI currently invests capital reserves in the investment pool. Since the HYI's Provincial Reform reserves are depleted, HYI is no longer obligated to invest in this program. HYI has been working with Regional staff to explore alternatives to invest reserves.

#### Analysis

##### **The Investment Policy allows for the use of an Investment Manager**

HYI may use the services of an Investment Manager pursuant to a service agreement approved by the Board. The Investment Manager is responsible for:

- Developing investment strategies that meet HYI's investment objectives, risk tolerance and cash flow needs
- Establishing trader authority limits
- Managing investment activities of the portfolio with discretion and in accordance with the Investment Policy
- Entering into arrangements with financial institutions for the purchase, sale, redemption, issuance, transfer and safekeeping of securities
- Reporting to the President and Chief Financial Officer no less than semi-annually
- Assisting the President and Chief Financial Officer in the preparation of annual investment reports to the Board

### **A service level agreement is required between the Investment Manager and HYI**

The Investment Policy currently requires a service level agreement between HYI and the Investment Manager. A service agreement is a detailed contract that documents the level of investment services the Investment Manager will provide. HYI has existing agreements with several corporations outlining what services will be provided and at what level. For example, HYI has an agreement with TD Bank that includes a detailed description of the cash management services the bank will provide for items such as cheque fraud protection and wire payment service.

### **A service level agreement is unnecessary as the Region will manage HYI's investments**

As the Region's investments realize higher returns than the HSC investment pool, the best option is to have the Region be the Investment Manager for HYI. The Region as HYI's Investment Manager will formulate and execute an investment plan for HYI, similar to how the Region manages its own portfolio. The investment plan includes a commitment to provide HYI with all the reporting requirements outlined in HYI's Investment Policy. The reporting requirements will be met by the investment plan, so a service level agreement becomes unnecessary. Under the current Investment Policy, the President, HYI can appoint an Investment Manager.

## **Financial Considerations**

As the Region does not charge HYI any fees for investment services, there are no financial implications as a result of this report. Staff will report rates of return to the Board through the Annual Report.

## **Local Impact**

There is no local impact as a result of this report.

## **Conclusion**

This report recommends a revision to HYI's Investment Policy to permit that in the event that York Region provides the Investment Manager services, no service level agreement would be required. If HYI decides to appoint an external investment management firm as Investment Manager, a service level agreement will be developed and submitted to the Board for approval.

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For more information on this report, please contact Michelle Willson, Chief Financial Officer at 1-877-464-9675 ext. 76064. Accessible formats or communication supports are available upon request.

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Approved for Submission: Katherine Chislett  
President

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Attachment  
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