

City Council

New Business and Business Previously Requested - Meeting 14

CC14.4	ACTION	Referred		Ward: All
--------	--------	----------	--	-----------

Investment Policy Update

City Council Decision

City Council on January 29, 2020, referred Item CC14.4 to the Executive Committee for further consideration.

Summary

Provincial legislation requires City Council to review and update the Investment Policy on an annual basis as required.

Since January 1, 2018, the City's long-term investments have been managed by the Toronto Investment Board under a new Council adopted Investment Policy which is based on the prudent investor standard. Changes to the Investment Policy are reviewed and adopted by TIB before they are brought forward to City Council.

This report also responds to Council direction to review and report on sections of the Investment Policy with regard to Environmental, Social, and Governance (ESG) factors and makes recommendations to enhance these sections.

The Chief Financial Officer and Treasurer (CFO&T) along with other City staff have consulted with several stakeholders and subject matter experts with regard to ESG and climate change. Additional consultations were made with the Toronto Investment Board (TIB) and The Atmospheric Fund (TAF) following the direction by Council in October 2019.

This report makes a recommendation to add a section to allow for the CFO&T to accept minor variations of the City's Investment Policy when compared to the standard terms in the policies of pooled funds (and other types of funds). These funds are allowed by the current legislation and would be reviewed and selected by TIB.

The report makes a recommendation to the Real Assets section of the Investment Policy to allow for the Real Estate sub-component to change its geographic focus to a North American/Global basis. This change would provide greater liquidity and transparency. In addition, widening the geographical scope provides more options and flexibility to improve the risk and return profile.

Background Information (City Council)

(January 21, 2020) Report from the Chief Financial Officer and Treasurer on Investment Policy Update, including Attachments 2, 3, 4 and 5 (CC14.4)

<http://www.toronto.ca/legdocs/mmis/2020/cc/bgrd/backgroundfile-145193.pdf>

Attachment 1 - Statement of Investment Policy and Procedures

<http://www.toronto.ca/legdocs/mmis/2020/cc/bgrd/backgroundfile-145194.pdf>

Communications (City Council)

(January 24, 2020) E-mail from Gerry Dunn (CC.Supp.CC14.4.1)

(January 28, 2020) Submission from Amelia Rose Khan, Toronto350.org (CC.New.CC14.4.2)

<http://www.toronto.ca/legdocs/mmis/2020/cc/comm/communicationfile-100890.pdf>