# Terms of Reference

# INVESTMENT COMMITTEE

## Purpose

Investment Committee assists Kentville Town Council in fulfilling its financial management due diligence and fiduciary responsibilities, while overseeing the investment of financial assets of the Town by recommending polices, processes, strategies, and allocation of investments including timing and amounts, and provides advice on matters affecting the expected rate of return, internal controls, risk management, financial reporting and accounting controls and practices of its investment advisor.

The Committee promotes a transparent environment for the management of public funds and exercises a high level of accountability. The Committee annually carries out a detailed review of its investments with its investment advisor and acts for Council in a financial oversight role.

The primary purpose of the Investment Committee is to engage, liaise, and oversee the work of the investment advisor.

## Authority

Section 100 of the *Municipal Government Act* states that:

(1) Funds in a sinking fund, capital reserve fund, utility depreciation fund or other fund of a municipality shall be
(a) deposited in an interest bearing account at a bank doing business in the Province;
(b) invested pursuant to an investment policy adopted by the council and approved by the Minister; or
(c) invested in investments in which a trustee is permitted to invest pursuant to the Trustee Act.

(2) Income arising from the investment of a fund is part of that fund unless the council otherwise provides.

(3) The council may pledge any investments to the credit of the capital reserve fund as collateral security for a borrowing for a capital purpose.

*Town of Kentville and Kentville Electric Commission Sale of Assets Act*, being Chapter 6 of the Acts of 1998.

## Scope

The scope of the Investment Committee shall be to govern and oversee the investment of all Town funds adhering to strict legal requirements with a responsibility and scope to preserve capital, ensure liquidity is always available for cash flow purposes, manage engagement with investment advisor, make recommendations to Finance and Audit Committee respecting policies, while managing the Town's perpetual funds effectively.

## Role of Chairperson

The Chairperson shall be appointed by the Investment Committee at their first meeting and is responsible for chairing and facilitating all meetings, ensuring that appropriate research, directions and recommendations are given by the Committee, including the provision for adoption of work plans, policy directions, strategy development, financial return reviews, investment strategies, as well as all other items incidental to the effective financial oversight of the Town's investment strategies and policies. Should a chairperson not be selected at this meeting, Council shall select the chairperson at their next meeting of Council. The Chairperson shall also ensure that the Town's investment advisor's performance is reviewed annually.

## Role of Vice Chairperson

A Vice Chairperson shall be appointed by the Investment Committee and act in the place of the Chairperson during absences, unavailability, or conflicts on interest of the Chairperson.

## Role of Investment Advisor

Investment Advisor is responsible for managing the Town perpetual fund according to legislative requirements and Town investment policy, providing monthly reports to Investment Committee of fund transactions and activities in accordance with Canadian generally accepted investment standards. The purpose of the monthly reviews is to obtain reasonable assurance that the funds invested are being well managed and generating acceptable returns.

Investment Committee will meet with the investment advisor at least once annually specifically to review engagement terms, investment polices of advisor and company, approach to investing, reporting timelines, and proposed fees.

## Role of Director of Corporate Services

Director of Corporate Services will carry out functions and responsibilities as requested by the Investment Committee, as they relate to the Committee's mandate. The Director shall serve as a staff resource to the Committee and will lead the research and report-writing components of the Committee's work, ensuring that members have the necessary information to make informed decisions or recommendations to Council.

**Membership**

Membership on the Investment Committee shall include three elected representatives from town council and two members of the public, duly appointed by council annually pursuant to Section 24 of the *Municipal Government Act*. Members of the public appointed to this committee should have strong financial backgrounds and be able to comprehend complex financial and regulatory processes.

**Reporting Relationship**

Investment Committee shall report directly to Finance and Audit Committee of Town of Kentville and indirectly to the Director of Corporate Services for operational and administrative support.

**Duration of Mandate**

The mandate of the Investment Committee shall be from December 1, 2025, to November 30, 2027, and is subject to renewal thereafter according to Section 44(1) of the *Municipal Government Act* and at the discretion of council.

**Frequency of Meetings**

Meetings of the Investment Committee shall be held on such day and time as the committee decides at the first meeting of the committee. Additional meetings may be held, or the above meeting dates and times changed, when agreed to by a majority of the committee and prior notification is provided to committee members. The Committee shall meet no less than six times per year.

**Quorum Requirements**

No decisions may be made at any Investment Committee meeting unless a quorum of a majority of members appointed to the Committee are present and actively participating.

**Agenda, Minutes and Resolutions**

Minutes and recommendations of the Investment Committee shall be provided to each member of the committee within a reasonable time after the conclusion of such meeting. Director of Corporate Services will endeavour to provide each member of the committee with the agenda and required supporting documentation at least five days prior to each meeting.

**Conflict of Interest**

It is expected that all members of the Investment Committee will adhere to the *Municipal Conflict of Interest Act*, disclosing any pecuniary or indirect pecuniary interest in any matter before the committee and refrain from taking part in, or trying to influence either before or after the meeting, any directions or decisions respecting such matters. Any clear breach of this guideline will require the Chairperson to ask council to remove that member and appoint another member in their place. If the breach is by the Chairperson, this shall be reported to council by the Vice Chairperson.

**Code of Conduct**

All committee members must acknowledge receipt of and agree to adhere to the Town's Code of Conduct Policy.

**Resources**

Investment Committee shall have access to the resources of the Director of Corporate Services and the investment advisor through the Director of Corporate Services, to undertake the required research it needs to make the most appropriate decisions in a timely manner. Requests for financial resources above the annual budgeted amount for investment advisor fees shall be made by the committee through the Chairperson to council, on an as needed basis.

**Decision Making Process**

All decisions of the Investment Committee shall be made by majority vote of committee members. Where a majority is not forthcoming, the vote shall be determined in the negative. The committee has authority to oversee and facilitate providing investment direction to the investment advisor by giving direction only to the investment advisor; however, the Committee must seek council's approval through recommendation to the Finance and Audit Committee to change the terms and conditions of the investment strategy or policy or expend funds above those approved in the annual budget.

**Confidentiality**

All meetings of the Investment Committee are public, except those matters deemed to be private and confidential in nature and subject to Section 22 of the *Municipal Government Act*. Minutes and subsequent resolutions of such meetings shall be recorded and publicly available upon request. Information and reports of the committee shall be subject to normal Freedom of Information and Protection of Privacy (FOIPOP) regulations.

**Communications**

All communications and messaging from the Investment Committee's work and activities shall come solely from the Chairperson or their designate. It is expected that all decisions of the committee will be supported by all members of the committee upon ratification. This does not limit the ability of individual member's from speaking freely with the media, but in all such cases the individual committee member should be clear that it is their personal opinion and not that of the Investment Committee.

**Reporting**

At least bi-annually, Director of Corporate and Chairperson shall provide a written report to Council concerning the committee's work plan, focus and directions. Should council require, an oral presentation may be requested of the Chairperson at any time if council wishes to have further clarification or reporting on the committee's work.

**Responsibilities**

Investment Committee is responsible for overseeing the Town's financial assets in a responsible and transparent manner, monitoring fund activities through Director of Corporate Services and investment advisor reports, reviewing for legislative compliance, reporting such publicly. The Committee will review and analyze information presented to it, request additional information when necessary, consider available options, and make timely decisions and recommendations to Finance and Audit Committee that serve the best interests of taxpayers.

Specifically, the Investment Committee shall undertake and continually review and monitor the following responsibilities:

1. role and responsibility of investment advisor; and
2. recommend the appointment of an investment advisor; and
3. monthly investment reports; and
4. investment policy; and
5. types and terms of investments for cash flow requirements; and
6. performance and returns on investments; and
7. credit rating on investment issuers; and
8. allocations of investments per sector; and
9. appropriateness of investment locations and types; and
10. risk tolerance from inflation fluctuations; and
11. valuation of investments; and
12. conflicts of interest of members and investment advisors and code of ethics for staff; and

13. investment policies and processes.

The Committee shall regularly undertake the following review and assessments of the Investment Advisor:

a. review the extent, timing, and completion of investments and methods being used to determine purchases; and
b. review the qualifications, independence, quality of service, performance and fees of the investment advisor annually; and
c. discuss whether the terms of the engagement were met; and
d. recommend to Finance and Audit Committee any change in investment advisors should the committee believe the current advisor is not meeting the required competency and independence; and
e. assist in criteria for and selection of the investment advisor; and
f. review any problems or restrictions encountered by the investment advisor and degree of cooperation from staff; and
g. promote cooperation between management and the investment advisor.

**Risk Management**

The Committee shall:

a. educate themselves to understand the investment risks of the Town; and
b. review the Town's investment management controls and policies; and
c. obtain reasonable assurance that investment advisor's systems to eliminate or manage risks are effective; and
d. receive reports on the management of financial risks.

**Alleged Wrongdoing**

The Committee shall:

a. enquire fully into any activities or transactions that may be illegal, questionable or unethical, and into the Town's control procedures to ensure that such activities are being guarded against; and
b. ensure management has implemented a policy and / or process to review and respond to complaints or allegations of wrong-doing or questionable acts by elected officials and employees; and
c. review and advise council with respect to complaints or allegations of wrongdoing.

## Investments

The Committee shall prepare and submit reports and recommendations to the Finance and Audit Committee regarding the investment operations of the Town. These reports must be reviewed with a lens for compliance with applicable legislation and the Town's Investment Policy, as well as assessing asset manager performance, and present strategies aimed at optimizing financial returns. The Committee is responsible for ensuring transparency, accountability, and alignment of investment activities with the Town's annual budget transfer obligations and long-term financial objectives.

Approved by Council: September 29, 2025