

Investment By-law, By-law No. 36

The purpose of this By-law is to establish the conditions under which the funds of the Co-operative will be invested. The Investment Policy which was approved by General Members on January 24, 1983 is repealed.

1. GUIDELINES

- a) Funds shall be invested in a manner that does not jeopardize the financial stability or interfere with the normal operations of the co-operative.
- b) Interest earned on investments must be used to benefit the Co-operative as a whole. No individual Member may benefit in a way that is not generally available to all the Members of the Co-operative.
- c) Funds shall be invested in the co-operative movement whenever possible. No funds shall be invested with institutions whose activities knowingly conflict with the principles and objectives of the co-operative movement.
- d) When making investments, the Co-op shall consider the social purpose of the investment as well as the risk and rate of return.
- e) In order to ensure that the Replacement Reserves are sufficient to fund necessary capital replacements and improvements, the interest earned on the investment of reserve funds shall accrue directly to the Future Capital and Garage Reserves and shall not be treated as operating income.
- f) In setting the annual operating budget, the Board shall recommend and the Members shall decide whether to recognize earnings on other investments as income for the purposes of determining housing charges.

2. OBJECTIVES

- a) To achieve a reasonable rate of return from investments while having regard for the above guidelines and Article 9.07 of By-law No. 10, Organizational By-law.
- b) To provide the funds necessary to carry out such capital projects (improvements and replacements) within the Co-operative as may be necessary from time to time.
- c) To ensure that the Co-operative has adequate working capital.
- d) To offset or reduce the effect of inflation on reserves and operations.

3. RESPONSIBILITY

Finance Committee:

- f) The Finance Committee will review the cash flow projection and investment report on a quarterly basis and make recommendations to the Board on any changes in the management of investments that it considers necessary or advisable.

Board of Directors:

- a) Based on the recommendations of the Finance Committee, the Board of Directors will manage the investment of surplus funds in accordance with the guidelines and objectives above and Article 9.07 of By-law No. 10, the Organizational By-law. As set out in this Article, the authority of the Board to invest the surplus funds of the Co-op is limited to investments in interest bearing bank deposits or other interest bearing securities with a chartered Bank, Trust Company, Credit Union or Province of Ontario Savings Office. Any other investments require a prior resolution of the Members.
- b) Any approval of investment of funds shall ensure that the terms of investments are matched with the future cash requirements of the Co-op.
- c) In the absence of a Finance Committee, the Board of Directors will carry out the quarterly review of reports.

Co-ordinator and Administrator (Finance):

- a) The Co-ordinator or Administrator will carry out Board directions on investment changes as above.
- b) The Co-ordinator shall provide the necessary information to the Finance Committee and Board such that decisions made shall maintain a sufficient balance in the co-op current account to cover outstanding cheques and bank charges, subject to the availability of funds.
- c) In consultation with and approval from the Co-ordinator, the Administrator is authorized to transfer funds between current and short term investment accounts in order to maximize interest income. This will be to a maximum of \$60,000 and for 30 day investments. Any greater dollar amounts or longer investment periods shall require Board approval as above. The Board of Directors has the authority to overrule any investment decision of staff.

- d) In making such transfers, the Co-ordinator shall ensure that the terms of investments are matched with the future cash requirements of the Co-op.
- e) The Co-ordinator is responsible for maintaining a detailed record of all funds and investments.
- f) The Co-ordinator shall report monthly to the Finance Committee and the Board in the approved format on the cash and investment position of the Co-op and, in the event of an overdraft, shall consult with the Treasurer concerning action to be taken.

Treasurer:

- a) The Treasurer shall monitor the cash and investment positions of the Co-op.
- b) The Treasurer and the President and/or Vice-President are authorized to make decisions and give direction regarding investments in an emergency situation, as defined in Article 4 of By-law No.31, Spending By-law.

Approved by the Board of Directors: July 31, 2003

Approved by the Membership: October 27, 2003