

## INVESTMENT INCOME RESERVE

### Purpose

To accumulate the City's annual investment income for the purpose of providing an annual allocation to the operating budget, as well as a source of discretionary funding for City projects and initiatives.

### Source of Funds

The provision to this Reserve shall be equal to the City's actual annual investment income.

### Application of Funds

- a) The Reserve shall provide an annual allocation to the investment income operating program equivalent to what was included in the annually approved budget for investment income.
- b) The Reserve may provide an allocation to other reserves or holding accounts if required by the applicable Bylaw, Policy, Government Funding Agreement or as otherwise required.
- c) The Reserve may provide for a discretionary "allocation of investment income" to any capital project, reserve or operating budget line item as recommended by the Chief Financial Officer and approved by City Council. In recommending "allocations of investment income" the Chief Financial Officer will consider the balance of the Reserve as well as the potential for future investment returns due to market fluctuations to mitigate the risk that this Reserve will be in a deficit position.
- d) Due to unforeseen market fluctuations, this Reserve is allowed to enter a deficit position to meet the requirements as outlined in section (a) and (b) of the application of funds. Allocations of investment income for discretionary purposes as outlined in section (c) shall only be made when the reserve is in a surplus position.

### Responsibility/Authority

The Chief Financial Officer, or designate, shall have the authority to allocate funds equivalent to the annual allocation to the investment income operating program, and reserve or holding accounts if required by the applicable Bylaw, Policy, as outlined in items (a) and (b) under the "Application of Funds" section.

For discretionary allocations, City Council approval is required as recommended by the Chief Financial Officer.

The Chief Financial Officer, or designate, shall provide an annual update on the status of the Reserve as part of the annual “Investment Report” public report.