

**Subject: 2024 Investments, Endowment Fund, and Other Treasury Activities**

**File Number: ACS2025-FCS-FIN-0007**

**Report to Finance and Corporate Services Committee on 2 September 2025**

**and Council 10 September 2025**

**Submitted on August 21, 2025 by Isabelle Jasmin, Deputy City Treasurer,  
Corporate Finance, Finance and Corporate Services Department**

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**Ward: Citywide**

**Objet : Placements de 2024, fonds de dotation et autres activités de la  
trésorerie**

**Numéro de dossier : ACS2025-FCS-FIN-0007**

**Rapport au Comité des finances et des services organisationnels le 2 septembre  
2025**

**et au Conseil le 10 septembre 2025**

**Soumis le 21 août 2025 par Isabelle Jasmin, Trésorière municipale adjointe,  
Service des finances municipales, Direction générale des finances et des  
services organisationnels**

**Personne ressource : Stevan Dostanic, Gestionnaire, Trésorerie, Service des  
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**Quartier : À l'échelle de la ville**

## **REPORT RECOMMENDATIONS**

**That the Finance and Corporate Services Committee recommend that Council:**

1. Receive the results of the City's investments for 2024, as required by Ontario Regulation 438/97 as amended, Section 8(1), and the City of Ottawa Investment Policy.
2. Receive the 2024 Long-Term and Short-Term Debt Summary.
3. Approve the dissolution of the Endowment Committee transitioning the endowment fund holdings to the funds being invested under the prudent investor regime overseen by the Ottawa Investment Board.
4. Approve the final Statement of Investment Policies and Procedures governing the funds being invested under the prudent investor regime reviewed by the Ottawa Investment Board.
5. Delegate authority to the Chief Financial Officer/Treasurer to execute the amendments to the Facility Agreements with the Ottawa Community Ice Partners (OCIP), as described in this report.
6. Receive the Treasury Services Contracts report as required by Delegation of Authority By-law 2025-69 Schedule B, section 15(2).

## **RECOMMANDATIONS DU RAPPORT**

Que le Comité des finances et des services organisationnels recommande au Conseil :

1. de prendre acte des résultats des placements de la Ville pour 2024, conformément au paragraphe 8(1) du *Règlement de l'Ontario 438/97*, dans sa version modifiée, et à la Politique en matière de placements de la Ville d'Ottawa;
2. de prendre acte du sommaire de la dette à court et à long terme pour 2024;
3. d'approuver la dissolution du Comité de dotation, transférant les titres du fonds de dotation aux fonds investis en vertu du régime de l'investisseur prudent supervisé par le Conseil d'investissement d'Ottawa;
4. d'approuver le dernier Énoncé des politiques et des procédures d'investissement régissant les fonds investis en vertu du régime de l'investisseur prudent supervisé par le Conseil d'investissement d'Ottawa;

5. **de déléguer le pouvoir au chef des finances/trésorier de mettre en œuvre les modifications aux ententes relatives aux installations avec le groupe Ottawa Community Ice Partners (OCIP), comme décrit dans le présent rapport;**
6. **de prendre acte du rapport concernant les contrats de services de trésorerie conformément à l'annexe B, paragraphe 15(2) du *Règlement municipal sur la délégation de pouvoirs 2025-69*.**

## **EXECUTIVE SUMMARY**

The Treasury Services Branch presents this annual report as part of an annual reporting requirement under the *Municipal Act, 2001*. The City of Ottawa is authorized, under section 418 of the *Municipal Act, 2001*, to invest funds not immediately required and in 2022, Council adopted the Prudent Investor regime ([ACS2022-FSD-FIN-0005](#)). The migration to this investor regime is progressing but until it is complete, staff must adhere to Ontario Regulation 438/97, as amended. Council's approval of the Statement of Policies and Procedures is the final step required by staff to implement the Prudent Investor regime.

As of July 2025, the City's Investment Policy remains the governing guideline for the management of the City's investment portfolios. The reporting requirements in the City's Investment Policy is reviewed annually and section 8(1) of Ontario Regulation 438/97 requires that a report be submitted to Council each year.

Investment strategies have the goal of maximizing the City's investment holding risk adjusted returns that are aligned with Council objectives and risk tolerances. In 2024, the general fund returned 3.79 per cent (\$110.3 million), while the sinking fund returned 2.97 per cent (\$12.6 million).

As of December 31, 2024, the market value of the Endowment Fund was \$197.6 million. Payouts were made to the City from the Fund in 2024 when the market value exceeded \$200 million. Payouts from the Fund in 2024 added up to \$21 million, which exceeded 6.5 per cent annual return target.

Staff recommend that Council approve transitioning the Endowment Fund Holdings to the prudent investor regime under the Ottawa Investment Board governance structure. If approved by Council, the Endowment Fund Committee would be dissolved since the management of the Endowment Fund Holdings would reside with the Ottawa Investment Board.

Prior to the creation of the Ottawa Investment Board, the investment options available to the Fund were limited by the *Municipal Act, 2001*. These legislative restrictions inherent in the Act expose the Fund to added risk and limits return in comparison to a similar fund managed under the prudent investor regime. The added investment options available under the prudent investor regime create the potential for added return, reduced risk via improved diversification, and better alignment with Council priorities.

### **Long-Term and Short-Term Debt Summary**

Debt levels are continuously monitored to ensure the ongoing financial stability and sustainability of the City, in accordance with the City's fiscal framework principles. Long-term debt is implemented to fund capital projects and equitably spread project cost amongst the ultimate users over time. Short-term debt is implemented to manage the City's cash flows and investment strategies with the goal of reducing interest cost and maximizing investment revenue in line with Council priorities and objectives.

The total debt interest and principal payments for tax and rate supported long-term debt in 2024 was \$174.2 million, which represents 4.71 per cent of the City's total own-source revenues, well below the combined 8.5 per cent target of total own source revenues established by Council.

During 2024, proceeds from Promissory Note issuance provided advantageous short-term liquidity that enabled staff to maintain value added short-term investment holdings. To keep a market presence, staff issue Promissory Notes on a weekly basis with maturities ranging from one to three months and offset the cost by investing the proceeds in short-term conservative investments. There was \$160 million of outstanding Promissory Notes at the end of the year, all of which matured and were paid back in January 2025.

Total net long-term debt as of December 31, 2024 was \$3.371 billion, a small increase from \$3.306 billion the previous year. In 2024, the City added \$1.89 billion in new tangible capital assets to its inventory, increasing the total value of the City's tangible capital assets to \$31.25 billion. The outstanding net long-term debt of \$3.371 billion represents 10.8 per cent of the value of the City's tangible capital assets. From a taxpayer's perspective, that is equivalent to a \$54 thousand mortgage on a \$500 thousand home.

The City launched a Sustainable Bond Framework in February 2024 and issued the first Sustainable Debenture in October 2024. The amount of debenture was \$225 million. There was no other long-term debt issued in 2024. The proceeds from the debt issued

were used to finance Stage 1 and Stage 2 LRT projects, new Ottawa Public Library and Ottawa Police South Facility.

Treasury staff must continuously balance the short-term volatility of cash flows with long-term debt servicing obligations and investment return objectives. The City holds a \$100 million line of credit with the Royal Bank of Canada which was not drawn against in 2024.

### **Prudent Investor Update**

In 2024, the result of the Ottawa Investment Board selection process was communicated to Council and the Board approved their Terms of Reference and mandatory policies as well as provided input into the development of the draft Statement of Investment Policies and Procedures. In spring 2025, the Board conducted interviews and selected Mercer as the Outsourced Chief Investment Officer provider.

Council's approval of the Statement of Investment Policies and Procedures (Document 2) is the final step in the Prudent Investor implementation requirements and gives the Treasurer the authority to implement the program. If Council approves, the Outsourced Chief Investment Officer (supported by the Board) will develop and implement an investment plan and the the Endowment Fund will be transitioned, along with all other funds not immediately required, to funds managed by the Outsourced Chief Investment Officer (Mercer) with ongoing oversight by the Board and regular reporting to Council on the financial performance of the funds.

### **Ottawa Community Ice Partners**

Ottawa Community Ice Partners Incorporated (OCIP) has requested a number of waivers, consents and amendments within their operative agreements with the City, pertaining to the Bell Sensplex and the Richcraft Sensplex facilities to better align with the financial and the measures taken to mitigate the risk and impacts on its operations. Staff recommend amending the Facility Agreements with OCIP to support OCIP's continued financial recovery and operational sustainability.

### **RÉSUMÉ**

La Direction des services de trésorerie présente ce rapport annuel dans le cadre d'une obligation de produire un rapport annuel en vertu de la *Loi de 2001 sur les municipalités*. En vertu de l'article 418 de la *Loi de 2001 sur les municipalités*, la ville d'Ottawa est autorisée à investir des fonds dont elle n'a pas immédiatement besoin et, en 2022, le Conseil a adopté le régime de l'investisseur prudent ([ACS2022-FSD-FIN-](#)

[0005](#)). La migration vers ce régime de l'investisseur prudent progresse, mais jusqu'à ce qu'elle soit terminée, le personnel doit respecter le *Règlement de l'Ontario 438/97*, dans sa version modifiée. L'approbation par le Conseil de l'Énoncé des politiques et des procédures est la dernière étape requise par le personnel pour mettre en œuvre le régime de l'investisseur prudent. En date de juillet 2025, la politique en matière de placements de la Ville demeure la ligne directrice régissant la gestion des portefeuilles d'investissement de la Ville. Les exigences de production de rapports énoncées dans cette politique sont révisées annuellement, et le paragraphe 8(1) du *Règlement de l'Ontario 438/97* exige qu'un rapport soit présenté au Conseil chaque année.

Les stratégies de placement ont pour objectif de maximiser les rendements ajustés au risque des avoirs investis de la Ville qui respectent les objectifs et la tolérance au risque du Conseil. En 2024, le fonds général a rapporté 3,79 pour cent (110,3 millions de dollars), tandis que le fonds d'amortissement a rapporté 2,97 pour cent (12,6 millions de dollars).

Au 31 décembre 2024, la valeur marchande du Fonds de dotation était de 197,6 millions de dollars. Des paiements ont été effectués à la Ville à partir du Fonds en 2024, lorsque la valeur marchande a dépassé 200 millions de dollars. Ces paiements en 2024 se sont élevés à 21 millions de dollars, ce qui dépassait l'objectif de rendement annuel de 6,5 pour cent.

Le personnel recommande que le Conseil approuve la transition des fonds de dotation au régime de l'investisseur prudent en vertu de la structure de gouvernance du Conseil d'investissement d'Ottawa. Si le Conseil approuve, le Comité du fonds de dotation sera dissous puisque la gestion des fonds de dotation reviendrait alors au Conseil d'investissement d'Ottawa.

Avant la création du Conseil d'investissement d'Ottawa, les options de placement offertes pour le fonds étaient limitées par la *Loi de 2001 sur les municipalités*. Ces restrictions législatives inhérentes à la Loi exposent le fonds à un risque accru et limitent le rendement comparativement à un fonds semblable géré en vertu du régime de l'investisseur prudent. Les options de placement supplémentaires offertes dans le cadre du régime de l'investisseur prudent pourraient générer un rendement accru et une réduction des risques grâce à une meilleure diversification et à un meilleur alignement sur les priorités du Conseil.

## Sommaire de la dette à court et à long terme

Les niveaux d'endettement font l'objet d'une surveillance continue afin d'assurer la stabilité financière et la viabilité de la Ville, conformément aux principes du cadre financier de la Ville. La dette à long terme est utilisée pour financer des projets d'immobilisations et répartir équitablement le coût des projets entre les utilisateurs finaux au fil du temps. La dette à court terme est utilisée pour gérer les flux de trésorerie et les stratégies de placement de la Ville dans le but de réduire le coût des intérêts et de maximiser les revenus de placement conformément aux priorités et aux objectifs du Conseil.

Le total des paiements de capital et d'intérêts en 2024 pour la dette à long terme financée par les recettes fiscales et les redevances s'élevait à 174,2 millions de dollars, ce qui représente 4,71 pour cent du total des recettes autonomes de la Ville, bien en dessous de la cible combinée de 8,5 pour cent du total des recettes autonomes de la Ville établie par le Conseil.

En 2024, le produit des billets à ordre émis a fourni à la Ville des liquidités à court terme avantageuses qui ont permis au personnel de maintenir des placements à court terme à valeur ajoutée. Pour maintenir une présence sur le marché, le personnel émet chaque semaine des billets à ordre assortis d'échéances allant d'un à trois mois, et en compense le coût en investissant le produit dans des placements prudents à court terme. Il y avait 160 millions de dollars de billets à ordre en circulation à la fin de l'année, qui sont tous arrivés à échéance et ont été remboursés en janvier 2025.

Au 31 décembre 2024, le total de la dette à long terme nette était de 3,371 milliards de dollars, soit une légère augmentation par rapport aux 3,306 milliards de dollars de l'année précédente. En 2024, la Ville a ajouté 1,89 milliard de dollars en nouvelles immobilisations corporelles à son inventaire, ce qui a porté la valeur totale des immobilisations corporelles de la Ville à 31,25 milliards de dollars. L'encours de la dette à long terme nette de 3,371 milliards de dollars représente 10,8 pour cent de la valeur des immobilisations corporelles de la Ville. Du point de vue du contribuable, cela équivaut à une hypothèque de 54 000 \$ sur une maison de 500 000 \$.

En février 2024, la Ville a lancé une structure-cadre pour les obligations durables et, en octobre 2024, elle a émis la première débenture durable d'un montant de 225 millions de dollars. Aucune autre dette à long terme n'a été émise en 2024. Le produit de la dette émise a été utilisé pour financer les Étapes 1 et 2 du projet de TLR, la nouvelle Bibliothèque publique d'Ottawa et l'installation sud du Service de police d'Ottawa.

Le personnel de la Trésorerie doit constamment équilibrer la volatilité à court terme des flux de trésorerie avec les obligations liées au service de la dette à long terme et les objectifs de rendement des investissements. La Ville détient une marge de crédit de 100 millions de dollars auprès de la Banque Royale du Canada qui n'a pas été utilisée en 2024.

### **Mise à jour sur la règle de l'investisseur prudent**

En 2024, le résultat du processus de sélection du Conseil d'investissement d'Ottawa a été communiqué au Conseil municipal, et le Conseil d'investissement a approuvé son mandat et ses politiques obligatoires et a contribué à l'élaboration de l'ébauche de l'Énoncé des politiques et des procédures d'investissement. Au printemps 2025, le Conseil d'investissement a mené des entrevues et a choisi la société Mercer pour lui trouver un agent en chef des placements externes.

L'approbation par le Conseil municipal de l'Énoncé des politiques et des procédures d'investissement (document 2) est la dernière étape des exigences de mise en œuvre de la règle de l'investisseur prudent et donne au trésorier le pouvoir de mettre en œuvre le programme. Si le Conseil approuve, l'agent en chef des placements externes (appuyé par le Conseil d'investissement) élaborera et mettra en œuvre un plan d'investissement, et le Fonds de dotation sera transféré, avec tous les autres fonds qui ne sont pas immédiatement requis, dans des fonds gérés par l'agent en chef des placements externes (Mercer), sous la surveillance continue du Conseil d'investissement et en assurant la remise régulière au Conseil municipal de rapports sur le rendement financier des fonds.

### **Ottawa Community Ice Partners**

Le groupe Ottawa Community Ice Partners Incorporated (OCIP) a demandé un certain nombre de dérogations, de consentements et de modifications dans le cadre de ses ententes opérationnelles avec la Ville, concernant les installations du Sensplex Bell et du Complexe récréatif Richcraft, afin de mieux s'aligner sur les mesures financières et les autres mesures prises afin d'atténuer les risques et les répercussions sur ses activités. Le personnel a recommandé de modifier les ententes relatives aux installations avec l'OCIP afin de soutenir le rétablissement financier et la viabilité opérationnelle continus de l'OCIP.

## **BACKGROUND**

### **Investments Authority and Reporting**

The City of Ottawa is authorized, under section 418 of the *Municipal Act, 2001*, to invest funds not immediately required. On June 7, 2022, Council approved the adoption of the prudent investor regime ([ACS2022-FSD-FIN-0005](#)). The migration to this regime is progressing but until it is fully implemented, staff must adhere to Ontario Regulation 438/97, as amended, that establishes a set of conservative criteria for eligible investments and portfolio strategies considered suitable for Ontario municipalities. The current regulation also provides a wider range of eligible investments in Canadian corporate bonds and equities for the City's Endowment Fund. The regulation and the City's adopted Statement of Investment Policies and Procedures require reporting on the performance of the Endowment Fund, which is included in this report.

The City's Investment Policy, as approved by Council on November 12, 2015 ([ACS2015-CMR-FIN-0044](#)), acts as the governing guideline for the management of the City's investment portfolios. The policy was updated in 2023 to reflect Council's decision to adopt the Prudent Investor, however until the regime is fully implemented, staff continue to report on investments in accordance with the parameters set Ontario Regulation 438/97. The reporting requirements in the City's Investment Policy is reviewed annually and section 8(1) of Ontario Regulation 438/97 requires that a report be submitted to Council each year.

### **Long-Term Debt Authority and Reporting**

The City of Ottawa is authorized, under section 401 of the *Municipal Act, 2001*, to issue long-term debt for capital projects. Ontario Regulation 403/02, as amended, establishes a set of conservative debt issuance measures and standards considered suitable for Ontario municipalities. The Chief Financial Officer/Treasurer, in accordance with the criteria set under the *Delegation of Authority By-law 2025-69* and provincial regulations, is authorized to proceed with one or more debt issues or bank loan arrangements at any time during the year throughout the Term of Council. The City's Administration of Capital Financing and Debt Policy ([ACS2007-CRS-FIN-0007](#)), approved by Council on April 11, 2007, establishes objectives, authorized financing instruments, reporting requirements and responsibilities, and governs the administration and management of capital financing and debt issuance activities. The policy is reviewed on a regular basis and was most recently updated in 2021. The reporting requirements of the policy state that Council receives information considered appropriate by the Chief Financial Officer/Treasurer in addition to any information requested by Council.

## Short-Term Debt Authority and Reporting

The City of Ottawa is authorized, under section 407 of the *Municipal Act, 2001*, to issue short-term debt to meet current expenditures of the City until taxes are collected. In accordance with the Short-Term Borrowing By-law 2023-355, the Mayor and the Chief Financial Officer/Treasurer are authorized to borrow for the purpose of meeting the current expenditures of the City. This borrowing includes: amounts required for sinking and retirement funds, principal and interest due on any debt of the City, school purposes, other purposes the municipality is required by law to provide for and the amount of principal and interest payable by a person or municipality primarily liable for a debt, and if the City has guaranteed the debt and the debt is in default until the taxes are collected and other revenues are received.

The City's Administration of Capital Financing and Debt Policy ([ACS2007-CRS-FIN-0007](#)), approved by Council on April 11, 2007, and updated in 2021, establishes objectives, authorized financing instruments, reporting requirements and responsibilities, and governs the administration and management of capital financing and debt issuance activities. The reporting requirements of the policy state that Council receives information considered appropriate by the Chief Financial Officer/Treasurer in addition to any information requested by Council.

The City maintains a \$100 million line of credit facility and approximately a \$1.0 billion Promissory Note facility in accordance with Short-Term Borrowing By-law 2023-355.

The program limit aligns with the prescribed legislation requirements pursuant to Section 407 of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, as stated below:

“The amount that may be borrowed at any one time together with the total of any similar borrowings that have not been repaid, shall not exceed, during the period from January 1 to September 30, fifty per cent (50%) of the total, or during the period from October 1 to December 31, twenty-five per cent (25%) of the total of the estimated revenues of the City as set forth in the budget adopted for the year.”

Based on budgeted revenues for 2024, this limit would be estimated at \$1 billion in temporary cashflow borrowing at any one time.

## **Endowment Fund**

The Endowment Fund (the Fund) was established from the proceeds received from Hydro Ottawa in 2005. The Province broadened the scope of eligible investments for the Fund to include Canadian equities and corporate bonds. Two external investment managers manage the investments for the Fund.

On June 14, 2006, Council adopted the Investment Policy and Procedures for the Fund, which set the target return at 6.5 per cent and established the Endowment Fund Investment Committee to oversee the operation of the Fund. The Fund's year-end was set at September 30 to provide the Committee with enough time to declare a payout to the City for the following budget year. Each year, the Investment Committee reviews the returns for the Fund and calculates the amount to be distributed to the City. On October 10, 2012, Council approved the Long Range Financial Plan – Tax Supported Capital IV report ([ACS2012-CMR-FIN-0039](#)), which endorsed the following recommendation: “That the City of Ottawa Endowment Fund be maintained at \$200 million, and any excess continue to be directed to fund the capital program.”

## **Treasury Services Contracts Report**

According to By-law 2025-69, Schedule B, Section 15, The Chief Financial Officer / Treasurer is delegated the authority to purchase: fiscal agency or depository services; services for regulated financial institutions; or services related to the sale, redemption, and distribution of public debt, including loans and government bonds, notes, and other securities; financial services respecting the management of government financial assets and liabilities (i.e. treasury operations), including ancillary advisory and information services, whether or not delivered by a financial institution, provided that: the form and content of the contract has received approval from the City Solicitor; and; the purchase is within approved budget projections for the term of the contract.

## **DISCUSSION**

In 2024, growth in the Canadian economy remained steady at 2.2 per cent for the year as measured by Gross Domestic Product (GDP). Consumer Price Index (CPI) inflation increased by 1.8 per cent year over year. Despite the threat of inflation, economic activity continued to expand across the country.

The Bank of Canada, along with most central banks, continued to weigh the risks of inflation as they adjusted the overnight target rate downward during 2024, with the overnight target rate decreasing from 5 per cent to 3.25 per cent. With the success of

monetary and fiscal actions, the economy has maintained momentum and inflation is showing signs of normalizing.

Canadian equity markets ended the year in positive territory rising approximately 18 per cent due to decreasing inflation expectations and bullish investor confidence. The annual performance in the S&P/TSX Composite was mainly driven by increases in the energy sector, although there was a broad-based positive outlook among most sectors in the economy.

### City of Ottawa Investment Returns

The City's investments are subject to the legislative guidelines prescribed by Ontario regulation. Investment balances decreased by approximately \$322 million due to LRT expenditures in 2024. The City held less than half of one per cent in City of Ottawa issued bonds and there were no new maturities or purchases of City of Ottawa bonds in 2024.

Table 1 below shows the average portfolio balance during 2024 and the income earned for the year. Document 1 outlines the investment portfolio by asset class, term, and credit exposure.

**Table 1: Average Portfolio Balance and Income in 2024**

Portfolio	Average Portfolio Value (\$ million)	Earned Income (\$ millions)	Investment Return <sup>1</sup> (%)
Short-Term Investments	1,619.0	86.2	5.32
Long-Term Funds	1,291.1	24.1	1.87
<b>Total General Funds</b>	<b>2,910.1</b>	<b>110.3</b>	<b>3.79</b>
<b>Sinking Fund</b>	<b>423.2</b>	<b>12.6</b>	<b>2.97</b>

### Endowment Fund Performance

The market value of the Endowment Fund as of December 31, 2024 was \$197.6 million. Payouts were made to the City from the Fund in 2024 when the market value exceeded \$200 million. Payouts from the fund in 2024 added up to \$21 million, which exceeded the target of 6.5 per cent annual return.

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<sup>1</sup> Represents the return on the monthly average holdings in 2024 versus Note 4 in the draft Consolidated Financial Statements, which provides the weighted average yield on investments, held as of December 31, 2024.

Table 2 below shows the details of the payments from the Fund compared to expected returns over the past four years and since inception:

**Table 2: Payment Details and Expected Returns**

Year	Expected Return	Actual Payments*
2008-2020	169,000,000	161,000,000
2021	13,000,000	13,000,000
2022	13,000,000	21,000,000
2023	13,000,000	5,000,000
2024	13,000,000	21,000,000
Since Inception	221,000,000	221,000,000

\*Per Endowment Fund fiscal year ending September 30

### Transition of the Endowment Fund to the Ottawa Investment Board

Staff recommend Council approve transitioning the Endowment Fund Holdings to the prudent investor regime overseen by the Ottawa Investment Board (OIB). The Endowment Fund Committee would then be dissolved since the management of the Endowment Fund Holdings would reside with the OIB. Prior to the creation of the OIB, the investment options available to the Fund were limited by the *Municipal Act, 2001*. These legislative restrictions inherent in the *Act* expose the Fund to added risk and limits return in comparison to a similar fund managed under the prudent investor regime. The added investment options available under the prudent investor regime create the potential for added returns, reduced risk via improved diversification, and better alignment with Council priorities.

### Long-Term Debt

The City launched a Sustainable Bond Framework in February 2024 and issued its first Sustainable Debenture in October 2024. The amount of the debenture was \$225 million. There was no other long-term debt issued in 2024. The proceeds from the debt issued were used to finance the following types of projects:

Projects	(\$ million)
Transportation Services – Transit (Stage 1 and 2 LRT)	165.0
Recreational and Cultural Services - OPL	50.0
Protection Services – Police	10.0
<b>Total</b>	<b>225.0</b>

Total net long-term debt as of December 31, 2024 was \$3.371 billion, an increase from \$3.306 billion the previous year. In 2024, the City added \$1.89 billion in new tangible capital assets to its inventory, increasing the total value of the City's tangible capital assets to \$31.25 billion. The outstanding net long-term debt of \$3.371 billion represents 10.8 per cent of the value of the City's tangible capital assets. From a taxpayer's perspective, that is equivalent to a \$54 thousand mortgage on a \$500 thousand home.

Debt levels are continuously monitored to ensure the ongoing financial stability and sustainability of the City, in accordance with the City's fiscal framework principles. Council established conservative debt servicing targets where principal and interest for tax supported debt are not to exceed 7.5 per cent of the City's own source revenue, and principal and interest for water and sewer rate supported debt will be limited to no more than 15 per cent of rate revenues; for a combined target of 8.5 per cent of total own source revenues. The total debt interest and principal payments for tax and rate supported long-term debt in 2024 was \$174.2 million, which represents 4.71 per cent of the City's total own-source revenues, well below the 8.5 per cent target established by Council.

### **Short-Term Debt**

The Treasury Branch uses short-term borrowing strategies to manage cash flow volatility and meet debt servicing obligations while maintaining a prudent investment approach. Short-term borrowing strategies are critical to ensuring there are sufficient funds to cover operating and capital spending, when required.

During 2024, proceeds from Promissory Note issuance provided advantageous short-term liquidity that enable staff to maintain value added short-term investment holdings. To keep a market presence, staff issue Promissory Notes on a weekly basis with maturities ranging from one to three months and offset the cost by investing the proceeds in short-term conservative investments. There was \$160 million of outstanding Promissory Notes at the end of the year, all of which matured and were paid back in January 2025.

The City's cash flow requirements and debt obligations continue to grow in line with the growth of infrastructure spending and in line with other municipalities. Treasury staff must continuously balance the short-term volatility of cash flows with long-term debt servicing obligations and investment return objectives. Council approved the Temporary Borrowing By-law 2023-355 authorizing short-term borrowing which enables staff to better manage the volatility of these cashflow requirements. Short-term borrowing

needs are addressed with two key financing vehicles: a line of credit facility and promissory note program.

The City holds a \$100 million line of credit with the Royal Bank of Canada which was not drawn against in 2024. During 2024, proceeds from Promissory Note issuance provided short-term liquidity and replaced the requirement to maintain costly short-term investment holdings. To keep a market presence, staff issue promissory notes on a weekly basis with maturities ranging from one to three months and offset the cost by investing the proceeds in short-term conservative investments. There was \$160 million of outstanding Promissory Notes at December 31, 2024, all of which matured and were paid back in January 2025.

### **Prudent Investor Standard**

In 2022, Council adopted the prudent investor regime and established an Investment Board (through By-law 2022-317) to invest City funds not immediately required. Council also directed the Chief Financial Officer (CFO) to develop an Investment Governance Plan supported by an Outsourced Chief Investment Officer (OCIO). With authorization from Council, the CFO completed the recruitment process to select board members in 2023.

In early 2024, the Ottawa Investment Board members were onboarded and they approved the Board's Terms of Reference and other mandatory policies as well as provided input into the development of the draft Statement of Investment Policies and Procedures (SIPP). The draft SIPP ([ACS2024-FCS-FIN-0009](#)) was presented to Council for information in October 2024.

In spring 2025, the Board conducted interviews for an Outsourced Chief Investment Officer firm and Mercer was the successful proponent. An Outsourced Chief Investment Officer is an agent of the Board, that exercises the care, skill, diligence, and judgment that a prudent investor would exercise in making investment decisions on behalf of the City within the confines of the investment policy. As directed by Council, staff implemented the OCIO model of investment for City funds not immediately required. The OCIO will be responsible for developing an investment plan for the City under the oversight of the Investment Board.

On December 9, 2020, Council directed staff to evaluate the prudence of divesting of fossil fuels as input to the development of the investment strategy within the prudent investor regime ([ACS2020-OCC-ENV-0008](#)). The scope of this review asked for an assessment of the following:

- a) No new purchases of stocks or mutual funds with coal, oil, and gas companies, specifically excluding any new investment in the 200 largest publicly traded fossil fuel corporations; and
- b) Sell off all fossil fuel holdings from these same companies over the next five years.

Staff worked closely with the new OCIO to assess the implications of divesting of fossil fuels. While it is difficult to predict the impact on returns of eliminating fossil fuel holding over the next five years, the cost of doing so can be estimated.

A blanket divestment would significantly increase portfolio investment management costs—estimated at over \$1.2 million annually—due to the need for custom investment mandates, while reducing diversification, increasing risk and potentially impacting long-term returns. It would also add significant operational complexity.

It is therefore recommended that rather than divesting of fossil fuels, the City pursue a responsible investment approach that aligns with both climate goals and prudent financial management. This includes integrating environmental, social, and governance (ESG) factors in investment decisions, using tools to monitor the carbon intensity of investments, and allowing the OCIO to engage with companies in the energy sector on ESG related concerns. This approach balances the City's environmental values with its duty to protect public funds and deliver stable, long-term financial outcomes. This approach balances the City's environmental values with its duty to protect public funds and deliver stable, long-term financial outcomes. This approach balances the City's environmental values with its duty to protect public funds and deliver stable, long-term financial outcomes.

Regulation 438/97 18. (1) states that “The Council of a municipality shall adopt and maintain an investment policy in relation to prudent investing under section 418.1 of the Act. O. Reg. 43/18, s. 10.” The OCIO has provided input into the draft SIPP and presented their updates to the Ottawa Investment Board, which was accepted on July 30, 2025. The Final Statement of Investment Policies and Procedures is included as Document 2 to this report. The next steps to complete the implementation of the Prudent Investor regime, should Council approve the Final Statement of Investment Policies and Procedures include:

1. **Transitioning the Endowment Fund to funds managed by the Outsourced Chief Investment Officer** - Staff will work with the OCIO to move the Endowment Fund Holdings a new investment portfolio aligned to the prudent

investor regime with oversight from the Ottawa Investment Board, leading to the dissolution of the Endowment Investment Committee.

2. **Developing an Investment Plan** –The OIB shall ensure an investment plan submitted by the OCIO provider adheres to the SIPP approved by Council. The investment plan will outline the steps to move funds not immediately required from the City to the OCIO for investment in the appropriate asset allocations.
3. **Implementing the Investment Plan** – Staff will work with the OCIO with oversight from the OIB to execute the investment plan, including the transfer of funds not immediately required to the OCIO for investment in their funds, reviewing the performance of the OCIO, and reporting back to Council annually, or as required, on the investment performance results.

### **Ottawa Community Ice Partners**

The City of Ottawa has a public-private partnership (P3) agreement with Ottawa Community Ice Partners Incorporated (OCIP), a local non-profit that includes the Ottawa Senators Hockey Club, Ottawa Senators Alumni, and the Morley Hoppner Group. Under this partnership, OCIP owns the Bell Sensplex and oversees operations through Capital Sports Management, an affiliate of the Ottawa Senators. The City partnered with OCIP to design, build, finance, operate, and maintain the Bell Sensplex in 2004 and the Richcraft Sensplex in 2012. Both facilities were privately financed, with the City guaranteeing loans totaling \$51 million through a Municipal Capital Facilities Agreement.

To support long-term sustainability, the City and OCIP established an Operating Reserve funded by OCIP and the City equal to one year of debt servicing. OCIP also contributes annually to a Lifecycle Renewal Reserve equivalent to one per cent of the facility's construction cost. The agreement outlines that OCIP is responsible for all programming and marketing, while ownership of the facilities and land will transfer to the City for one dollar at the end of the 30-year term. Prior to COVID-19, both Bell and Richcraft Sensplexes were doing well financially and had maintained the lifecycle and operating reserves above the minimum requirement, in addition to a surplus reserve. The purpose of these reserves is to manage cashflow, maintain capital assets and to hold as collateral for the outstanding loans in case of a payment default.

On July 15, 2020, Council authorized the CFO to implement, finalize and execute the terms of a loan that guarantees for additional lines of credit with the Bank of Nova Scotia and Royal Bank of Canada to help address OCIP's cash flow needs associated with impacts of the COVID-19 pandemic. The OCIP lines of credit for the Bell Sensplex were guaranteed to a maximum of two million and Richcraft Sensplex to a maximum of three million. The two lines of credit and City guarantees are in place at the present time.

On October 25, 2021, the CFO authorized OCIP to draw down \$3.1 million from the surplus reserve pursuant to the terms of the agreement and extended the term of the line of credit approved by Council.

As part of the Sensplex agreements, the City of Ottawa set up an Operating Reserve funded through an \$850,000 contribution from OCIP and annual contributions of \$250,000 from the City, until the reserve reaches the value of one year debt servicing repayment. In March 2023, the City's CFO approved a draw down on the Operating Reserve of \$990,130 representing OCIP's original funding contribution plus interest, pursuant to the terms of the agreement.

On June 14, 2023, City Council approved temporary waivers to fund the succeeding year's debt servicing and contributions to the Operating Reserve from the current period Net Operating Income. These waivers applied to each of OCIP's fiscal years ending July 31, 2021 up to and including July 31, 2024. Council approved an additional waiver to December 31, 2025, on September 18, 2024.

OCIP's profit and loss, balance sheet and cash position are healthy and have now returned to pre-COVID levels. However, the current agreement limits OCIP's ability to leverage these cash reserves to maintain operations. This has highlighted some areas of the waterfall funding formula which they feel could better represent the objectives of the waterfall, while maintaining a healthy business model. OCIP has requested three specific waivers/consents:

1. Waive OCIP's requirement to fund their Operating Reserve Fund from Net Operating Income for the current year.
2. Waive the requirement to pre-fund the following year's debt service; but maintain a six months debt service reserve funded by the City and OCIP (54 per cent and 46 per cent respectively).
3. Permit OCIP to use the Surplus Account for facility operating expenses.

The proposed amendments to the waterfall structure are necessary because the current calculation method is no longer workable in today's financial context. This change aims to realign the structure with the original intent of the agreement between OCIP and the City of Ottawa, ensuring it remains practical and applicable moving forward.

OCIP has committed to continue to drive for operating income sufficient to support daily operations, pay current debt and maintain the facilities. They have met and will continue to meet all monthly debt service requirements and will continue to make all required contributions to the Lifecycle Fund to maintain the facilities in a state of good repair.

To assist OCIP in addressing the trailing impacts of COVID-19 and the measures OCIP needed to take during that period to mitigate the risk on its operations, including the two lines of credit, and to remove operational funding constraints under the original waterfall cash flow distribution requirements in the operative agreements, staff are requesting Council approve that the Chief Financial Officer/City Treasurer be delegated the authority to negotiate, finalize and execute the requested amendments to the applicable Facility Agreements with OCIP. These amendments will support OCIP's continued financial recovery and operational sustainability.

### **Treasury Services Contracts Report**

The Chief Financial Officer / Treasurer is delegated the authority to enter into or renew financial services contracts with various providers, in accordance with By-law 2025-69, Schedule B, Section 15. The following table lists the providers that the Treasury Branch added or renewed purchasing contracts with in 2024.

<b>Vendor</b>	<b>Vendor Number</b>	<b>Purchase Order</b>	<b>New or Renewal or Increase</b>	<b>Term</b>	<b>Amount (pre-tax)</b>
Leith Wheeler	357951	0045107669	Renew	July 2024 to December 2024	150,000
				January 2025 to June 2025	150,000
Phillips, Hager & North	358619	0045108294	Renew	July 2024 to December 2024	140,000

<b>Vendor</b>	<b>Vendor Number</b>	<b>Purchase Order</b>	<b>New or Renewal or Increase</b>	<b>Term</b>	<b>Amount (pre-tax)</b>
				January 2025 to June 2025	140,000
AON Hewitt Inc	334600	0045107670	Renew	July 2024 to December 2024	50,000
				January 2025 to June 2025	50,000
S & P Global Ratings	351249	0045106933	Renewed in 2023	June 2024 to May 2025	41,850
				June 2025 to May 2026	43,100
				June 2026 to May 2027	44,400
Moody's Canada	332144	0045107565	Renew	January 2024 to December 2024	48,000
				January 2025 to December 2025	51,000
				January 2026 to December 2026	53,000
Eckler LTD	384045	0045109440	New	January 2024 to June 2025	47,500

## **FINANCIAL IMPLICATIONS**

Investment strategies have the goal of maximizing the City's investment holding risk adjusted returns that are aligned with Council objectives and risk tolerances.

Long-term debt is implemented to fund capital projects and equitably spread project cost amongst the ultimate users over time.

Short-term debt is implemented to manage the City's cash flows and investment strategies with the goal of reducing interest cost and maximizing investment revenue in line with council priorities and objective.

The waivers and consents requested by OCIP have no financial implications on the City.

## **LEGAL IMPLICATIONS**

There are no legal impediments to approving the recommendations in this report. Pursuant to subsection 418.1 (2) of the *Municipal Act, 2001*, a municipality may enact a by-law, to have section 418.1 of the *Municipal Act, 2001* apply in order to adopt the prudent investor regime in respect of investments made by a municipality. As further described in this report, the investments made pursuant to the Prudent Investor Enabling By-law 2022-317 will be carried out through an Investment Board in accordance with the requirements of section 418.1 of the Act and Regulation 438/97.

## **ACCESSIBILITY IMPACTS**

Finance and Corporate Services adheres to the requirements of the *Accessibility for Ontarians with Disabilities Act, (2005)* in its operations, programs and initiatives. This report is administrative in nature and has no associated accessibility impacts

## **ENVIRONMENTAL IMPLICATIONS**

Executing the Prudent Investor regime expands the opportunity to evaluate Environmental, Social and Governance strategies to investing the City's investment funds.

## **RISK MANAGEMENT IMPLICATIONS**

There are financial risk implications to investing. The City's investment portfolio under Prudent Investor is expected to increase diversification in comparison to the current investment portfolios. Under Prudent Investor it is anticipated that the City will increase

its risk-adjusted investment returns, which means the City will be better compensated for taking the same level of risk. By outsourcing to an Outsourced Chief Investment Officer through the Investment Board, the City can benefit from the OCIO's sophisticated risk management capabilities. The Statement of Investment Policies and Procedures considers Council's risk tolerances and identifies eligible investment asset classes. The Chief Financial Officer/Treasurer has the duty to report to Council any investment that is not consistent with the Investment Policy. Compliance will also be monitored by the OCIO and the Investment Board through a third-party investment custodian.

### **TERM OF COUNCIL PRIORITIES**

This report supports the current 2023 to 2026 Term of Council Priorities as well as the City's on-going commitment to financial sustainability and transparency.

### **SUPPORTING DOCUMENTATION**

Document 1 - City of Ottawa Holdings

Document 2 – Statement of Investment Policies and Procedures; Prudent Investor Regime

### **DISPOSITION**

Following Council's approval, Finance and Corporate Services Department staff will carry out the recommendations as presented in this report.