



DISTRICT OF NORTH SAANICH

COUNCIL POLICY

TITLE: INVESTMENTS	NO. COU-052
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1.0 STATEMENT OF POLICY

This policy is to establish the criteria that District of North Saanich will follow when investing municipal funds. The purpose of the policy is to ensure that District's funds are invested in a manner consistent with the guidelines contained herein as well as comply with statutory requirements.

2.0 SCOPE

The investment policy applies to all cash assets. The cash assets of all funds are pooled, and interest is allocated at year end.

3.0 OBJECTIVES

The primary investment objectives are the preservation of capital, maintenance of liquidity, and adherence to statutory requirements. Returns earned on investments will help to offset the effects of inflation in capital and other projects, as well help offset operating costs. Returns should be maximized without compromising the primary objectives.

4.0 AUTHORITY

Under Section 183 of the *Community Charter* the District is empowered to invest money that is not immediately required in the following:

- (a) *securities of the Municipal Finance Authority;*
- (b) *pooled investment funds under section 16 of the Municipal Finance Authority Act;*
- (c) *securities of Canada or of a province;*
- (d) *securities guaranteed for principal and interest by Canada or by a province;*

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- (e) securities of a municipality, regional district or greater board;*
- (f) investments guaranteed by a chartered bank;*
- (g) deposits in a savings institution, or non-equity or membership shares of a credit union;*
- (h) other investments specifically authorized under this or another Act.*

5.0 STANDARDS OF CARE

Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs. Investments will not be made for speculation, but for investment, with consideration for the safety of capital superseding all other objectives.

Ethics and Conflict of Interest

Each authorized individual and any individuals involved in the investment process shall refrain from personal activity that could conflict with the proper management of the investments or impair ability to make unbiased investment decisions. Parties shall disclose any material financial interests in financial institutions that conduct business with the District.

Delegation of Authority

Authority to manage the District's investments is granted to either of the Director of Financial Services and the Revenue Manager.

Credit Risk Monitoring

The District shall invest only in debt securities rated "A" (R-1 for money-market securities) or better by a recognized agency. The District shall make use of the credit analysis of the Canada Bond Rating Service in monitoring the ratings of debt securities held.

6.0 INTERNAL CONTROLS

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Audits will be performed annually to ensure all investments comply with Section 183 of the Community Charter.

At the end of each quarter, a review of the portfolio including strategy employed, duration, liquidity and a forecast of upcoming market conditions will be conducted.

7.0 AUTHORIZED INVESTMENT DEALERS AND INSTITUTIONS

The District will maintain a list of qualified investment dealers and financial institutions authorized to provide investment services. All authorized dealers and institutions will be members in good standing of the Investment Industry Regulatory Organization of Canada and of the Canadian Investors Protection Plan.

8.0 INVESTMENT PARAMETERS

Permitted and Prohibited Investments

The following are the investments permitted:

1. Eligible securities as defined in Section 183 of the *Community Charter*.
2. Investments in internally financed District of North Saanich projects (an example would be a local improvement project that the District finances rather than borrowing from the Municipal Finance Authority)
3. All investments must be denominated in Canadian dollars.

For clarity, investments in equities, convertible debt securities, derivatives, swaps, options or futures are prohibited, and all investment categories that are not explicitly permitted are prohibited.

Cash Flow

To the extent possible the District shall attempt to match the maturity of its investments with anticipated cash flow requirements. However, because of inherent difficulties in accurately

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forecasting cash flow requirements, a portion of the funds shall be continuously invested in securities that that can be liquidated and proceeds received within 3 days.

Diversification

The District will achieve diversification of its investments by selecting assets with varying maturity terms and investing the targeted amount of assets in liquid investments to ensure funds are readily available.

Competitive Bids

The District shall solicit competitive verbal quotations for the purchase and sale of securities when it is prudent to do so. This policy acknowledges that, from time to time, offerings of value may require immediate action. Under such circumstances, competitive bids may not be sought provided that value can be demonstrated by market data.

9.0 REPORTING

The Director of Financial Services will prepare an investment report on a quarterly basis for Council. The report will provide a summary of investment holdings and returns earned during the quarter.

10.0 RESPONSIBILITIES

The policy will be reviewed annually by the Director of Financial Services, and any suggested modifications will be presented to Council for adoption.

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