



THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

COUNCIL POLICY

Adopted by Effective Date July 10, 2017 Amendment Date(s):	POLICY NO. 07.FIN File No: 340/2017
SUBJECT: INVESTMENT	
Category: Finance	

1. PURPOSE: The purpose of this policy is to provide a framework for investment policy management. Funds will be invested in a manner that will provide the ideal balance of investment security and return while meeting cash flow requirements and complying with the statutory requirements of the *Local Government Act* and *Community Charter*.

2. APPLICATION: This policy applies to all operating, capital and reserve funds.

3. OBJECTIVES AND PRINCIPLES

The primary objectives of investment activities shall be (in order of priority): (1) preservation of capital, (2) liquidity, and (3) rate of return.

3.1. Preservation of Capital

Investment activities shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Preservation of capital is accomplished through placement of funds with creditworthy institution and through portfolio diversification.

3.2. Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating and capital requirements that may be reasonably anticipated.

3.3. Return

The investment portfolio shall be designed with the objective of obtaining the greatest rate of return achievable while taking into account the invest risk constraints, liquidity needs and statutory limitations.

3.4. Socially Responsible Investing

Where possible, socially responsible investing (SRI) criteria will be applied to the selection of investments. The District will consider SRI products that adhere to statutory requirements and meet the objectives laid out in this policy. Organizations that adopt a socially responsible investment platform are preferred.

4. STANDARD OF CARE

4.1. 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. Foremost will be consideration for the safety of capital. The Director of Financial Services must be aware of reasonably foreseeable risks, trends and fluctuations in the market, and be able to recognize unreasonable risks whilst ensuring the liquidity of the investment portfolio. Investments will not be made for speculation neither will cash or investments be managed in a way that could be considered speculative.

4.2. Ethics and Conflict of Interest

Employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions. Any material interest or position in a financial institution or investment that could affect the performance of the investment portfolio shall be disclosed.

4.3. Delegation of Authority

Responsibility for the investment of municipal funds have been vested in the Financial Officer pursuant to section 149 of the Community Charter. Financial officer responsibilities have been assigned to the Director of Finance by means of Officers and Indemnification Bylaw No. 1832, 2014.

4.4. Competitive Bids

The District shall solicit competitive verbal quotations for the purchase of securities when it is prudent to do so. This policy recognizes 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 substantiated by market data.

5. INVESTMENT PARAMETERS

5.1. Authority and Suitable Investments

The District is empowered by Section 183 of the *Community Charter* to invest in the following types of securities:

- (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;
- (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;

5.2. Cash Flow

To the extent possible, the District shall attempt to match its investments with anticipated cash flow requirements. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs outlined in the five year financial and long term financial plans. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should set aside a reasonable contingency of liquid securities available for use when unanticipated cash flow demands arise.

5.3. Diversification

The District will diversify its investments by security type, maturity, and security-issuing institution.

6. PERFORMANCE OBJECTIVES

The investment portfolio will be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow requirements. The District's performance objective will be to exceed the greater of: (1) performance of the Municipal Finance Authority money market fund return, and (2) the rate given by the District's bank for cash balances.

7. REPORTING AND REVIEW

This policy shall be reviewed periodically by the Director of Financial Services to ensure congruence with changing activities of the District, market conditions, technology, evolving regulatory standards and industry best practices. The Director of Financial Services will provide information to Council regarding the invest portfolio annually with the financial statements or whenever it becomes immediately relevant.