



COUNCIL AGENDA REPORT

DATE:	July 30, 2019	COUNCIL MEETING DATE:	August 12, 2019
DEPARTMENT:	Finance		
SUBJECT:	Investment Policy		

PURPOSE:

The ongoing effort to keep policies and procedures up to date with current best practices requires that policies of Council are either created or renewed occasionally.

SUMMARY/BACKGROUND:



The District does not currently have an investment policy and has been relying on the Community Charter to provide guidance and to define what is or is not permitted to be held within the District's investment portfolio. The attached policy is designed to provide additional requirements that are intended to help ensure that the District's funds are invested in appropriate investments that provide a suitable return while at the same time being sufficiently liquid to meet cash flow requirements and protect the principal.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION(S):

THAT the Investment Policy be adopted.

<p>SUBMITTED BY:</p> <p></p> <p>_____ Department Head</p>	<p>REVIEWED AND APPROVED FOR SUBMISSION TO COUNCIL BY:</p> <p></p> <p>_____ Chief Administrative Officer</p>
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District of Chetwynd POLICY AND PROCEDURE MANUAL	Part: Finance	Date:
	File:	Res:

INVESTMENT POLICY

1. Purpose

The purpose of the investment policy of the District of Chetwynd is to provide the framework for investment portfolio management. It is the policy of the District to invest funds in a manner that will provide the optimal blend of investment security and return while meeting the short and long term cash flow demands and comply with the statutory requirement of the *Community Charter*.

2. Scope

The investment policy applies to all cash operating funds, capital funds and reserve funds.

3. Objectives

The investment of funds must reflect a conservative management philosophy based on three fundamental objectives, in the following order of priority:

a) **Safety of Principal**

Investments shall be made to ensure preservation of capital within the portfolio. Preservation of capital is accomplished through placement of funds with creditworthy institutions and through portfolio diversification. Diversification is required to minimize potential losses on individual securities and maximize the yield from a blend of financial products.

b) **Liquidity**

The investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated operating requirements.

c) **Return on Investment**

The investment portfolio shall be designed with the objective of maximizing returns subject to the risk constraints and liquidity requirements of the District.

4. Standard of Care

a) Prudence

Investments shall be made with judgement 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. Staff 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.

b) Ethics and Conflict of Interest

Staff responsible for investing 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.

c) Delegation of Authority

Authority to manage the District's investments is granted to the Director of Financial Administration and is derived from Section 149 of the *Community Charter* as follows:

Section 149: One of the municipal officer positions must be assigned the responsibility of financial administration, which includes the following powers, duties and functions
Investing municipal funds, until required, in investments referred to in section 183 of the *Community Charter* (investment of municipal funds).

5. Authorized and Suitable Investment

The District is empowered by Section 183 of the Community Charter to invest in certain types of securities. Section 183 reads as follows:

Money held by a municipality that is not immediately required may be invested or reinvested in one or more of 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 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 in credit union;
- h. Other investments specifically authorized under this or another act.

Investment in credit union deposits must carry adequate insurance protection through that credit union's respective insurance corporation.

Investments shall be held in the name of the District of Chetwynd by approved institutions.

Investments in any one security issue shall not exceed 10% of that security issue. Investment limits do not apply to investments made in securities of Canada or provincially backed deposits.

The District may, as approved by bylaw, internally finance borrowings. Such internal financing shall be for a period not to exceed 10 years, unless otherwise stated in the bylaw, and shall bear interest at the market rate. The loan and debt payments will be created through transfers in the Financial Plan. The reserve lending the funds will benefit from the earnings or interest payments.

6. Investment Parameters

The District of Chetwynd will diversify its cash reserve investments by security type and institution, taking into consideration the impact on return on investment.

To the extent possible the District shall attempt to match its investments with anticipated cash flow requirements. However, because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio shall be continuously invested in readily available funds to meet ongoing obligations. Long term investments may be acquired if the maturity is related to a specific program, and is made to coincide as nearly as practicable with the expected use of the funds attached to that program.

7. Reporting

The Director of Financial Administration must report to Council annually on the performance of the investment holdings. The report must identify investment holdings and any deviations from policy.