

COUNCIL POLICY C055

05 - Finance

## Investments

Effective Date: September 3, 1991  
Last Revised: July 25, 2023

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### 1. Purpose

The purpose of this policy is to ensure that the investment of public funds is handled with due care.

### 2. Scope

The investment of public money must reflect a conservative philosophy based on the following three prioritized objectives:

Safety of Principal - Investments shall be made to ensure the preservation of capital through placement of funds with creditworthy institutions and through portfolio diversification;

Liquidity - The investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated operating requirements; and

Maximization of Returns - The investment portfolio shall be designed with the objective of maximizing market rate of return subject to the investment risk constraints and liquidity requirements of the City.

### 3. Policy Statements

#### 3.1 Prudence

Investments shall be made with the degree of judgment and care that persons of prudence, discretion and intelligence would exercise in the management of their own affairs, not for speculation, but with priority given firstly to safety of principle, secondly to liquidity and thirdly to maximization of returns.

The standard of prudence to be executed by the Director of Finance (or designate), Council, or Chief Administrative Officer (or designate) making investment decisions shall be the ‘prudent person’ standard, whereby those who act in accordance with the City’s investment policy and exercise due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes; provided that deviations from expectations are reported in a timely fashion, and the liquidity and sale of securities are carried out in accordance with the terms of this policy.

### **3.2 Ethics and Conflicts of Interest**

Investment officer representatives shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City. Individuals involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the City’s investment program, or that could impair their ability to make impartial decisions.

### **3.3 Procedures and Guidelines**

3.3.1 All investments must be made in accordance with section 183 of the Community Charter which reads as follows:

Money held by a municipality that is not immediately required may only 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 or 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.



- 3.3.2 All securities invested in must achieve a rating of better than or equivalent to R-1 Low as determined by Dominion Bond Rating Services, or equivalent. Long term investments (beyond 1 year) would require A rating or higher as determined by Dominion Bond Rating Services and comply with Sector Limitations, as outlined in Appendix A.
- 3.3.3 Investments with maturity dates of greater than one year, specific debtors/guarantors are limited, as outlined in Appendix A.
- 3.3.4 Investments shall be diversified by:
- a) Limiting investments to avoid over concentration in securities from a specific issuer/guarantor or business sector (excluding Federal and Federally guaranteed Government of Canada securities),
  - b) Limiting investment in securities that have higher credit risks,
  - c) Investing in securities with varying maturities, and
  - d) Continuously investing a portion of the portfolio in readily available funds such as money market funds, High Interest Savings Account (HISA's), GIC's and Term Deposits.
- 3.3.5 The yearly cash flow should be in liquid investments to ensure matching of cash balance projection for cash flow purposes.
- 3.3.6 Funds of the Municipal revenue and reserve funds can be pooled for investment purposes.
- 3.3.7 All securities must be held in safekeeping by a recognized financial institution.
- 3.3.8 Investment transactions occur electronically (i.e.; no physical cheque is drawn). Investment transactions that occur between the City chequing account and the City investment account (including investment rollovers within the investment account), must be approved by the Director of Finance (or designate).

- 3.3.9 All other investment transactions must be approved by the Director of Finance (or designate) and either the Mayor, Deputy Mayor, or Chief Administrative Officer (or designate). Written confirmation of all transactions must be obtained and maintained in the investment file.

### 3.4 Reporting

A report shall be prepared annually by the Director of Finance and presented to Council no later than May 15<sup>th</sup>, which identifies the investments held as at the prior December 31st, the overall rate of return on the investment portfolio, discloses any variance from this policy and will provide appropriate industry benchmarks.

## APPENDIX A

Investments with maturities of greater than one year shall be invested only in securities issued/guaranteed by the following entities, and the share of the investment portfolio (including investments with maturities of greater than one year only) held therein, shall not exceed the % stated below:

Government of Canada	100%
Provinces of Canada	50%
Municipal Finance Authority of BC	30%
Schedule A Banks	50%
Schedule B Banks	20%
Guaranteed Investment Certificates – Schedule A or B Banks	20%

In accordance with Sector Term Limitation, up to five year laddering of maturity dates will be utilized, whenever possible, while keeping the maturities to a maximum of 5 years.