



REGIONAL DISTRICT
of Fraser-Fort George

CORPORATE POLICY

No.: RD-14-19

Date Approved: June 20, 2019

Date Amended: July 20, 2023

Name: Investment Policy

Purpose:	To establish a framework for investment policy management and set out the responsibilities, policies and accountability associated with the management and administration of the Regional District's investments.
Authority:	Section 183 <i>Community Charter</i> Section 237 <i>Local Government Act</i>
Scope:	This policy applies to the management and administration of all cash operating funds, capital funds and reserve funds on deposit or invested in investment securities by the Regional District.

Definitions:

"diversification"	means	a risk management strategy that mixes a variety of investments within a portfolio.
"Financial Officer"	means	the General Manager of Financial Services as having been assigned the financial administration responsibilities under Section 237 of the <i>Local Government Act</i> by the Board under Officer Position Establishment Bylaw No. 3073, 2018.
"liquidity"	means	the degree to which an asset or investment can be quickly bought or sold in the market without affecting the asset's or investment's price.
"long-term investment" or "long term: 10 years+ investment"	means	an investment with a term to maturity that is greater than ten (10) years. i.e. <i>MFA diversified multi-asset class fund</i> .
"maturity"	means	for a deposit or investment, the date upon which the principal is returned to the investor.
"medium term investment"	means	an investment with a term to maturity that is greater than one (1) year and less than 10 years. i.e. <i>Guaranteed Investment Certificates (GICs - greater than one-year term), Municipal Finance Authority (MFA) bond fund, MFA mortgage fund</i> .
"maturity"	means	for a deposit or investment, the date upon which the principal is returned to the investor.
"principal"	means	the original sum devoted to an investment.

Expiry Date:

Review Date: Annually

“quotation”	means	an informal procurement process whereby a verbal or written commitment by a vendor to provide goods or services for a specified price/at a specified rate is obtained.
“Regional District”	means	the Regional District of Fraser-Fort George.
“short term investment”	means	an investment with a term to maturity that is one (1) year or less. <i>i.e. GICs (one-year term or less), chequing and savings accounts, MFA money market fund, MFA Government Focused Ultra Short Bond Fund.</i>
“socially responsible investing”	means	any investment strategy which seeks to consider both financial return and social good and is also known as sustainable, socially conscious or ethical investing.

Policy:

The Regional District will seek to invest funds in a manner that will provide the optimal blend of investment return and security while meeting the cash flow requirements of the Regional District and statutory requirements of the *Community Charter* and *Local Government Act*.

General:

Objectives: The investment of funds must reflect the primary objectives, in the following order of priority:

1. Preservation of Principal: investments shall be made to ensure preservation of principal within the portfolio, which is accomplished through placement of funds with creditworthy institutions and through portfolio diversification.
2. Liquidity: the investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated operating cash flow requirements.
3. Return on Investment: 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 Regional District.
4. Socially Responsible Investing: where possible, socially responsible investing (SRI) criteria will be applied to the selection of investments. The Regional District will consider SRI products that adhere to statutory requirements and meet the objectives laid out in this policy.

Statutory Limitations: Investments shall be made in accordance with Section 183 of the *Community Charter* (see Authorized and Suitable Investments below for additional information and stipulations).

Standard of Care: 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.

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.

Authority to Invest:

Statutory authority to invest funds on behalf of the Regional District is granted to the Financial Officer under Section 237(d) of the *Local Government Act*.

Competitive Bids:

The Regional District shall solicit competitive verbal quotations for the purchase and sale 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, the requirement to obtain competitive verbal quotations may be waived, provided that value can be substantiated by market data information services.

Authorized and Suitable Investments:

Money held by the Regional District may be invested or reinvested according to Section 183 of the *Community Charter* (see Appendix "A" of this policy) subject to the following additional conditions:

- a. Investments in credit union deposits must be covered by the *Financial Institution Act* of the Province of British Columbia which provides unlimited deposit insurance protection on all deposits in British Columbia credit unions.
- b. Investments shall be held in the name of the Regional District.
- c. Investments in any one security issue shall not exceed 10% of that security issue.
- d. Investments with any one financial institution shall not exceed **15%** of the Regional District's overall investment portfolio. Due to market fluctuations, maximum percentages may be exceeded at a point in time. Securities need not be liquidated to rebalance the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.
- e. After first ensuring adequate short & mid-term liquidity, if the General Manager of Financial Services identifies monies not needed for 10 years or longer they may request Board acknowledge those monies as "long-term: 10 years+" and suitable for investments with long investment horizons. If funds have been designated as "long-term: 10 years+" the General Manager of Financial Services may invest those monies in:
 - Any MFA Pooled Investment Fund created specifically for investment of long-term reserves; or
 - Section 183 investments with a minimum long-term credit rating of A-.

Long term: 10 years+ investments are limited to a maximum of 10% of the Regional District's overall investment portfolio.

- f. The percentage limits specified in items c. and d. do not apply to investments made in securities of the Government of Canada, the Province of British Columbia, the Municipal Finance Authority of British Columbia or pooled investment funds under Section 16 of the *Municipal Finance Authority Act*.

Cash Flow Requirements:	To the extent possible, the Regional District shall endeavour to match the duration of 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 operating obligations.
Portfolio Allocation:	<p>The Regional District's investment portfolio will be allocated to a combination of short-term and long-term investments in accordance with anticipated cash flow requirements and diversification considerations.</p> <p>The Regional District's allocations will be dynamic to respond to changing market conditions while meeting the requirements in other sections of the Policy.</p>
Diversification:	The Regional District will diversify its investment portfolio by security type, maturity and institution, taking into consideration the impact on return on investment.
Safekeeping and Custody:	All security transactions entered into by the Regional District shall be conducted on a delivery versus payment basis. The Financial Officer must be satisfied that physical possession of the security is in the Regional District's possession or held by a custodial service.
Reporting:	The Financial Officer will report to the Board annually on the Regional District's investment portfolio and performance. The report will identify summary information on investment holdings and performance, along with any deviations from this policy.
Review of Policy:	This policy will be reviewed annually by the Financial Officer to ensure congruence with changing activities and objectives of the Regional District, market conditions, technology, evolving regulatory standards and industry best practices.

APPENDIX “A”

Statutorily Authorized Investments or Re-Investments

- 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;
- h) Other investments specifically authorized under this or another Act.