

NAME:	INVESTMENT POLICY	
ISSUED:	March 5, 2018	INDEX REFERENCE:
AMENDED:		COUNCIL REFERENCE:

PURPOSE

The purpose of the Investment Policy is to provide a framework for investment portfolio management. It is the practice of Saanich to invest funds in a conservative manner to provide primarily for capital preservation, in addition to investment diversification and rate of return. The portfolio must meet the short and long term cash flow needs of the municipality while complying with the statutory requirements for investments under section 183 of the *Community Charter*.

SCOPE

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

OBJECTIVES

Safety of Principal

Investments shall be made to ensure preservation of principal within the portfolio. Preservation of principal is accomplished through placement of investments in the safest type of securities, with creditworthy institutions, and through portfolio diversification. Diversification is required to minimize potential losses on individual securities or institutions, and balance returns from a blend of financial products.

Liquidity

The investment portfolio shall remain sufficiently liquid to meet all annual operating and other reasonably anticipated cash flow requirements. This will be accomplished by selecting maturity dates that correspond to short and long term requirements, and securities with active or secondary resale markets where appropriate.

Return on Investment

The rate of return of the investment portfolio shall be maximized without compromising safety of principal or diversification.

STANDARD OF CARE

Prudence

Portfolio management shall be performed with reasonable judgement, discretion, and care, under market conditions then prevailing. Investments will never be made for/under speculation. Foremost will be consideration for the safety of principal.

Ethics and Conflict of Interest

Staff responsible for investing shall refrain from personal investment activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions.

Delegation of Authority

Authority to manage the District's investment program is delegated to the Director of Finance under the "Officer and Administrative Structure Bylaw, 2017, No. 9424" and in accordance with the provisions of Section 149 of the *Community Charter* as follows:

One of the municipal officer positions must be assigned the responsibility of financial administration, which includes the following powers, duties and functions: (b) ensuring the keeping of all funds and securities of the municipality; (c) investing municipal funds, until required, in authorized investments.

Authorized investments are referred to in Section 183 of the *Community Charter*.

The Manager of Accounting, receiving guidance and transaction authorization from the Director of Finance, is responsible for the development and execution of the District's investment policy.

SAFEKEEPING AND CUSTODY

All security transactions entered into by the District shall be conducted on a delivery versus payment basis, where physical custody is applicable. The Director of Finance must be satisfied that physical possession of the security is in possession or held by a custodial service.

SUITABLE AND AUTHORIZED INVESTMENTS

Investments must comply with Section 183 of the *Community Charter*.

Money held by a municipality that is not immediately required may only be invested or reinvested in one or more of the following:

- *securities of the Municipal Finance Authority;*
- *pooled investment funds under section 16 of the Municipal Finance Authority Act;*
- *securities of Canada or of a province;*
- *securities guaranteed for principal and interest by Canada or by a province;*
- *securities of a municipality, regional district or greater board;*
- *investments guaranteed by a chartered bank;*
- *deposits in a savings institution, or non-equity or membership shares of a credit union;*
- *other investments specifically authorized under this or another Act.*

Investments noted above are subject to the following conditions,

1. Chartered banks, credit unions, savings institutions, or any province must meet one of the following minimum credit quality rating scales when investments are placed with them,

Rating Agency	Short Term Obligations	Long Term Obligations
DBRS	R-1 (low)	A (low)
Standard & Poors	A-2	A
Moody's	P-1	A3

2. Pooled investment funds should have environmental, social, and governance (ESG) factors and/or United Nations principals for responsible investment (UNPRI) integrated into their portfolio analysis and holdings.
3. All investments must be held in the name of The Corporation of the District of Saanich, or the District of Saanich, by all institutions.
4. Investment in securities of a municipality or regional district or greater board should be made on an exception basis only, with due care to the amount and terms due to the size and financial depth of the issuer.

INVESTMENT PARAMETERS

Diversification

The District will diversify its investment portfolio by institution, maturity, type and sector of investment in order to reduce overall risk of the portfolio given the prevailing market conditions at the time. With the exception of securities issued by the Federal or Provincial Government, or Municipal Finance Authority, not more than 30% of the investment portfolio will be invested with a single institution or entity.

Reserve funds specifically will be diversified by security type, institution, and take into consideration terms, maturity, and impact on return on investment.

Maturity

To the extent possible, the District will attempt to match its investments maturities with cash flow requirements. The level of cash flow needs and surpluses will be identified by reviewing historical cash levels, the annual financial plan, five year capital plan, and reserves funding anticipated from one to five years.

Because of the inherent difficulties in accurately forecasting cash flow greater than one year, a portion of the portfolio will be continuously invested in readily available funds to meet ongoing obligations of one year. The portion of the portfolio not attributable to one year's ongoing obligations, or to a specific cash flow requirement or reserve fund will typically be invested in terms of one to five years. Maturities of greater than five years should be on an exception basis only while taking due care with the terms, amount, and resale ability of the investment.

COMPETITIVE BIDS

The District will solicit at minimum two competitive bids and verbal quotations for the purchase and sale of securities where it is prudent to do so. Transactions should be made directly with financial institutions where possible.

An authorized list of investment dealers will be maintained and reviewed annually by the District. Accounts with new dealers must be approved by the Director of Finance, and will not be opened until an investment is made with the dealer. Bidders for investment transactions will at minimum be in good standing of the Investment Industry Regulatory Organization of Canada (IIROC), Mutual Fund Dealers Association (MFDA), or the BC Securities Commission. Professional judgement, due diligence, and care will be exercised when selecting investment dealers.