

AGENDA
ENVIRONMENT AND NATURAL AREAS ADVISORY COMMITTEE
Saanich Municipal Hall Committee Room No. 2
Wednesday, February 19, 2020, 6:00– 8:00 PM

1. INTRODUCTIONS

2. ADOPTION OF MINUTES (attachment)

- November 20, 2019.

3. REVIEW: TERMS OF REFERENCE (attachment)

- Presentation by the Committee Clerk

4. ELK/BEAVER LAKE INITIATIVE – UPDATE

- Jill Robinson – CRD Project Coordinator

5. CLIMATE CHANGE PRIORITIES & INVESTMENT STRATEGIES (attachment)

- Committee Discussion

6. UPDATES:

- Panama Flats & Regional Foodland Trust: Report – [Potential Saanich-owned Sites for Inclusion in a Regional Food and Farmland Trust](#)
- Approved: Updated Climate Plan – [2020 Climate Action Plan, 100% Renewable and Resilient Saanich](#)
- Approved: Tree Protection Amendment Bylaw – [Bylaw No. 9548](#)
- Approved: Establishment of an Urban Forest Reserve – Report: [Urban Forest Reserve Fund Establishment](#)
- Resource Request to double tree planting: Report – [Climate Emergency Accelerated Actions – Tree Planting](#)

7. COMMITTEE ROUNDTABLE

- Committee discussion: Initiatives or issues of focus for the 2020 term.

* Adjournment *

* * Next Meeting: March 18, 2020 * *

Please email jeff.keays@saanich.ca or call at 475-1775 ext. 3430 if you are not able to attend.

**GO GREEN! MEMBERS ARE ENCOURAGED TO
BRING THEIR OWN MUG TO THE MEETING**

MINUTES
ENVIRONMENT AND NATURAL AREAS ADVISORY COMMITTEE

Held at Saanich Municipal Hall, Committee Room #2

November 20, 2019 at 6:04 p.m.

Present: Chair: Councillor Rebecca Mersereau

Members: Kevin Brown, Al-Nashir Charania, Kyle Empringham George Klima, and Carmel Thomson.

Staff: Adriane Pollard, Manager of Environmental Services; Lesley Hatch, Manager of Underground Services; Ben Bowker, Manager, Storm and Waste Water Systems; and, Jeff Keays, Committee Clerk

Regrets: Alfred Birch and Ryan Senechal

Guests: Erin Smith, University of Victoria, Environmental Law Centre, Amina Younas, University of Victoria, Environmental Law Centre

MINUTES

MOVED by K. Brown and Seconded by C. Thomson. "That the minutes of the Environment and Natural Areas Advisory Committee meeting held October 16, 2019, be adopted as circulated."

CHAIR'S REMARKS

The Chair thanked both members and staff for their dedication and commitment over the past term. Councillor Mersereau noted that serving as Chair over the past term was an enjoyable experience. Mayor Haynes will be appointing committee Chairs at the December 2, 2020 meeting of Council.

CLEANING UP CRD WATERWAYS & BEACHES REPORT

Representatives from the Environmental Law Centre, University of Victoria provided the committee with a high level overview of their reports titled: *Cleaning up CRD Waterways and Beaches: Update of Reinventing Rainwater Management*, dated 2019; and, *Selected CRD Actions under Each University of Victoria Environmental Law Centre Recommendation*, and dated September 2019.

In addition to the verbal update, the committee also viewed a video, [*Where it Falls – Reinventing Rainwater Management*](#), featuring the friends of Mount Douglas Park Society and the discovery of pollution in Mt. Doug Creek.

The following was noted:

- The purpose of the presentation is to identify problems associated with storm-water pollution and provide an update on select CRD initiatives since the ELC's 2010 report.
- Pollution discovered in Mt. Doug Creek area was attributed to a cross connection in the storm-water system.
- The District was involved in the cleanup and mitigated the potential of future

- contamination through the installation of rain gardens.
- Mismanagement of storm-water runoff can have a negative impact on marine life and human health.
- There has been a steady erosion of the salmon population, and PCBs have been discovered in Orcas.
- A trend towards low-impact housing will have an impact on management practices going forward.

The presenters provided a high-level overview of the Selected Actions as noted in the September 2019 Report. The following actions were highlighted:

- Update the CRD Model Storm Sewer and Watercourse Protection Bylaw to exempt currently accepted practices.
- Implement rainwater utility charge, use to finance drainage system, updated infrastructure and a commission.
- Fix and upgrade obsolete storm-water infrastructure.
- Create an overarching residential oil tank regulation.
- Create an integrated watershed management plan.
- Impose and strategically waive or reduce cost charges.

Committee discussion ensued, the following was highlighted:

- A full cost analysis would be required before we could state that any recommendation could be considered as revenue neutral.
- Province enacted legislation in 2012 that brought oil-tank regulations under municipal jurisdiction. Saanich Fire Service enforces the bylaw.
- The CRD developed an Integrated Watershed Management Plan.
- The CRD's Rainwater Commission works at a regional level.
- There is aggressive cooperation regionally towards source water control.

To provide members with updates on Saanich's related actions and initiatives, the Chair welcomed Lesley Hatch, Manager of Underground Services and Ben Bowker, Manager, Storm and Waste Water to the table.

The Manager of Underground services noted the following:

- The CRD has an integrated watershed management committee (official name is under consideration). Saanich is a participant.
- Staff working on Integrated Water Management Plan (IWMP)
- The IWMP has a mandate for cross-border initiatives.

Committee discussion resumed:

- A committee comprised of various community (watershed) organizations such as the GWWI or the Colquitz, would provide an opportunity to communicate and inform staff of issues and initiatives in their local watersheds.
- Staff will return to committee with additional information on the draft IWMP later in the term.
- Local organizations can assist with flagging spills and reporting potential contamination.

Ben Bowker, Manager of Storm and Waste Water Management provided noted the following:

- Saanich works closely with the CRD to prioritize trouble areas in order to trace and identify the source.
- Cross-connections in the sewer system are a common problem; however, they are easy to identify by the presence of fecal matter as the sewer system is separated.
- The Liquid Waste Management Plan is the governing document for both storm and sanitary sewer planning and management.
- The CRD is monitoring for a wide range of contaminants. No need for this to be augmented at this time.
- Saanich staff in the field use “*qualified eyes*” (training, awareness etc.) to monitor roadways ditches and creeks for signs of contamination
- Overall, the number of spills have decreased; however, if there is a spill we are able to respond quickly.
- It is agreeable that the notion of monitoring quantity is equally important as quality.
- Roadside ditches, swales and rain-ditches are alternatives to catch basins.
- Catch basins are effective so long as they are regularly cleaned and maintained.
- Saanich has 13,000 catch basins, between 7000-8000 are cleaned annually.
- There are no inspection/maintenance protocols or policies for catch basins installed on private property (shopping malls).
- Marine quality monitoring involves multiple jurisdictions.
- Support from the Sr. levels of government is vital. It is imperative that we work together.
- Pleased to know that the Environmental Law Centre will be meeting with a number of local governments.

UPDATES

The committee received brief updates on the following items:

- 2019-2023 Draft Strategic Plan
- Environmental Policy Framework
- Provincial announcement on increased bottle deposits
- Kings Road Fundraising
- Advisory Committee Working Group Recommendations Adopted by Council

COMMITTEE ROUNDTABLE

The Chair invited committee discussion on the Amphibian Migration item that was brought forward by member C. Thomson.

Member C. Thomson provided the committee with a brief overview of the matter. The following was highlighted:

- The issues pertains to mitigating the road deaths of migrating amphibians.
- The matter stems from engineering’s summer works on Prospect Lake Rd.
- There were concerns that a previous study undertaken by Habitat Acquisition Trust with regard to areas of highly concentrated amphibian road deaths was not considered during the departments design phase.

- Community members advocated for the appropriate infrastructure to mitigate these deaths after the start of construction.

Councillor Mersereau, Chair

I hereby certify these Minutes are accurate.

Committee Secretary

Draft

Terms of Reference Environment and Natural Areas Advisory Committee

Purpose

The purpose of the Environment and Natural Areas Advisory Committee is to advise Council and recommend policies on urban forestry including significant trees, natural parks, climate change, green technology, energy efficiency and environmental sustainability.

Mandate

The Environment and Natural Areas Advisory Committee will, consistent with the purpose described above, undertake the following:

- Develop and recommend policies to Council and respond to Council requests for advice and information.
- Provide advice to Council on projects, policies or bylaws under consideration by staff or Council, and on additional topics of interest to committee members that fall within the subject area of the committee.
- Review and provide feedback on the Strategic Plan.
- Provide a community perspective on services, programs, events and capital projects related to urban forestry, natural parks (P-4N zone), climate change, green technology, energy efficiency, and environmental sustainability.
- Foster public awareness, recognition and support for a healthy and sustainable natural environment.
- Make recommendations to Council on the designation of significant trees due to their community importance for environmental, heritage or landmark value, or as wildlife habitat.

Meetings

The Committee will meet a minimum of four times per year in accordance with its regular schedule of meetings established annually at the first meeting of the year. No meetings are held during the summer and winter breaks (July, August and December). Special meetings may be held at the call of the Chair. The meeting rules and procedures will be in accordance with the Council Procedure Bylaw.

Membership

To the extent possible, Advisory Committees will have a diverse membership with respect to gender, age and cultural-ethnic background.

The Committee will consist of eleven (11) members qualified in the discipline relevant to the committee mandate or with a perspective necessary for fulsome consideration of the associated topic, including:

- One member of Council to serve as Chair, appointed by the Mayor; and,

- Ten (10) community representatives appointed by the Council including one youth voting member described as 16-24 years of age.

Members may serve a maximum of seven years on an Advisory Committee, consisting of a one-year term followed by a potential for three, two-year terms. Members who wish to be re-appointed after the completion of a term must re-apply and provide the application and their resume for Council's consideration.

Staff Support

The Planning Department will be the primary contact and together with the Parks Division will provide the required professional support. The Legislative Division will provide secretarial and administrative support.

Review of Terms of Reference

These Terms of Reference will be reviewed during the committee's first meeting each term.



The Corporation of the District of Saanich

1420-30 ENAC

Memo

To: The Environment & Natural Areas Advisory Committee

From: Councillor Rebecca Mersereau, Chair, Environment and Natural Areas Advisory Committee

Date: 2/12/2020

Subject: Climate Change Priorities & Opportunities for Socially Responsible Investing

PURPOSE

The purpose of this memo is to facilitate a discussion by the Committee about whether Saanich should join other BC municipalities in seeking socially responsible investment¹ options that align with our climate change priorities.

BACKGROUND

Saanich has historically and continues to demonstrate strong leadership on climate change policies, as evidenced by the recent release of an updated Climate Plan that is both ambitious and creative. Over my short 15 months in office, I have had several conversations with other councillors, other CRD Directors, and members of the public about the apparent disjuncture between our climate change priorities and our investments. As is generally true for municipalities in the province, the activities funded through Saanich's investments include fossil fuel-related endeavours.

There are many reasons this disjuncture likely exists: local governments are very limited in their options for investments in order to avoid undue risk to their residents (i.e. investing is heavily regulated), and until recently, there purportedly have not been appropriate service providers with socially responsible investment options.

A colleague at the City of New Westminster has been working with the Municipal Finance Authority (MFA) to develop a new fossil-free investment fund for local governments, and is seeking commitments from other local governments to secure this new investment opportunity. The new bond fund excludes securities of companies directly involved in the extraction, processing and transportation of coal, oil or natural gas (see the enclosed correspondence from New Westminster for more information).

¹According to Wikipedia (2020), socially responsible investing, or social investment, also known as sustainable, socially conscious, "green" or ethical investing, is any investment strategy which seeks to consider both financial return and social/environmental good to bring about social change regarded as positive by proponents.

As of April 2019, Saanich invested approximately 1/3 of its holdings or \$53 million with the MFA (see the enclosed investment analysis report). Therefore, this new fossil-fuel free short term bond fund may be an opportunity to align some of our municipal investments with the corporate priority of supporting a transition to a carbon-neutral future.

If the Committee is interested in elevating the discussion to Council, a series of recommendations that align with the correspondence from New Westminster are below for consideration. Recommendation C would additionally ask Council to update its investment policy to encourage socially responsible investing, whether through MFA or other service providers. The Capital Regional District's investment policy (attached) includes a clause about responsible investing (S. 3.3) that may provide guidance for this type of policy revision.

RECOMMENDATIONS

Recommendation A: **That the Committee receive this memo for information.**

Recommendation B: **That the Committee submit to Council a recommendation that Council [insert] approve/endorse/support/reject the proposed [insert] plan/initiative/agreement/proposal.**

Recommendation C: **That the Committee submit to the Department a recommendation that Council [insert] approve/endorse/support/reject the proposed [insert] plan/initiative/agreement/proposal to be incorporated with the Department's memo to Council.**

Prepared by *Original signed by*

Rebecca Mersereau
Councillor

Attachments (4): Correspondence: New West Minister Re: A new MFABC Bond Fund
Policy: Saanich – Investment Policy
Report: Saanich – Investment Analysis Report
Policy: Capital Regional District – Investment Policy

Cc: Councillor Susan Brice, Chair – Governance and Finance Committee
Valla Tinney, Director of Finance
Ting Pan, Manager of Sustainability



Jonathan X. Côté
Mayor

December 11, 2019

Dear Municipal Leadership,

As part of our commitment to climate action, the City of New Westminster is looking for like-minded municipalities interested in investing in a new fossil free investment product through the Municipal Finance Authority of British Columbia (MFA) that would add to existing municipal investment options.

The new investment product is proposed to use a standard fossil fuel free screen. MFA has suggested the City garner significant interest from local governments and the MFA Board of Trustees would investigate the opportunity to provide the investment product, assuming demand and MFA Trustees were in agreement.

A letter is requested from each city be sent to MFA indicating their interest in the new bond fund and the approximate value of potential investment.


We appreciate your support in advancing this investment product through the MFA.

Sincerely,

Jonathan X. Côté
MAYOR

Municipal Government Actions Required

In order to support the new MFA Bond Fund with a Standard Fossil Fuel Free Screen the following actions are required:

	Action
1.	Pass a resolution of Council outlining the intention to invest funds in a new MFA Bond Fund with a Standard Fossil Fuel Free Screen.
2.	<p>Send a letter to the Municipal Finance Authority indicating support for the new MFA Bond Fund with a Standard Fossil Fuel Free Screen with the estimated amount of investment \$_____:</p> <div data-bbox="313 793 1060 1052">  <p>Municipal Finance Authority of BC</p> <p>Peter Urbanc Chief Administrative Officer</p> <hr/> <p>217 – 3680 Uptown Boulevard Victoria, BC V8Z 0B9</p> <hr/> <p>250.419.4760 mfa.bc.ca</p> </div>

We appreciate your support in advancing this investment product through the MFA.

For more information contact:

Colleen Ponzini, CPA, CGA | Director of Finance
T 604.527.4593 | E cponzini@newwestcity.ca

Or

Denise A. Tambellini | Manager Intergovernmental and Community Relations
T 604-636-4468 | **M** 604-340-9373 | **E** Dtambellini@newwestcity.ca

🏛️ City of New Westminster | Office of the Mayor
511 Royal Avenue, New Westminster, BC V3L 1H9

www.newwestcity.ca

Investment to Drive Change

Sustainable, and Responsible Investing to align with our values

Request for Support

The City of New Westminster is looking for like-minded municipalities interested in investing in a new Municipal Finance Authority of British Columbia (MFA) investment product that would add to existing municipal investment options.

The new investment product is proposed to use a standard fossil fuel free screen. MFA has suggested the City garner significant interest from local governments for the new bond fund. MFA suggests the fund would be most appropriate for a portion of reserves that are not needed for 3 years or longer.

A letter is requested from each city be sent to MFA indicating their interest in the new bond fund and the approximate value of potential investment.

Background

MFA is setting up a fossil fuel free bond fund. The MFA Fossil Fuel Free Short Term Bond Fund (the "Fund") is a short term bond strategy that incorporates a fossil fuel free exclusion screen. The fossil fuel free screen will exclude securities of companies directly involved in the extraction, processing and transportation of coal, oil or natural gas.

The list of securities of companies that will be excluded from the Fund would be provided by a company such as Sustainalytics, who provide socially responsible investment strategies. This exclusion seems to be the market standard and is similar to the current exclusion applied to some fossil fuel free global equity funds. Sustainalytics will be responsible for identifying which companies are involved in these activities and has a research database which includes most of the Canadian issuers.

While it is not possible to come up with exact return characteristics and expectations for this newly created fund, MFA suggests that it should be very similar to the existing MFA Bond Fund.

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.

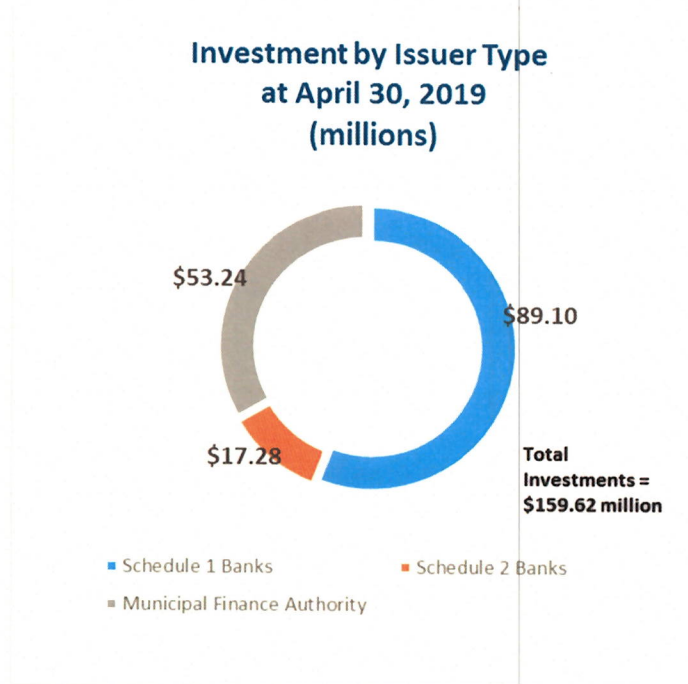
COMPETITIVE BIDS

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.

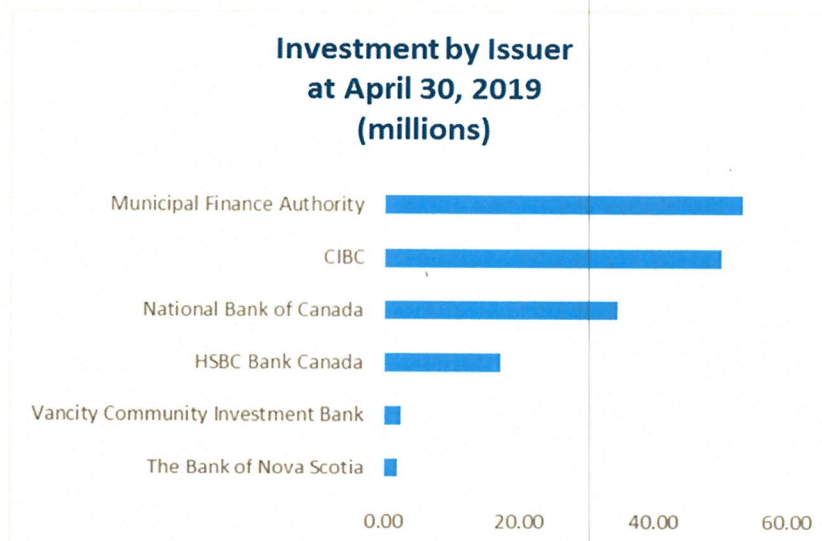
Investment Analysis

The District of Saanich invests public funds in a prudent manner in accordance with the Council Investment Policy. The investment portfolio is currently valued at \$159.6 million. Most of these funds are either held for specific capital programs or are invested until needed to pay current operating expenses.



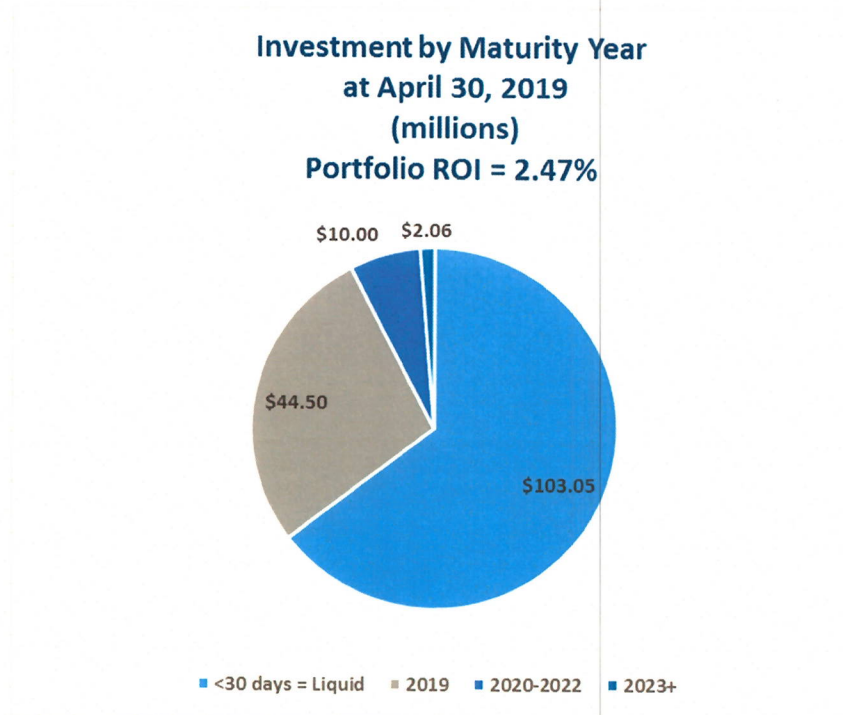
Diversification

In order to reduce overall portfolio risk, Saanich diversifies its investment holdings across a range of security types and financial institutions.



Liquidity

Saanich ensures that the investment portfolio remains sufficiently liquid in order to meet all reasonably anticipated operating and capital cash flow requirements.



Return on Investment

Saanich's investment portfolio is current earning a combined rate of approximately 2.47% while maintaining the investment security established in the Investment Policy. Interest revenue is anticipated to reach budgeted levels by the end of the fiscal year.

CAPITAL REGIONAL DISTRICT
LEGISLATIVE POLICY

Section	Finance	
Subsection	Policies	
Title	INVESTMENT POLICY	

1. Purpose

The purpose of the investment policy of the Capital Regional District (CRD) is to provide the framework for investment portfolio management. It is the policy of the CRD to invest CRD 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 *Local Government Act*.

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 four fundamental objectives, in the following order of priority:

3.1 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 to maximize the yield from a blend of financial products.

3.2 Liquidity

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

3.3 Responsible Investing

Where possible, socially responsible investing (SRI) and green investing criteria will be applied to the selection of investments. The CRD investment program 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. Where SRI and green investments are within 5% of maximum available yields, SRI or green facilities will be exercised.

3.4 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 CRD.

4. Standard of Care

4.1 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.

4.2 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.

4.3 Delegation of Authority

Authority to manage the CRD investment program is granted to the Chief Financial Officer and is derived from Section 237 of the *Local Government Act* as follows:

Section 237: One of the officer positions established under section 234 must be assigned the responsibility of financial administration, which includes the following powers, duties and functions investing funds, until required, in investments referred to in section 183 of the *Community Charter* (investment of municipal funds).

5. Credit Risk Monitoring

In addition to in-house monitoring, the CRD make use of the credit analysis available through its financial institutions, brokers, and credit rating institutions. This includes, but is not limited to the Dominion Bond Rating Service (DBRS), Standard & Poor's (S&P), and Moody's. It must be recognized that the use of any credit analysis is an assessment and not a guarantee for safety of principal.

6. Authorized and Suitable Investments

Money held by the Capital Regional District may be invested or reinvested according to section 183 of the Community Charter subject to the following conditions:

6.1 Investments in securities of a chartered bank or savings institution or any province must:

- i) Have a DBRS rating of R-1 (low) or higher for Short term debt and a rating of A- for Long term debt or Bonds or comparable ratings of another rating organization, indicating equal or superior credit quality (see Appendix 1 of the policy).

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

6.3 Investments shall be held in the name of the CRD by approved institutions.

6.4 Investments in any one security issue shall not exceed 10% of that security issue.

6.5 Investments with any one financial institution shall not exceed 20% of the District's maximum annual 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.

6.6 The percentage limits specified in items 6.4 and 6.5 do not apply to investments made in securities of Canada or provincially backed deposits.

6.7 All investments are to follow the constraints laid out per this Investment Policy. If an investment opportunity exists that lies outside of the constraints governing this policy, the Chief Financial Officer can make a recommendation to the Finance Committee to act on the opportunity. Any such investments must comply as an eligible investment defined in the Local Government Act. A maximum investment allocation not exceeding 20% of the total portfolio will be permitted.

7. Investment Parameters

7.1 Diversification

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

7.2 Maturity

To the extent possible the CRD 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.

8. Competitive Bids

The CRD 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 competitive bids may not be sought provided that value can be substantiated by market data information services.

9. Authorized Investment Dealers and Financial Institutions

A list of approved investment dealers and financial institutions authorized to provide investment services will be maintained by the CRD. All qualified bidders for investment transactions will be members in good standing of the Investment Industry Regulatory Organization of Canada (IIROC), Mutual Fund Dealers Association (MFDA) or the B.C. Securities Commission.

10. Safekeeping and Custody

All security transactions entered into by the CRD shall be conducted on a delivery versus payment basis. The Chief Financial Officer must be satisfied that physical possession of the security is in possession or held by a custodial service.

11. Policy Review

This policy shall be reviewed periodically by the Chief Financial Officer to ensure congruence with changing activities of the CRD, market conditions, technology, evolving regulatory standards and private industry best practices. In addition, to insure periodic Finance Committee review, this policy will be reconsidered each time the CRD tenders its banking services.

12. Reporting

The Chief Financial Officer must report to the Finance Committee annually. The report must identify investment holdings and any deviations from policy.

Approval Date:	September 22, 2013	Approved By:	Board
1. Amendment Date:	May 10, 2017	Approved By:	Board
2. Amendment Date:		Approved By:	
3. Amendment Date:		Approved By:	
Next Review Date:		Reviewed By:	
Supersedes:	Investment Policy approved by Finance & Administration Committee, Nov 28, 2001		

Appendix 1

Credit Quality Ratings

	<i>Moody's</i>		<i>Standard & Poor's</i>		<i>DBRS</i>		<i>Grade</i>
Highest Quality	Aaa	P-1	AAA	A-1+	AAA	R-1 (high)	Investment Grade
	Aa1	P-1	AA	A-1	AA (high)	R-1 (high)	
High Quality	Aa2	P-1	AA	A-1	AA	R-1 (middle)	
	Aa3	P-1	AA	A-1	AA (low)	R-1 (middle)	
Upper Medium Grade	A1	P-1	A	A-2	A (high)	R-1 (low)	
	A2	P-1	A	A-2	A	R-1 (low)	
	A3	P-1	A	A-2	A (low)	R-1 (low)	
Medium Grade	Baa1	P-2	BBB	A-3	BBB (high)	R-2 (high)	
	Baa2	P-2	BBB	A-3	BBB	R-2 (middle)	
	Baa3	P-3	BBB	A-3	BBB (low)	R-2 (low)	
Speculative	Ba1	NP	BB	B	BB (high)	R-3	Speculative Grade
	Ba2	NP	BB	B	BB	R-4	
	Ba3	NP	BB	B	BB (low)	R-4	
Highly Speculative	B1	NP	B	B	B (high)	R-4	
	B2	NP	B	B	B	R-5	
	B3	NP	B	B	B (low)	R-5	
Substantial Risk	Caa1	NP	CCC	C	CCC	R-5	
	Caa2	NP	CCC	C	CCC	R-5	
	Caa3	NP	CCC	C	CCC	R-5	
Extremely Speculative	Ca	NP	CC	C	CC	R-5	
Possibly in Default	C	NP	R	R	C	R-5	
Default			D	D	D	D	