



INVESTMENT STRATEGY POLICY

Applicability: All CVRD

Effective Date: August 14, 2019

PURPOSE:

To establish and maintain practices and procedures to invest public funds in a manner that will provide the optimal blend of investment security and return while meeting the daily cash flow demands and conforming to all legislation governing the investment of public funds.

POLICY:

This policy applies to all surplus cash and reserve funds of the Cowichan Valley Regional District (CVRD).

Objectives

The primary objectives of investment activities will be based on three fundamental objectives in the order of priority:

1. Safety – Investments will be undertaken in a manner that seeks to ensure the preservation of capital through placement of funds with creditworthy institutions and through portfolio diversification;
2. Liquidity – The investment portfolio will be administered to ensure adequate cash flow is available to meet all reasonably anticipated operating requirements; and
3. Return on Investment – The investment portfolio will be designed with the objective of maximizing market rate of return subject to the investment risk constraints and liquidity requirements of the CVRD.

Prudence

Investments will 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, not for speculation but for investment, considering the probable safety of capital as well as the probable income to be derived. The Corporate Financial Officer (CFO) acting in accordance with this policy and exercising due diligence, will be relieved of personal responsibility for an individual investment's credit risk or market price changes.

Ethics and Conflict Of Interest

The CFO shall refrain from personal business activity that could conflict with proper management of the investment program, or which could impair ability to make unbiased investment decisions. The CFO shall disclose any material financial interests in financial institutions and or investment dealers that conduct business with the CVRD.

Authorization

The appointment of officers as per the Officers' Bylaw grants the CFO authority to manage the CVRD's investment program. This authority is derived from the *Local Government Act* and the *Community Charter*, which includes the following powers, duties and functions:

1. Receiving all money paid to the regional district;
2. Ensuring the keeping of all funds and securities of the regional district;
3. Investing regional district funds, until required, in authorized investments;
4. Expending regional district money in the manner authorized by the board;
5. Ensuring that accurate records and full accounts of the financial affairs of the regional district are prepared, maintained and kept safe; and
6. Exercising control and supervision over all other financial affairs of the regional district.

Permitted Investments

The CVRD is empowered under the *Community Charter* to invest in the following types of securities:

1. Securities of the Municipal Finance Authority;
2. Pooled investment funds under the *Municipal Finance Authority Act*;
3. Securities of Canada or of a province;
4. Securities guaranteed for principal and interest by Canada or by a province;
5. Securities of a municipality, regional district or greater board;
6. Investments guaranteed by a chartered bank;
7. Deposits in a savings institution or non-equity or membership shares of a credit union;
8. Other investments specifically authorized under this or another Act.

Internal Financing

The CVRD may internally finance borrowings. Internal financing shall be primarily for a period of less than one year, however can be extended by approval of the CFO provided that the maximum loan period does not exceed five years. All internal financing shall bear interest at the market rate. The loan and debt payments will be created through transfers in the Five-Year Financial Plan. The reserve lending the funds will benefit from the earnings or interest payments.

Investment Parameters

1. Diversification – Diversification will be achieved through limiting the amount of investments with a specific maturity, from a specific issuer or a specific sector.
2. Maturity – To the extent possible, the CVRD shall attempt to match its investments with anticipated cash flow requirements and shall select assets with varying maturity terms.

Competitive Bids

The CFO will 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.

Policy Review

This policy shall be reviewed periodically to ensure it remains consistent with the overall objectives of the CVRD, market conditions, technology, evolving regulatory standards and private industry best practices.

Reporting

The CFO will report to the Corporate Services Committee each year, identifying investment holdings and any deviations from policy.

Approved by: Board Approval date: August 14, 2019
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Investment Strategy Policy