
INVESTMENT POLICY

1 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.

2 SCOPE

This policy applies to all surplus cash and reserve funds of North Cowichan.

3 POLICY

3.1 Objectives:

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

- 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.
- Liquidity: the investment portfolio will be administered to ensure adequate cash flow is available to meet all reasonably anticipated operating requirements.
- 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 North Cowichan.

3.2 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 Director of Financial Services, 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.

3.3 Ethics and Conflict of Interest:

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

3.4 Authorization:

The Delegation of Authority bylaw grants authority to manage North Cowichan's investment program to the Director of Financial Services. This authority is derived from 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:

- (a) Receiving all money paid to the municipality;
- (b) Ensuring the keeping of all funds and securities of the municipality;
- (c) Investing municipal funds, until required, in authorized investments;
- (d) Expending municipal money in the manner authorized by the council;
- (e) Ensuring that accurate records and full accounts of the financial affairs of the municipality are prepared, maintained and kept safe; exercising control and supervision over all other financial affairs of the municipality."

3.5 Permitted Investments:

North Cowichan is empowered under *Community Charter* section 183 to invest in the following types of securities:

- (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.

3.6 Investment Parameters:

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

3.7 Competitive Bids:

The Director of Financial Services 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 if value can be substantiated by market data.

3.8 Policy Review:

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

3.9 Reporting:

The Director of Financial Services will report to the Committee of the Whole each year, identifying investment holdings and any deviations from policy.

APPROVAL HISTORY

WRITTEN BY: Walter Wiebe	APPROVED BY:	DATE:
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