



CORPORATION OF THE TOWNSHIP OF ESQUIMALT

COUNCIL POLICY

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| TITLE: Investment Policy | NO. FIN-18 |
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POLICY:

The purpose of this policy is to provide a framework for the investment of public funds. These funds will be invested in a prudent manner within prescribed limits which will provide the highest investment returns while meeting cash flow demands and conforming with all statutory requirements

PROCEDURE:

SCOPE

The Township's Investment Policy applies to all investment activities involving the financial assets of the Township. These funds are accounted for in the Township's Annual report and include:

- i. General Operating Funds
- ii. Capital Funds
- iii. Reserve Funds

OBJECTIVES

1. Adherence to Statutory Requirements

Investment guidelines for municipal funds are provided in Section 183 of the Community Charter. This section states that "money held by a municipality that is not immediately required may only be invested or reinvested in one or more of the following:

- 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."

2. Preservation of Capital

Investment activities shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. This is achieved through the placement of funds with creditworthy institutions and through portfolio diversification.

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| EFFECTIVE DATE: January 8 , 2018 | APPROVED BY: Council | REFERENCE: FIN-18-001 | AMENDS: FIN-04 | PAGE 1 OF 3 |
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3. Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating and capital requirements that may be reasonably anticipated.

4. Rate of Return

The investment portfolio shall be designed with the objective of obtaining the greatest rate of return achievable without compromising any of the other objectives

5. Socially Responsible Investing

Where possible, socially responsible investing (SRI) criteria will be applied to the selection of investments. The Township 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.

STANDARD OF CARE**Prudence**

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. Investments will not be made for speculation. Foremost will be the 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 while ensuring the liquidity of the investment portfolio.

Ethics and Conflict of Interest

Employees involved in the investment process shall refrain from personal business activity that could impair their decisions or affect the performance of the investment portfolio. Any material interest or position in a financial institution or investment that could affect the performance of the investment portfolio shall be disclosed.

Delegation of Authority

The Director of Financial Services is responsible for the control, administration and management of the Township's investment program in accordance with this policy. The Director has the authority to delegate authority to manage and implement the investment program. The designate shall act in accordance within the established procedures and controls of this policy. No individual engaging in investment transactions are exempt from the terms of this policy.

INVESTMENT PARAMETERS**Approved Investments**

Only investments that are issued or guaranteed by a financial institution that belongs to a classification of securities detailed in section 183 of the Community Charter will be approved.

Diversification

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

Maturities

To the extent possible, the Township will attempt to match its investments with anticipated cash flow needs. However, due to 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.