



City of Grand Forks
7217 4th Street
Grand Forks, BC V0H 1H0
250.442.8266
www.grandforks.ca

Council Policy

Investment of Surplus Funds

Approval Date: May 25, 2020

Resolution No.: R121/20/05/25

Rescinded: N/A

Contact Department: Finance

Purpose

The purpose of this Policy is to provide a framework for the prudent management of the City of Grand Forks' investment portfolio within an acceptable investment risk tolerance level.

Scope

This Policy applies to the investment of all surplus cash in operating and reserve funds.

Policy Statements

1. Objectives

a) Principal Protection

Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Preservation of principal is accomplished through placement of investments in the safest type of securities with creditworthy institutions, and through portfolio diversification.

b) Liquidity

The investment portfolio shall remain sufficiently liquid to meet all annual operating and other reasonably anticipated cash flow requirements. The portfolio structure should be such that maturity dates correspond to short and long term cash requirements as much as reasonably possible.

c) Return on Investment

The investment portfolio shall be designed to maximize the rate of return subject to investment risk constraints and liquidity needs.

2. Standard of Care

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence would exercise in the management of their own affairs, with priority given firstly to security of capital, secondly to liquidity, and thirdly to maximization of returns.

3. Ethics & Conflict of Interest

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

4. Delegation of Authority

Authority to manage the City's investment program is delegated to the Chief Financial Officer under the Officers and Employees Bylaw and amendments thereof, and in accordance with Section 149 of the Community Charter.

5. Responsibilities

a) Council

- to receive and review annual reports from the Chief Financial Officer on the performance of the portfolio

b) Chief Administrative Officer

- to review and approve investment recommendations from the Chief Financial Officer

c) Chief Financial Officer

- to select investment dealers and institutions to assist in meeting performance objectives for the portfolio
- to select and manage investments in accordance with the objectives of principal protection, liquidity, and return on investment while ensuring the City's operating and capital cash flow requirements are met
- to review portfolio performance on a regular basis and make recommendations for changes
- to report annually to Council on investment performance and rates of return

6. Authorized Investments

a) 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 a province;
- securities of a municipality or 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 in internally financed projects.

b) All investments must be denominated in Canadian dollars or US. dollars. US dollar investments are not to exceed 5% of the total portfolio.

c) The City's operating and reserve funds may be pooled for investment purposes.

d) Investments in shares, warrants, or other equities, convertible debt securities, derivatives, swaps, options or futures are prohibited, and all investment categories that are not explicitly permitted are prohibited.

7. Authorized Investment Dealers and Financial Institutions

A list will be maintained by the Chief Financial Officer of approved investment dealers and financial institutions authorized to provide investment services. Preference will be given to investment dealers and financial institutions that can provide the City with the broadest range of investment instruments. Where feasible, the City will endeavor to invest funds with institutions and dealers which support the local economy. Professional judgement, due diligence, and care will be exercised when selecting investment dealers.

The Chief Financial Officer may from time to time engage consultants or other advisors to assist them in fulfilling their responsibilities.

8. Investment Parameters

a) Rating

All investments must have a rating of at least BBB by Standard & Poor's (S&P) or equivalent by Dominion Bond Rating Service (DBRS) or Moody's.

The total portfolio should be limited to the following credit rating thresholds on a weighted average basis (as defined by S&P or equivalent):

Rating	Up to %
AAA	100%
AA	90%
A	70%
BBB	30%

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.

b) Diversification

The City will endeavor to diversify its investment portfolio by institution, maturity, type and sector of investment in order to reduce overall risk given prevailing market conditions.

c) Maturity

All securities held in the portfolio shall have a maturity of five years or less, however it is understood that the majority of assets will be invested in securities with a maturity considerably shorter than this five year maximum. Overall, the total portfolio shall have an average term to maturity of no greater than five years.

9. Reporting

The Chief Financial Officer will provide an annual report to Council on the performance of the portfolio by June 30th of the following year.

10. References

Community Charter Sections 149 and 183

Municipal Finance Authority Act Section 16

Resolutions and Amendments

May 25, 2020 – R121/20/05/25 – Council Policy 809 Established