



HIGHWAY 14 REGIONAL WATER SERVICES COMMISSION

POLICY AND PROCEDURE HANDBOOK

FINANCES

Policy FIN 1.04

POLICY: INVESTMENTS

The Commission recognizes that the responsible investment of Commission funds in a prudent manner that will provide optimum investment returns with the maximum security while meeting the Commissions cash flow requirements and conforming to the Municipal Government Act and all other provincial statutes and regulations governing the investment of commission funds.

OBJECTIVES:

This investment policy has the following objectives listed in the order of their priority.

1 CAPITAL PRESERVATION

The Commission recognizes its fiduciary responsibility for the stewardship of funds with which it has been entrusted. Therefore, the prime objective of this policy is to ensure that the principal amount of

each investment is safe from losses due to market conditions and issuer default.

2 MAINTENANCE OF LIQUIDITY

The Commissions investment portfolio will be sufficiently liquid in order to enable the Commission to meet its operating cash flow requirements which might be reasonably anticipated in the short and long term. For the purposes of this policy the Commission defines liquidity as the ability to convert an investment into cash without substantial loss of principal interest.

3 RATE OF RETURN

The Commissions investment portfolio will be effectively managed to ensure that an optimum Rate of Return is realized on all investments within the parameters of the objectives established within this policy.

4 COMPLIANCE WITH THE MUNICIPAL GOVERNMENT ACT

The Commission will ensure that all investments purchased and owned are in accordance with the Municipal Government Act. (Section 250)

GUIDELINES

1 AUTHORITY

The Chief Administrative Officer is ultimately responsible and accountable for the control, management, and administration of the Commissions investments in accordance with the investment policy approved.

2 RESPONSIBILITY

The Chief Administrative Officer shall establish appropriate guidelines, procedures, and internal controls;

- a) To achieve the objectives identified within this policy
- b) For authorizing investment activities.
- c) For the accounting, Safekeeping, and reporting of investment activities.

3 AUTHORIZED INVESTMENTS

The attached schedule of Approved Investments, identifies the Securities that may be purchased on behalf of the Commission.

4 SAFEKEEPING AND CUSTODY

The Chief Administrative Officer shall ensure that:

- a) All securities shall be held in the name of the Highway 14 Regional Water Services Commission.
- b) All securities shall be held for Safekeeping by the financial institution where the investment accounts are maintained.
- c) The financial institution shall issue a Safekeeping receipt to the Highway 14 Regional Water Services Commission listing the specific investment, interest rate, maturity, and other

pertinent information. On a monthly basis or at a minimum of quarterly, the financial institution will provide reports which list all Securities held for the Commission, the book value of the holdings and the market value as at month-end.

5 PRUDENCE

Investments shall be made with judgement and care under circumstances then prevailing. All reasonable steps shall be taken to ensure that the management of the Commissions investment portfolio is in accordance with this policy.

6 ETHICS AND CONFLICT OF INTEREST

Persons involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of their responsibilities, or which could impair their ability to make impartial investment decisions.

7 REPORTING

The Chief Administrative Officer will report to the Commission quarterly on;

- a) Total assets within the investment portfolio.
- b) A summary of holdings within the investment portfolio.
- c) Evaluation of portfolio performance.

DEFINITIONS

1 SECURITIES

Investments issued by a government agency or corporation offered for purchase to investors. Securities as defined by the Municipal

Government Act include; bonds, debentures, trust certificates, guaranteed investment certificates, certificates of deposits, deposit receipts, bills, notes and mortgages, rights of interest in respect of a security.

2 CORPORATE BONDS

These instruments are interest bearing debt that is secured by the assets of the issuing corporation. These securities generally have a maturity which is greater than one year and form a part of the money markets only when the long-term debt approaches maturity. These instruments are actively traded within the markets and do have some degree of liquidity.

3 MANAGED FUNDS

A professionally managed investment portfolio which includes a diverse range of investments. In reference to this policy, Managed Funds will only include a narrow range of investments as defined within the Municipal Government Act. The objective of a managed portfolio is to minimize interest rate and credit risk and generate above average growth through active portfolio management.

Administration shall develop procedures to implement this Policy, which may be amended from time to time without compromising the intent of this Policy.

DIRECTOR'S APPROVAL MOTION # 18-08


CHAIRPERSON

05 FEB 2018
DATE