

THE CORPORATION OF THE  
**CITY OF WHITE ROCK**  
15322 BUENA VISTA AVENUE, WHITE ROCK, B.C. V4B 1Y6



**POLICY TITLE: INVESTMENT POLICY**

**POLICY NUMBER: FINANCE - 310**

<i>Date of Council Adoption: September 28, 2015</i>	<i>Date of Last Amendment: November 4, 2013</i>
<i>Council Resolution Number: 2013-346, 2015-336</i>	
<i>Originating Department: Finance</i>	<i>Date last reviewed by Finance and Audit Committee: September 14, 2015</i>

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**Policy:**

The investment policy of the City of White Rock is to invest City funds in a manner which will provide an optimum blend of investment return and security while complying with the statutory requirements of the *Community Charter*.

**PRUDENCE**

Investments shall be made with the degree of judgement and care that persons of prudence, discretion and intelligence would exercise in the management of their own affairs, not for speculation, but with priority given firstly to safety of capital and secondly to investment yield.

The standard of prudence to be executed by City staff making investment decisions shall be the “prudent person” standard. Staff who act in accordance with the City’s investment policy and exercise due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes provided that deviations from expectations are promptly reported in a timely manner and appropriate action is taken to limit losses in the event of adverse developments.

**OBJECTIVES**

The investment of City funds must reflect a conservative management philosophy based on the following fundamental objectives:

1. **Safety.** Preservation of capital shall be the first and foremost objective to be considered in any investment decision.
2. **Liquidity.** Investments shall remain sufficiently liquid to enable the City to meet its budgeted and anticipated expenditure requirements.
3. **Return on investment.** Investments shall be purchased with the objective of attaining the highest market rate of return commensurate with the achievement of objectives 1 and 2 above.

## Investment Policy

### DELEGATION OF AUTHORITY

The City's Director of Financial Services shall be delegated authority to establish and maintain written procedures covering the operation of the investment program. Procedures should include references to safekeeping arrangements, communication of instructions to custodial banks, cash management techniques and accounting entries related to investment transactions. Individual City staff members who participate in executing investment transactions shall do so under the direction of the Director of Financial Services.

### CONFLICT OF INTEREST

City employees involved in the investment process shall refrain from personal business activity that could conflict with the execution of the investment program or which could impair their ability to make impartial investment decisions. Such staff shall disclose to the City Clerk any material financial interests in financial institutions and/or investment dealers that conduct business with the City.

### AUTHORIZED INVESTMENT DEALERS AND INSTITUTIONS

The Director of Financial Services will maintain a list of financial institutions and investment dealers authorized to provide investment services. All qualified bidders for investment transactions will be members of the Investment Industry Regulatory Organization of Canada (IIROC), or authorized under the Credit Union Deposit Insurance Corporation.

### AUTHORIZED INVESTMENTS

#### **Statutory authorization**

All investments must be made in accordance with Section 183 of the *Community Charter* which reads as follows:

Money held by a municipality that is not immediately required may only be invested or reinvested in one of 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 or 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.

### Investment Policy

#### **Policy Authorization:**

This policy authorizes the following types of investment securities for investment of City funds which are temporarily surplus to current requirements:

- (1) Securities, including bonds, debentures and treasury bills of Canada or a province;
- (2) Term deposits, guaranteed investment certificates or acceptances issued by Canadian Schedule I banks, including but not limited to:
  - BMO Financial Group
  - Royal Bank of Canada
  - TD Canada Trust
  - Canadian Imperial Bank of Commerce
  - Bank of Nova Scotia
  - Canadian Western Bank
- (3) Term deposits, guaranteed investment certificates or acceptances issued by the Schedule II bank, HSBC Bank Canada.
- (4) Commercial paper issued by the Greater Vancouver Regional District, Greater Vancouver Sewerage and Drainage District or Greater Vancouver Water District.
- (5) Term deposits issued by Credit Unions such as but not limited to VanCity and Coast Capital Savings;
- (6) Pooled investment funds of the Municipal Finance Authority.

#### **Limitations on investments:**

Securities issued by or guaranteed by the Government of Canada or a province: no limit;

Major Chartered Banks:	\$5,000,000 each bank;
Credit Unions	\$4,000,000 in the aggregate
Municipal Finance Authority	\$5,000,000 in the aggregate

#### **DIVERSIFICATION:**

The City will diversify its investments by security type and institution. With the exception of securities issued and/or guaranteed by the Government of Canada, not more than 25% of the City's total investment portfolio, or the dollar limits shown above, whichever is the lesser, will be invested in a single province, regional district, major Chartered Bank or Municipal Finance Authority. Not more than 20% of the City's total investment portfolio, or the dollar limit shown above, whichever is the lesser, will be invested in the aggregate of Credit Unions.

### COMPETITIVE BIDS:

The City shall solicit competitive verbal quotations for the purchase and sale of securities when it is prudent to do so. Nonetheless, 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 reference to other market data.

## Investment Policy

### SAFEKEEPING AND CUSTODY:

All security transactions entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis, or electronic book based trading. Settlement may take place at the main branch of the City's bank in any Canadian city. If applicable, securities shall be held by the City's bank or shall be registered with the Central Depository for Securities (CDC). All transactions shall be evidenced by authorized receipts and records.

### REPORTING:

The Director of Financial Services is responsible for reporting to City Council on the City's investment holdings on a quarterly basis. The report will identify any deviations from this policy and will include summary information on investment holdings.

### ADOPTION OF INVESTMENT POLICY:

This investment policy shall be approved by City Council. The policy will be reviewed annually by the Director of Financial Services and any modifications thereto must be approved by City Council.

### **Rationale:**

The purpose of this investment policy is to:

- identify the framework under which the Director of Financial Services and authorized Finance Department staff will carry out the investment of City funds;
- establish the limits of responsibility of City staff in executing investment transactions for the City, and,
- establish the requirements for reporting on investment transactions and investment performance to City Council.