

## AP 5013: Investments

### Background:

Where cash is available for investment, it is to be invested in minimal risk financial instruments in order to generate investment revenue for the benefit of the District whenever possible based on the following order of priority:

- Preservation of capital
- Assurance of liquidity
- An appropriate return consistent with safety and liquidity

### Procedures:

#### 1. Capital Preservation

1.1. Investment of funds shall only occur when the principal is guaranteed. This may be accomplished through the placement of funds with institutions that have achieved the highest credit worthiness in the marketplace and earned a public reputation as a good credit risk.

1.2. The following are eligible investments under this Administrative Procedure:

1.2.1. Financial instruments are guaranteed as to repayment of principal and interest by:

1.2.1.1. The Government of Canada or by any of the provinces of Canada;

1.2.1.2. Canadian Chartered Banks and Trust companies incorporated under the laws of Canada; and

1.2.1.3. Credit unions incorporated under the Credit Union Act (British Columbia).

1.2.2. Interest-bearing cash and cash equivalents, including guaranteed investment certificates or term deposits with banks, credit unions or trust companies.

1.2.2.1. Investments for operating cash requirements shall be in Canadian cash equivalents and short-term commercial paper rated (minimum rating R-1 Low by the Dominion Bond Rating Service), an equivalent rating from another agency, or, where not rated, an equivalent level as determined by the market.

1.2.3. Debt securities of Canadian issuers, issued in Canadian currency, including sovereign, provincial, municipal and corporate bonds, debentures, notes and other debt instruments.

1.2.3.1. All investments in fixed income securities shall be in securities that are the subject of regular price quotations by recognized investment dealers and for which ratings are available for the borrower or the debt issuer.

1.2.3.2. The corporate and government bond and debenture portfolio in aggregate shall contain only instruments with an assigned minimum rating of R-1 low (short-term)/"A" (long-term) or equivalent by any major bond rating agency at the time of purchase.

1.2.4. Any other investments approved by the Secretary-Treasurer.

1.2.5. Credit risk minimization shall be achieved through diversification whenever possible and appropriate.

## 2. Liquidity Assurance

2.1. The assurance of liquidity is the ability to fund operating commitments through the drawdown of the investment portfolio.

## 3. Optimizing Returns

3.1. Optimizing returns is obtained through monitoring of marketplace opportunities and realigning investments, balanced with the Capital Preservation and Liquidity Assurance procedures described above.

## 4. Authority

4.1. The Secretary-Treasurer is to have responsibility for investments for the District.

4.1.1. The Secretary-Treasurer is responsible for determining any specific procedures for managing and investing surplus funds for the District and schools. They may delegate investment responsibilities.

4.1.2. Reasonable care and judgement in making investment decisions that are consistent with this Administrative Procedure shall be exercised.

4.2. The Secretary-Treasurer may seek input from an Investment Advisor or Investment Counsellor to help find and select appropriate investments as outlined above.

4.3. The Secretary-Treasurer will:

- 4.3.1. Approve any investments that fall outside this Administrative Procedure;
- 4.3.2. Approve any investments with a maturity date greater than 5 years;
- 4.3.3. Review this Administrative Procedure periodically for suitability.

## 5. Reporting

- 5.1. The Secretary-Treasurer shall retain a listing of all District and school investments. All financial investments will be subject to on-going internal controls and the annual audit.