

COUNCIL POLICIES AND PROCEDURES

SECTION - I

ETHICS

SUBJECT: Investment Policy Number: I - 2

COVERAGE: All Employees and Councillors

PREAMBLE: The Municipality of the District of Guysborough, the Municipal Recreation Commission, Guysborough Homemakers Agency, Guysborough Business Improvement District Committee, Social Services Committee, the Hazel Hill Water Utility, the Milford Haven Home for Special Care and any other commissions and agencies that now exist or may be duly constituted from time to time may have surplus funds available for short term investment. The Municipality also has funds which are held in trust for the elderly, library, tax sale surplus, special capital reserve, special reserve, and operating reserves which are available for investment, either in short term, medium term, or long term investments.

WHEREAS the investment of these public moneys is at issue it is essential that the Municipality have a clear and detailed policy to be followed when investing municipal funds.

OBJECTIVES: The following objectives listed in descending order of importance are to be used as the guide for investment of Municipal funds:

1. Preservation of the principal amount of all investments and minimization of investment risk.
2. Consideration and maintenance of the liquidity of all investments.
3. To maximize the rate of return on investments.

Recognizing these objectives it is the policy of the Municipality to invest its surplus sums of money in money market investments emphasizing the protection of the principal amount of all investments.

INVESTMENT GUIDELINES:

A. Eligible Investments

1. Federal Government, and its agencies.
2. Province of Nova Scotia, and its agencies and municipalities.
3. Provincial Governments, and their agencies.

4. Chartered banks, trust companies, and credit unions - rating guide of R1 medium quality or better.
5. Credit Unions covered by the NS Stabilization Fund.
6. Canadian companies with an R1 medium grade credit rating or better (approved by the Committee).
7. Institutions covered by the Canada Deposit Insurance up to the insured limit.
8. Investment pools approved by the Minister of Municipal Affairs.
9. Demand deposits in accounts at the Municipality's Banks. (Demand deposits shall not be subject to the \$500,000.00 investment limits referred to in this policy.
10. Properly approved investments in the Hazel Hill Water Utility, Municipal Recreation Commission, Guysborough Business Improvement District Committee, the Milford Haven Home for Special Care and any other duly constituted commissions or agencies. In cases where these investments exceed to (2) years, they are to be repaid using a serial debenture type annual repayment schedule.
11. Other Canadian Cities - rating guide of R1 medium quality or better.

B. Size of Investments - Limits

1. The total investment with any individual institution covered under subsections (4), (5) & (6) above will be limited to a maximum of \$500,000.00.

C. Maximum Term of Investment

- Federal Government, and its agencies - 2 years
- Province of Nova Scotia, and its agencies - 2 years
- Provincial Governments, and their agencies - 1 year
- Chartered banks, trust companies and credit unions - 2 years
- Canadian companies - 1 year
- Institutions covered by the Canada Deposit Insurance - 1 year
- Investment pools approved by the Minister of Municipal Affairs - 1 year
- Investments in those Municipal Commissions and agencies as referred to in Section A10 - 15 years

D. Types of Investment

- ◆ Savings Accounts
- ◆ Term Deposits
- ◆ Treasury Bills
- ◆ Bankers Acceptances

- ◆ Bonds or Debentures
- ◆ Commercial Papers
- ◆ Finance Papers
- ◆ Investment Certificates

INVESTMENT COMMITTEE:

An investment committee will be established and shall consist of the Finance and Administration Committee along with the Clerk treasurer and Deputy Clerk Treasurer. The Committee may also consult other persons whose advice is deemed to be desirable, ie: retired banker, financial consultant, officials of the Department of Municipal Affairs or any other persons deemed appropriate by the committee. Its terms of reference are:

1. To review the investment policy, practices and procedures in use by the Municipality of the District of Guysborough.
2. To update, if necessary the investment policies, practices and procedures to be used in the future.
3. To consult and give financial approval to all investments. In some circumstances it may be necessary for the Clerk and/or Deputy Clerk to invest prior to obtaining Committee approval in order to meet the objectives of this policy. In cases such as these the Committee shall ratify this investment when it next meets.

INVESTMENT PROCESS:

1. Determine the amount to be invested by the Municipality from time-to-time through the preparation and updating of a cash budget.
2. Determine the length of time to invest surplus funds in consultation with the financial staff of the Municipality. Term is also determined within the constraints of the cash budget. Flexibility of the term of the investment may range from one week to a specific date.
3. Provide an updated copy of the investment policy adopted by Municipal Council to any institution bidding for the Municipality's available investment funds.
4. Phone banks, brokers, or trust companies informing them of the following:
 - amount to invest
 - term
 - flexibility
 - entities not eligible
 - time which rates to be received (usually by 12:00 noon)

5. Record each rate as it is received noting all information.
Evaluate bids received and make staff recommendations based on a comparison of rates to the Investment Committee. Telephone members of the Investment Committee to obtain approval to make the investment. When a majority of committee members cannot be reached, staff may accept the recommended bid and request ratification of the investment at the next meeting of the Investment Committee.
6. Advise the successful bidder and ensure that the investment amount and the rate are confirmed. Advise the unsuccessful bidders that they were not successful. The specifics of the investment chosen are not normally revealed.
7. Transfer of the funds to the successful bidder and record the necessary entries in the appropriate ledgers.

Note: If dealing with an internal interfund loan

Prepare a serial debenture type repayment schedule if this is a loan exceeding two years to a Municipality of the District of Guysborough agency (such as the Hazel Hill Water Utility) from the Special Reserve Fund.

8. A) Every investment is to be in the name of the Municipality of the District of Guysborough except those that are available only in bearer form.
b) Registered securities are to bear the name of the Municipality of the District of Guysborough. The Municipality will require receipt of documentation in the form of a certificate from the issuer or a confirmation by a broker or banker that the documentation is held in safekeeping.
9. Custodial arrangements will be made with the Municipality's banker. Certificates of deposit or special investment certificates may be kept in the Municipality's vault.
10. Any investments are to be reported at the next Municipal Council at its next regular meeting.