

INVESTMENT POLICY

1. PURPOSE

The Investment Policy of the West Hants Regional Municipality will govern the investment of trust funds, reserve funds, and surplus cash balances at an optimum level of return while ensuring the principal amount of investment is preserved.

2. INVESTMENT OBJECTIVES

The Investment Policy seeks to preserve and grow the Municipality's revenues while adhering to strict legal requirements. Preservation of the principal amount implies a policy of conservative investing which will not necessarily produce the highest rate of return. The fundamental objectives of this Policy are built upon the preservation of capital as well as cash flow liquidity commensurate with the Municipality's expenditure requirements. This is accomplished by structuring the portfolio so that securities mature and/or are accessible concurrent with cash needs to meet anticipated demands.

The investment portfolio will be designed with the objective of attaining a market rate of return subject to an agreed upon level of risk. The portfolio of the Municipality will be managed in a manner which prioritizes 1) liquidity requirements, 2) an acceptable and agreed upon level of risk, and 3) earns the highest rate of return given priorities 1 and 2. The standards and guidelines for permissible investment are set out in *Section 6* of this Policy.

3. DEFINITIONS

For the purposes of this Policy, the following definitions are provided:

- a. "Audit Committee" refers to a committee of Council, which is responsible for assisting Council in meeting its oversight responsibilities by ensuring the adequacy and effectiveness of financial reporting, risk management, and internal controls.
- b. "CAO" refers to the Chief Administrative Officer of the Municipality.
- c. "Council" refers to the Council of the Municipality.
- d. "Councillor" refers to a Council member and includes the Mayor and Deputy Mayor unless the context indicates otherwise.
- e. "Director, Financial Services" refers to the senior administrative officer for the Financial Services Department with the West Hants Regional Municipality.
- f. "Employee" refers to any person directly employed by the Municipality.

INVESTMENT POLICY

g. "Municipality" refers to the West Hants Regional Municipality.

4. APPLICATION

This Policy applies to investments of surplus cash balances held in any funds within the control of the Municipality. The CAO is responsible for administering the investment activities and ensuring compliance with this Policy.

Director, Financial Services will recommend to the CAO investment asset mix parameters and credit quality restrictions and will develop and maintain appropriate procedures and controls for recording, reporting, and monitoring investments to ensure that they are made in accordance with the Investment Policy. Director, Financial Services will monitor investment performance and prepare annual reports for the CAO and Audit Committee at least annually. Director, Financial Services will consult with any other person or persons whose advice is deemed to be desirable.

This Policy will be reviewed at least every three (3) years, and reports to Council recommending changes, deletions, or additions to the Policy as considered appropriate.

5. CONFLICT OF INTEREST

A conflict of interest occurs when any interested person may benefit materially from knowledge of, participation in, or by virtue of an investment decision.

An "Interested person" includes:

- Any employee or Councillor of the Municipality who is managing in-house portfolios or is involved in the investment of fund by the Municipality.

Neither the Councillors nor employees of the Municipality will engage in personal or business activities which would profit from or be affected by the carrying out of their responsibilities as investors of the Municipality's fund that could result in personal gain.

Should a conflict of interest occur the person who has a conflict of interest or any person who becomes aware of a conflict of interest situation, will immediately disclose the conflict to the CAO. Any such party will abstain from decision making with respect to the area of conflict, and a written record of the conflict will be maintained by the Director, Financial Services.

6. ELIGIBLE INVESTMENT

INVESTMENT POLICY

The minimum standards and guidelines for competitive bids, and the maximum amounts and terms for each type of investment are outlined below. All investments are denominated in Canadian Dollars.

Investment	Maximum Investment Level (\$)	Maximum Investment Terms
Federal Government, and its agencies	No dollar limit	2-year term
Province of Nova Scotia	No dollar limit	2-year term
Any Provincial Governments, or its agencies when their credit rating is A or greater ¹	No dollar limit	2-year term
Municipal Finance Corporation of Nova Scotia	No dollar limit	No term limit
Chartered banks, trust companies, and credit unions; operating in the Province of Nova Scotia	\$200,000.00	1-year term
Commercial Paper with a Dominion Bond Service rating of R-1 (low) or higher	\$200,000.00	1-year term
Institutions covered by Canadian Deposit Insurance	Up to insured limit	2-year term
Deposit in accounts at the Municipality's financial institution	Up to insured limit	No term limit

7. SAFE KEEPING

Any investment statement or purchase confirmation resulting from the acceptance of an investment should be forwarded to the Director, Financial Services or designate, for safekeeping. This should not preclude the option of having certificates held by financial institutions or if a book-based investment, held electronically.

8. INVESTMENT PROCESS

The procedure of acquiring investments will be as follows:

¹ Credit ratings found on Standard & Poor's Global Ratings or Dominion Bond Rating Services, the investment is subject to the lower of the two ratings.

INVESTMENT POLICY

- a. The Director, Financial Services determines the amount to be invested by referring to the cash flow forecast.
- b. The Director, Financial Services determines the length of time to invest funds and the flexibility of that term. The term is determined within the constraints of the cash flow forecast. Flexibility on the term of the investment may range from one week to a date specified.
- c. The selections of the investments(s) will be made based on comparison of rates and subject to *Section 4* of this Policy. The Director, Financial Services may provide an updated copy of the Policy or see that the updated copy of the Policy (which includes a listing of eligible investments, *Section 6*) is provided to participating banks, brokers, or trust companies.
- d. The Director, Financial Services will phone banks, brokers, and/or trust companies and inform them of the following:
 - Amount to invest
 - Term
 - Flexibility of term
 - Time and date that rates are to be received at the Municipal Office in person, by mail, electronic mail, courier, or by facsimile.
- e. The Director, Financial Services requests approval from the CAO for proposed investments. The selections of the investment(s) will be made based on comparison of rates and subject to *Section 4* of this Policy.
- f. The Director, Financial Services will advise the successful bidder and ensure that the investment amount(s) and rate(s) are confirmed and advise the unsuccessful bidders that they were not successful.
- g. The rate as it is received noting all information will be recorded.
- h. The Director, Financial Services will initiate the accounts payable process to issue a cheque or arrange for a bank transfer payable to the successful financial institution. (Financial institutions are to pay bank charges, if any, for bank transfer.)
- i. Every investment is to be in the name of the Municipality and all registered securities are to bear the name of the Municipality.
- j. The Municipality requires receipts of investment documents which may come in the form of a certificate from the financial institution or a confirmation of purchase. If documents are being held offsite, the Municipality also requires confirmation that the documentation is held in safekeeping by those institutions. Investment documentation, if not held by financial institutions, will be kept by the Municipality.

INVESTMENT POLICY

- k. Any investments made are to be presented to the Audit Committee and then reported to Councillors at either the next Committee of the Whole or Council meeting. The report will include the principle amounts of investments, what the investments are, as well as maturity dates and yields. The report will also include details of other investment options received but not selected as well as the current interest rate received on bank deposits held.

9. REPEAL

The Financial Controls and Reporting Policy dated December 16, 2008 as amended to January 28, 2014 of the former Town of Windsor, and the Investment Policy, COFN-006.00 dated March 13, 2018 of the former Municipality of the District of West Hants are hereby repealed.

I, Rhonda Brown, Municipal Clerk of the West Hants Regional Municipality, the Province of Nova Scotia, do hereby certify that this is a true copy of the Policy as adopted by the Council of the West Hants Regional Municipality at a meeting duly called and held on the **28th** day of **April, 2020** and amended by Council on the **28th** day of **July, 2020**.

R. N. Brown
Municipal Clerk

<i>Adoption</i>	
<i>Notice to Council:</i>	April 14, 2020
<i>Approval:</i>	April 28, 2020
<i>Description:</i> Initial approval of Investment Policy, RCOFN-005.00.	
<i>First Amendment</i>	
<i>Notice to Council:</i>	July 14, 2020
<i>Approval:</i>	July 28, 2020
<i>Description:</i> Revised Policy to replace the terminology of "Elected Municipal Official" with "Councillors", and updated Section 6 - Eligible Investment in accordance with Provincial requirements.	