

## **Purpose/Background**

To establish clear practices around the investment of Rocky View Schools' excess un-encumbered funds according to the following 3 priorities:

- Preservation of Capital
- Assurance of Liquidity
- Optimizing Returns

## **Definitions**

**Capital Preservation:** Investment of funds shall only occur when the principle is virtually guaranteed. This may be accomplished through the placement of funds with institutions that have achieved the highest creditworthiness in the marketplace and earned a public reputation as a good credit risk.

**Liquidity:** Ensuring that the maturity dates of the investments match the operating cash requirements so that investments do not have to be sold prior to maturity. Liquidity is enhanced by holding a portion of the portfolio in cash and readily marketable short-term investments

### **Authorized Representative of the Board:**

The Associate Superintendent of Business and Operations, the Director of Finance, or Manager of Accounting are the only authorized users to make investments involving excess funds.

**Optimizing Returns:** Optimizing returns is obtained through monitoring marketplace opportunities and realigning investments accordingly, balanced with the Capital Preservation and Liquidity guidelines described above.

**Long-term:** Investments with maturity dates longer than one (1) year to a maximum of five (5).

**Short-term:** Investment with maturity dates less than or equal to one (1) year.

**Securities:** Represents money that is invested, with terms that define the amount invested, interest rate and maturity/renewal date. For purposes of this administrative procedure, it does not mean an ownership interest in a corporation.

**The Crown:** Represents the Government of Canada or of a Province of Canada

## **Procedures**

1. Money held by the jurisdiction that is not immediately required may be invested or reinvested in one or more of the following:

1.1. Securities issued or guaranteed by either:

1.1.1. Government of Canada or an agency of the Government of Canada, or

1.1.2. a Province or an agency of a Province.

1.2. Deposit receipts, deposit notes, certificates of deposit, banker's acceptances or similar instruments, the terms of which provide that the principle and interest shall be fully repaid no later than five years after the day the investment was made, that are issued, guaranteed or endorsed by a Schedule I Bank.

1.3. Securities issued by or guaranteed as to principle and interest by the Crown.

1.4. Securities issued by a Credit Union whose deposits are fully guaranteed by the Crown.

2. Investments shall be made with judgment and care, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not speculation, but for investment. All investments must give consideration to the probable safety of the capital as well as the probable income to be derived.

2.1. Investment officers acting in accordance with this investment policy and exercising due diligence will have the authority to undertake prudent investment transactions.

2.2. All transactions to purchase investments require authorized signatures of any two of the following: Associate Superintendent of Business and Operations, Director of Finance, Manager of Accounting.

3. Sale or transfers of invested funds to anything other than the authorized Rocky View Schools' main bank account shall be made in accordance with section 2 of this procedure; requiring 2 approved signing authorities.

4. The prime investment objective of the investment program is to ensure the safety of principle. Therefore, investments shall be selected in a manner that seeks to ensure the preservation of capital. To attain this objective, the Authorized Representative of the Board will mitigate credit risk and interest rate risk as follows:

4.1. The Authorized Representative of the Board may invest in a security, term deposit, Guaranteed Investment Certificate, Treasury Bills or Bankers Acceptances with institutions with the following ratings:

Rating Scale	Short term	Long Terms
DBRS	R-1M	A(low) or higher
Fitch	F1+	A- or higher
Moody's	P-1	A3 or higher
Standard and Poor's	A-1+	A- or higher
Credit Union's	Deposits fully guaranteed	Deposits fully guaranteed

*\*Bonds rated "A (low)" by DBRS or equivalent must be issued by the Canadian Chartered banks (i.e. not corporate issuers). If a security's credit rating falls below "A (low)" after time of purchase, it shall be removed from the portfolio as soon as practical.*

4.2. The Authorized Representative of the Board will minimize interest rate risk, the risk that market values or yields will fall by structuring the investment portfolio so that securities mature to meet

cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity.

5. The composition of the investment portfolio shall remain sufficiently liquid to meet reasonably anticipated operating and cash flow requirements. Investments will be limited to five years.
6. Investment is not permitted in a security that is expressed or payable in any currency other than Canadian dollars.
7. The Associate Superintendent of Business and Operations shall prepare an investment report as part of his or her quarterly financial report to the Board.
  - 7.1. The investment report referred to shall contain:
    - 7.1.1. a statement about the performance of the portfolio of investments of Rocky View Schools during the period covered by the report;
    - 7.1.2. a description of the estimated proportion of the total investments of Rocky View Schools that are invested in long-term and short-term securities to the total investments and a description of the change, if any, in that estimated proportion since the previous year's report;
    - 7.1.3. a list of any investments of Rocky View Schools which are not eligible investments by virtue of being below the prescribed ratings, and a description of the plans for disposing of these investments;
    - 7.1.4. a statement by the Associate Superintendent of Business and Operations as to whether or not, in his or her opinion, all investments were made in accordance with the investment procedure;
    - 7.1.5. a record of the date of each transaction in or disposal of investments; and
    - 7.1.6. such other information that the Board may require or that, in the opinion of the Associate Superintendent of Business and Operations, should be included.
8. For the purpose of investing, the jurisdiction shall maintain a contractual agreement with a qualified investment firm. This firm will assist the jurisdiction with selecting and maintaining suitable investments in accordance with the process outlined above. Choice of external investment counsel will be made utilizing an open posting RFP process to ensure utmost care and attention has been given to the selection of the service provider.
9. Periodic performance evaluations (no less than on a yearly basis) will be conducted by the Finance Department.

*Resources:*

- Alberta School Act Sections 6(2)(d), and 6(2)(k)
- Trustee Act Section 5
- RVS Board Policy 12 (3.1, 3.2, and 3.4)
- School Board Regulation 1 - 2007