



City of Kelowna
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Council Policy

Investment of City of Kelowna Surplus Funds

ESTABLISHED: August 30, 2004

Contact Department: Financial Services

Guiding Principle

The City's assets, in the form of cash flow and reserved funds, are to be safeguarded and maximized within excepted risk tolerance.

Purpose

To outline the portfolio framework for the investment of public funds in order to invest public funds in a manner which will provide the optimal blend of investment return and security while meeting the daily cash flow demands of the City.

Application

This Policy applies to:

- The investment of all cash assets of the City
- The investment of the City Cemetery Care Maintenance Fund (CCMF) assets
- City owned Fortis Inc. Common Shares

Policy Statements:

1. Responsibility for the investment of municipal funds is derived from Section 149 of the Community Charter with the appointment of the Financial Officer.
2. The Director of Financial Services, as the Financial Officer, will assign managerial oversight for the investment of municipal funds through the establishment of a Financial Services Investment Portfolio Program.
3. Authorized Investments:
 - Investment of municipal funds as permitted in Section 183 (b) of the Community Charter and Section 16 of the Municipal Finance Authority Act;
 - Investments in internally financed City of Kelowna projects; and
 - The purchase and sale of specific Fortis Inc. common shares pursuant to *Community Charter* s.185, and as explicitly approved by the Province of British Columbia, Inspector of Municipalities on May 14, 2013.
4. Prohibited Investments:
 - Investments in shares, warrants, or other equities, convertible debt securities, derivatives, swaps, options or futures
 - No other equity shares are permitted other than the Fortis Common Shares included in "Authorized Investments".
 - Investment categories that are not explicitly permitted

5. Portfolio Constraints to set the risk tolerance of the investment portfolio:

a. Investments held by the Fund will be diversified as follows:

Rating	Up to %
AAA	100%
AA	80%
A	60%

The portfolio will have a minimum of "A" rated investments but only up to 60% (maximum risk allowed).

b. The maximum exposure to a single government (Government of Canada, BC MFA, Provincial, Municipal) or corporation, as a % of the total portfolio will be as follows:

Rating	Government	Corporation
AAA	70%	40%
AA	50%	30%
A	30%	20%

c. The maximum exposure for a single internally financed project is 15% of the total Fund.

d. The maximum exposure for all internally financed projects is 30% of the total Fund.

6. Performance objectives:

- To achieve an average rate of return greater than the Canada Consumer Price Index for All items.
- To achieve an average rate of return greater than the DEX₉₁ Day TBill as described in the Mercer's quarterly survey of Canadian Institutional Pooled Funds..
- To achieve an average rate of return greater than the median return of money market funds as described in the Mercer's quarterly survey of Canadian Institutional Pooled Funds.
- To achieve performance that matches or exceeds the Municipal Finance Authority of British Columbia (MFA) Intermediate Fund and Money Market Fund for the same time frame.

7. The Financial Officer will provide Council with an annual report on the performance of the portfolio in the first quarter of the following year.

Amendments

August 30, 2004 – R841/04/08/30 – Council Policy 316 introduced

November 24, 2008 – R1038/08/11/24 –Policy Review, updated position titles

April 26, 2010 – R375/10/04/26 –replaced bullet under Investment Performance Objectives

June 16, 2014 – R435/14/06/16 - amendments to re-align portfolio to capitalize on higher returns