

POLICY 19

INVESTMENTS

Background

The Grande Prairie R.C.S.S.D #28 (hereinafter called “the District”) is interested in pursuing viable alternatives for growing its investment portfolio at reasonable rates of return but not at the expense of a non-satisfactory degree of capital preservation. Due to its risk profile, the District wishes to invest in financial investments offering a competitive rate of return without putting the portfolio at risk of loss of invested capital.

Guidelines

- 1. **Portfolio Objectives**
The overall objective of this portfolio is to make a reasonable contribution to the current and long term funding requirements for the District. The portfolio is to be managed in a manner that maximizes return without jeopardizing its principal goal of preserving the capital needed to provide a continued stream of income over the longer term.

Within the context of the above requirements, a moderate level of variability in returns will be allowed under the provision that all risks taken are consistent with the objective of long-term capital preservation and growth. The maintenance of a moderate level of liquidity to meet un-anticipated funding requirements is also desirable.

- 2. **Asset Mix**
The portfolio will be limited to fixed income and income-producing instruments including cash, money market securities, and longer dated debt securities. Preferred shares or common stock investments are not permitted. The asset allocation policy will be governed by the following parameters:

Asset Class	Minimum Weight	Maximum Weight	Target Weight
Cash & Equivalents	0%	100%	10%
Fixed Income	0%	100%	90%
Equities	0%	0%	0%
			100%

- 3. **Eligible Investments**
Investments may be made in Cash and Fixed Income.
 - a) **Cash and Fixed Income**
 - Government obligations (i.e. Treasury Bill Notes, Strip Coupons, Debentures and/or Bonds) issues directly or indirectly by the Federal government or an agency (Canadian and U.S.) or any of the provinces with an appropriate credit rating (see investment limits below).

- Canadian Chartered Bank Securities, being Bearer Discount Notes, Deposit Receipts, Term Notes, Certificates of Deposit, Bankers Acceptances, bonds and strip coupons with an appropriate credit rating.
 - Securities of foreign banks or the Canadian affiliates of foreign banks provided that the obligations are guaranteed or carry separate appropriate ratings.
- a) Cash and Fixed Income (cont'd)
- Commercial paper, bonds, debentures and strip coupons issues of Canadian companies with an appropriate credit rating.
- b) Province of Alberta
- The Province of Alberta maintains a number of funds that accept monies for investment purposes from public institutions.
- c) Government of Canada
- The Government of Canada maintains a number of funds that accept monies for investment purposes from public institutions.

4. Limitations

The portfolio is to be managed to the policies of the Alberta Trustee Act. In addition to these policies, the following limitations are to be applied:

- The purchase of any securities carrying a credit rating below A for bonds or A1/R1(L) for commercial paper is strictly prohibited.
- Ratings used will be from one or more of the following ratings agencies: Dominion Bond Rating Service, Standard and Poor's Credit Rating Service, and Moody's Investor Services.
- Maximum term of any one investment cannot exceed 10 years.
- Maximum exposure to corporate issuers can be no more than 50% of cost value.
- No more than 10% of cost value can be invested in any one corporate issuer.
- The use of derivatives, Royalty Income Trusts and Real Estate Investment Trusts, options, purchasing on margin and short selling of securities is expressly prohibited.
- Any investment or activity that may possibly expose the District to liability beyond the amount invested is prohibited.

5. Benchmarks

The portfolio will be measured against a weighted asset class benchmark. The following benchmark will be used to evaluate performance:

Percentage Weight	Benchmark
10%	DEX 91 day Treasury Bill Index
90%	DEX Mid-Term Bond Index

5. Payment and Safekeeping

A dealer or financial institution, approved by the Associate Superintendent of Business Operations, will hold securities purchased, in safekeeping.

6. Special Investments

The Board of the District can approve one-time special investments that are outside those expressly contemplated in this policy where the Board has determined it is in the best interests of the District PROVIDED THAT the investment fits within the following guidelines:

- a) The investment is not solely an income generating activity and provides an operational benefit to the District. Examples of activities could include infrastructure and operational projects that have an investment component;
- b) The investment:
 - i. complies with the *School Board Investment Regulation* and the *Alberta Trustee Act*; or
 - ii. has been approved by the Minister of Education; and
- c) A majority of the members of the Board present vote in favour of approving the investment.

7. Reporting

An Annual Investment Report, as of December 31st, shall be prepared and presented at the February Board meeting.