

**TITLE: OPERATING FUNDS INVESTMENT POLICY****APPROVED:** April 26, 2005**REVIEWED/APPROVED BY** March 25, 2013  
**EXECUTIVE COMMITTEE:****NEXT REVIEW:** 2013-2014**RESPONSIBILITY:** Vice-President Administration**APPENDICES:****CROSS-REFERENCE:** Governance Policy, EL-8, Investments**POLICY STATEMENT:**

It is the policy of Grande Prairie Regional College to invest funds in a manner that will provide the highest investment return with the maximum security while meeting its daily cash flow requirements.

**PURPOSE:**

This policy is established to ensure that operational funds which Grande Prairie Regional College generates by way of cash flows, surpluses, trust funds, reserves, or any other source, are invested to provide optimal returns after due consideration of yield, term, security, and diversification.

**SCOPE:**

This investment policy applies to the operational funds of Grande Prairie Regional College on deposit or invested in investment securities. The funds are accounted for in Grande Prairie Regional College's Annual Audited Financial Statement.

**DEFINITIONS:****PROCEDURES/GUIDELINES:****1. Asset Mix**

The portfolio will be invested in a mix of cash and fixed income instruments according to the cash flow needs of the College.

	Target Allocation	Minimum Allocation	Maximum Allocation
Cash and Money Market Instruments	20%	10%	90%
Fixed Income Instruments	80%	10%	90%
	100%		

When the weightings of the above investments fall above or below the aforementioned allocations, the portfolio will be automatically rebalanced at the end of each quarter to the indicated minimums and maximums when economically feasible.

## **2. Investment Objectives**

2.1. The primary objectives, in order of priority, of Grande Prairie Regional College investment activities for Operational Funds shall be:

- Safety
- Liquidity
- Return on Investment

## **3. Implementation**

Investment strategies will consist of a portion that is of a short term (less than 18 months) buy and hold nature and a portion that is of a long term buy and hold nature, with changes in positions mandated by sound analysis of economic and industry fundamentals. A monthly review of operating requirements will be done to determine appropriate investment levels. This Operating Funds Investment Policy strictly prohibits Grande Prairie Regional College from engaging in any investment activity that would be considered speculative according to the generally accepted principles of conservative investment management.

## **4. Eligible Investments**

Investments may be made in Cash and Fixed Income:

- Government obligations (i.e. treasury bills notes, strip coupons, debentures and/or bonds) issued 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.
- Commercial paper, bonds, debentures and strip coupons issued by Canadian companies with an appropriate credit rating.

## **5. Limitations**

The purchase of any securities carrying a credit rating below A for bonds or A1/R1 for commercial paper is strictly prohibited.

Ratings used will be from one or more of the following rating agencies: Canadian Bond Ratings Service, Dominion Bond Rating Service, Standard and Poor's Credit Service and Moody's Investor Services.

The use of common and preferred stock, 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 College to liability beyond the amount invested is prohibited.

In compliance with motion 5037/2005 passed by the Grande Prairie Regional College Board of Governors on April 28, 2005, the College will not invest in any tobacco-related investment instruments.

## 6. Benchmarks

The portfolio will be measured against a weighted asset class benchmark. Each asset class will be measured against an appropriate index. Performance relative to the index to be reviewed and discussed on a semi-annual basis.

Asset Class	Weight	Benchmark Index
Cash and Short-Term	20%	91 day Government of Canada T-Bill
Fixed Income	80%	DEX universe short term bond total return
	100%	

## 7. Payment and Safekeeping

Securities purchased will be held in safekeeping by a dealer or financial institution approved by the Investment Committee.

## 8. Application

The policy will be implemented, and monitored by an Investment Committee that consists of the following members of Grande Prairie Regional College:

- President and CEO
- Vice-President Academics and Research
- Vice-President Administration (Chairperson)
- Vice-President Fairview
- Director, Financial Services
- Vice-President External Relations

The Investment Committee will implement, review and monitor these guidelines and must approve all changes to them. The Investment Committee will appoint the investment manager for a period of four (4) years. The investment manager's performance will be reviewed annually during the four (4) year appointment. If upon review, performance is found to be unacceptable, a decision will be made as to whether or not the manager be retained.

## **9. Reporting**

Semi-annual investment reports shall be prepared for and distributed to the Investment Committee. These reports will contain the following information:

- a. Complete inventories of all portfolio investments and percentage breakdown by each type of investment type and credit training.
- b. A list of all transactions whether matured or not, including opening balances, maturities, dispositions, purchases and accrued interest details.
- c. Average term to maturity of the portfolio.
- d. Outlining total return of the portfolio with a comparison to the Composite Benchmark.
- e. Comparing return on segments of the portfolio relative to the appropriate benchmark.
- f. Comparing return on the portfolio relative to the portfolio objective.
- g. Details on compliance with the Operating Funds Investment Policy statement and details of any variations there from and steps, if any, taken to correct variations.

The Investment Committee will also report to the Board of Governors annually with the information set out in items c-g above.

The manager will also provide monthly reports to the Investment Committee indicating the rate of return for the total consolidated portfolio and for each component of the portfolio.

The Investment Manager is required to provide a current Service Auditor's Report to GPRC by June 30 of each year.

## **10. Exceptions**

Under certain circumstances, the Vice-President, Administration may conclude that though an investment may not meet the criteria outlined in the policy statement, the investment may be within keeping of the spirit of the policy. In such an event, the College may deviate from state policy subject to the following conditions:

- The Vice-President, Administration receives unanimous approval of the Investment Committee prior to the investment.
- The investment does not violate any of the limitations set out in this policy.

## **11. Policy Review**

This policy shall be reviewed annually by the Investment Committee to ensure that it remains consistent with the overall objectives of the College and prudent and conservative investment practices. This policy may be reviewed and updated more frequently if necessary.