



Investment of Board Funds

#700.03

Adopted:	July 1, 2023
Last Reviewed/Revised:	N/A
Responsibility:	Superintendent of Business
Next Scheduled Review:	2027-28

POLICY STATEMENT:

The Brant Haldimand Norfolk Catholic District School Board (the “Board”) is committed to operating in an efficient and cost-effective manner by ensuring that appropriate cash management strategies are in place to manage its funds.

With a sound investment strategy and objectives, investment of surplus funds to its operating requirements shall occur in only those securities that are expressly permitted under the Education Act and Ontario Regulation Board Borrowing, Investing, and other Financial Matters.

APPLICATION AND SCOPE:

This Policy and Administrative Procedure will provide an effective framework for the investment and management of Board surplus funds that ensures the security of principal and optimizes investment returns while conforming to the Education Act and applicable regulations and applies to the investment of centrally managed operating, reserve, and trust funds. For clarity, this Policy and Administrative Procedure does not apply to school generated funds or Catholic parent council funds, as these are not eligible to be invested.

REFERENCES:

- [The Education Act](#)
- [Ontario Regulation 41/10 Board Borrowing, Investing, and Other Financial Matters](#)

FORMS:

- N/A

APPENDICES:

- N/A

DEFINITIONS:

- N/A

ADMINISTRATIVE PROCEDURES:

Authority to Make Investments

The Board of Trustees delegates the authority to make investments in compliance with the Board’s Investment Policy to the Superintendent of Business and Treasurer.

All investment activity requires written approval by the Superintendent of Business and Treasurer and the Manager of Financial Services, or in their absence, the Director of Education and Secretary.



Investment Objectives

The investment objectives of the Board shall, in order of priority, be as follows:

- a) Adherence to statutory requirements
- b) Preservation of principal
- c) Ensuring availability of cash to meet disbursements and other obligations
- d) Maintenance of liquidity
- e) Diversification of investment portfolio
- f) Competitive rate of return on investments commensurate with constraints in (a) to (e)

Authorized Investments

The Education Act, R.S.O. 1990, section 241 provides legislative authority for the Board to invest funds in accordance with certain prescribed rules. The prescribed rules which limit permitted investments to high-quality, fixed income type investments are contained in Ontario Regulation 41/10, Part IV, *Eligible Investments*.

In order to ensure maximum security and proper diversification in the Board’s portfolio, the maximum exposure for each category of investment allowed under Ontario Regulation 41/10 and each individual investment within the category as a percentage of the total portfolio which is locked in for terms of one year or greater, is as follows:

Category Type	Investment Quality (Minimum)	Category Limit (Maximum)	Individual Organization Limit (Maximum)
Federal and Federal Guaranteed	AA	100%	100%
Provincial and Provincial Guaranteed	A	50%	25%
Municipal and Municipal Guaranteed	AA (low)	25%	10%
Corporate ⁽¹⁾	AA (low)	100%	20% ⁽²⁾

(1) The corporate investment category refers to Banks listed in Schedule I and II of the Bank Act (Canada), Loan or Trust Corporations registered under the Loan and Trust Corporations Act, Credit Unions to which Credit Unions and Caisses Populaires Act, 1994 applies.

(2) This individual organizational limit of 20% can be increased to 40% provided the investment is one of the six largest chartered banks with a minimum investment quality rating of AA or greater.

a) Investment Quality Restrictions

The Board shall not invest in any security locked in for terms of one year or greater which does not meet the long-term minimum credit ratings as provided in the above table, as rated by the Dominion Bond Rating Service Limited (DBRS) or comparable ratings from other rating agencies.

Should the credit rating of any security be downgraded below the minimum credit rating required by this Policy, it shall be sold within 90 days after the day the investment rating was downgraded.

b) Investment Term Restrictions

All long-term fixed income investments (i.e., investments with a remaining term to maturity equal to or greater than one year) shall have a remaining term to maturity not greater than five years from the date of purchase. The amount to be invested in long-term investments shall be spread over a period not to exceed five years as part of a fixed income ladder portfolio.



c) Short-Term Investment Quality and Organizational Limit Restrictions

The Board shall not invest in any security locked in for terms less than one year, which does not meet the short-term minimum credit rating of R-1 (middle), as rated by the DBRS or comparable ratings from other rating agencies, or the investment is fully guaranteed by a Provincial government whose short-term DBRS credit rating is R-1 (Middle) or greater.

All short-term investments which are not cashable within the next business day cannot exceed \$2,500,000 with any one individual financial institution.

Investment Brokers

Investments will be made through the services of brokers or investment services offered by the Board's financial institution of record or that have been selected through the Board's Investment Services Request for Supplier Qualifications (RFSQ) process.

Reporting

The Superintendent of Business and Treasurer shall submit to the Board of Trustees a report on the performance of the Board's portfolio of investments as part of the annual year-end financial report to the Board. The report shall include the following:

- a listing of individual investments held at the end of the fiscal year.
- percentage of the total portfolio by institutional category and by individual organization.
- a statement about the performance of the investment portfolio during the fiscal year.