

## BRIEFING REPORT

**REPORT TOPIC:** Investment Policy (2-09)

**REPORT TO:** COO Council

**REPORT FROM:** COO Governance Committee

**DATE:** October 1, 2018

### REPORT PURPOSE:

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> <b>Policy Development/Enhancement/Regular Review/Approval</b> | <input type="checkbox"/> Monitoring Report        |
| <input type="checkbox"/> Ends Policy  | <input type="checkbox"/> Ends                     |
| <input checked="" type="checkbox"/> <b>Operational Boundaries Policy</b>                          | <input type="checkbox"/> Operational Boundaries   |
| <input type="checkbox"/> Council-Staff Relationship Policy  | <input type="checkbox"/> Ownership Linkage Report |
| <input type="checkbox"/> Governance Process Policy  | <input type="checkbox"/> Incidental Report        |
| <input type="checkbox"/> Council Implementation of Policy   | <input type="checkbox"/> Registrar, CEO           |
| <input type="checkbox"/> Council-Staff Relationship Policy  | <input type="checkbox"/> Council President        |
| <input type="checkbox"/> Governance Process   | <input type="checkbox"/> Other: Briefing Report   |

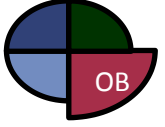
### BACKGROUND

At present, the COO Council has not addressed the risk parameters in policy related to managing the COO investments. This new policy draft is intended to clarify the COO investment goals and the risk boundaries related to investing COO's financial assets. The draft policy is outlined in Figure 1 for review and discussion by the COO Council.

The Governance Committee was tasked with developing this investment policy as the College currently does not have a policy on this topic. At its June 2018 meeting, the Governance Committee reviewed this draft policy in detail. Prior to the meeting, the College's financial advisor was also consulted as was internal legal Counsel.

### RECOMMENDED MOTION

That, based on the Governance Committee's recommendation, the COO Council move to approve the new Investment Policy (OL 2-09) as relevant and current.

<b>POLICY TITLE:</b> INVESTMENT POLICY	<b>POLICY SECTION:</b> OPERATIONAL BOUNDARIES	<b>POLICY NO:</b> 2-09	
<b>APPROVED BY:</b> COUNCIL	<b>REGULAR POLICY FREQUENCY:</b> EVERY 3 YEARS	<b>COUNCIL REVIEW</b> <b>MONITORING OF REGISTRAR, CEO FREQUENCY:</b> EVERY 2 YEARS	<b>MONITORING METHOD:</b> INTERNAL REPORT
<b>DATE APPROVED:</b> <ul style="list-style-type: none"> <li>• Discussion at Governance Committee in June 2018</li> <li>• Ready to go to Council for review in October 2018</li> </ul>	<b>PRESIDENT'S SIGNATURE:</b>		
<b>DATE REVIEWED / REVISED:</b>			

## PURPOSE

To outline the Council's operational boundaries and risk tolerances for the Registrar, CEO regarding the management of COO investments.

## BACKGROUND

The objective of this Investment Policy is to ensure the prudent management and stewardship of the financial resources of the College. This includes the reasonable safeguarding of the College's invested assets and reasonable expectations for growth. The capital reserves, held within COO's investments, exist to ensure COO's long-term operating stability and to provide a source of internal funds for organizational priorities such as capital improvements and strategic initiatives.

### Investment Objectives and Risk Tolerances Summarized

The COO Council's objectives and risk tolerances include:

1. Preservation and protection of principle.
2. Maintenance of appropriate liquidity.
3. Reasonable growth of the value of the investments.

## POLICY

### 1. Investment Funds Management

Accordingly, the Registrar, CEO will not:

- 1.1 Manage the COO investments without the services of a financial advisor to provide expertise in the investment approach and investment portfolio.
- 1.2 Develop and update the investment approach without addressing the responsibilities of various parties, the allowable and prohibited investments, risk controls and monitoring and evaluation procedures.

**2. Investment Parameters**

In determining what are allowable and prohibited investments, the Registrar, CEO will not:

- 2.1 Operate without meeting the Council's expectations of reasonable liquidity, achieving regular income, and ensuring preservation and appreciation of capital (except where the Council has approved the use of invested capital to cover deficit budgets and/or capital investments).
- 2.2 Increase the organization's risk profile by operating without diversifying the investment portfolio.
- 2.3 Unreasonably delay investing funds that are not required to ease cash flow or operational transactions.
- 2.4 Invest capital in funds that do not have a demonstrated track record of achieving a reasonable return on investment.
- 2.5 Fail to assess the effect of inflation and deflation on the investment.
- 2.6 Fail to assess social responsibility of the investment being considered.
- 2.7 Borrow solely for investment purposes.

**3. Evaluation of Results**

Further, the Registrar, CEO will not operate without:

- 3.1 Monitoring the financial advisor and the investments to ensure compliance with this Investment Policy and the investment approach.
- 3.2 Assessing the adequacy of the performance of the financial advisor.

**4. Reporting**

Further, the Registrar, CEO will not operate without:

- 4.1 Reporting annually to the Council on investment results and compliance with this Investment Policy.