

STUART-NECHAKO REGIONAL HOSPITAL DISTRICT
AGENDA
THURSDAY, JULY 13, 2023

<u>PAGE NO.</u>		<u>ACTION</u>
	<u>AGENDA – JULY 13, 2023</u>	Approve
	<u>SUPPLEMENTARY AGENDA</u>	Receive
	<u>MINUTES</u>	
xx	Stuart-Nechako Regional Hospital District Meeting Minutes – June 8, 2023	Approve
	<u>REPORTS</u>	
Xx	John Illes, Treasurer - Investment Policy Update	Recommendation
	<u>VERBAL REPORTS</u>	
	<u>RECEIPT OF VERBAL REPORTS</u>	
	<u>SUPPLEMENTARY AGENDA</u>	
	<u>NEW BUSINESS</u>	
	<u>ADJOURNMENT</u>	

STUART-NECHAKO REGIONAL HOSPITAL DISTRICT

MEETING MINUTES

THURSDAY, JUNE 8, 2023

PRESENT: Chair Judy Greenaway

Directors Clint Lambert
Linda McGuire
Shirley Moon
Kevin Moutray
Mark Parker
Michael Riis-Christianson
Sarrah Storey – arrived at 10:04 a.m.
Henry Wiebe

Director Absent Martin Elphee, District of Fort St. James

Alternate Director Judith Friesen, District of Fort St. James

Staff Curtis Helgesen, Secretary
Cheryl Anderson, Acting Secretary
Nellie Davis, Manager of Regional Economic Development
John Illes, Treasurer
Wendy Wainwright, Confidential Clerk

Other Fred Sam, Councillor, Nakazdli Whut'en

CALL TO ORDER Chairperson Greenaway called the meeting to order at 10:02 a.m.

AGENDA Moved by Director McGuire
Seconded by Director Wiebe

SNRHD.2023-6-1 "That the Stuart-Nechako Regional Hospital District Agenda of June 8, 2023 be approved."

(All/Directors/Majority) **CARRIED UNANIMOUSLY**

MINUTES

Stuart-Nechako Regional Hospital District Meeting Minutes – May 18, 2023 Moved by Director Riis-Christianson
Seconded by Director Parker

SNRHD.2023-6-2 "That the minutes of the Stuart-Nechako Regional Hospital District meeting of May 18, 2023 be adopted."

(All/Directors/Majority) **CARRIED UNANIMOUSLY**

VERBAL REPORTS

Helipads on the Southside of Francois Lake

Director Lambert mentioned that the helicopters used for Air Ambulance Service are currently being standardized and once that is completed he will have a better understanding of what will be required for a helipad on the Southside of Francois Lake.

Anesthesiologist Coverage at St. John Hospital in Vanderhoof

Director Moutray noted that there will be anesthesiologist coverage at St. John Hospital in Vanderhoof during Dr. Dhillon's sabbatical.

Receipt of Verbal Reports

Moved by Director Lambert
Seconded by Director Wiebe

SNRHD.2023-6-3

"That the verbal reports of the various Directors be received."

(All/Directors/Majority)

CARRIED UNANIMOUSLY

IN-CAMERA MOTION

Moved by Director Parker
Seconded by Director McGuire

SNRHD.2023-6-4

"That this meeting be closed to the public pursuant to Section 90(2)(b) of the *Community Charter* for the Board to deal with matters relating to the following:

- Primary Care Facilities.

(All/Directors/Majority)

CARRIED UNANIMOUSLY

ADJOURNMENT

Moved by Director Lambert
Seconded by Director Storey

SNRHD.2023-6-5

"That the meeting be adjourned at 10:06 a.m."

(All/Directors/Majority)

CARRIED UNANIMOUSLY

Judy Greenaway, Chairperson

Wendy Wainwright, Confidential Clerk

Stuart-Nechako Regional Hospital District Board of Directors

To: Chair and Board
From: John Illes, Treasurer
Date: July 13, 2023
Subject: **Investment Policy Update**

RECOMMENDATION: **(all/directors/majority)**

That the new investment policy be approved.

BACKGROUND

Staff have worked with the Municipal Finance Association (MFA) on updating the current investment policy for the hospital district. To move forward and to allow a greater range of investments and the possibility of longer-term investments (in saving for the new St. John Hospital), the use of the MFA's investment policy template is being proposed.

The proposed policy is based on the most current MFA investment policy template. Staff have carefully reviewed the template and have determined that it meets all the requirements necessary for the hospital district and its long-term financial plan.

Attachment: **New Proposed Investment Policy**
Current Investment Policy

Stuart-Nechako Regional Hospital District

INVESTMENT POLICY

Adopted: DRAFT

Last Reviewed: N/A

Last Revised: N/A

1. Purpose

The purpose of Stuart-Nechako Regional Hospital District 's Investment Policy is to provide a management framework for its investment portfolio. It is the policy of Stuart-Nechako Regional Hospital District to invest its funds in a manner that will provide for the optimal blend of security, risk-adjusted returns, while meeting current and future cashflow demands. Further, this Policy was created to adhere to the statutory requirements of the *Community Charter* and the *Local Government Act* as applicable.

2. Scope

This Investment Policy applies to all cash and investment assets of Stuart-Nechako Regional Hospital District which are suitable for investment with due consideration of cashflow demands.

3. Objectives

The objectives of the investment program, in order of importance are: principal protection, liquidity, and return on investment.

3.1 Principal Protection

Preservation of capital is of utmost importance. It is central to this objective that a prospective investment issuer's creditworthiness be considered, and furthermore monitored if an investment is made. Secondly, portfolio diversification must be leveraged, when possible, to limit concentration and other associated risks and provide a greater base of assets to offset losses. Identifying, monitoring, and adjusting for additional and foreseeable standard market risks is prudent and necessary for the investment program.

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3.2 Liquidity

The investment portfolio shall be managed in a manner where liquid assets are available for all reasonably anticipated funding requirements. This process includes assessing cash demands and selecting investments that mature (or have a duration) prior (or shorter) to (than) the need for the cash. This Policy recognizes that it may be prudent to invest in longer-termed investments (or longer durations) to maximize returns that may not be as liquid as shorter-dated assets. Investments in less-liquid assets shall only be made with cash that is anticipated to be used after the less-liquid investment matures.

Securities purchased are intended to be held until maturity unless favourable market conditions afford a substantial opportunity to sell the security early. Although it is the aim in most cases to hold securities until maturity, should cash requirements emerge, the investment portfolio shall consist mainly of securities with active secondary resale markets.

3.3 Return on Investment

Return on investment (ROI) is a secondary objective to principal protection and liquidity. The adequacy of the investment portfolio's returns is contemplated in the context of the requirements to preserve capital and manage liquidity while adhering to the investment constraints of the *Community Charter* and this Policy. It is prudent to review investment performance on a regular basis, and this may be achieved through considering returns against a benchmark portfolio. Overall, it is the aim to maximize risk-adjusted returns.

4. Standard of Care

4.1 Prudence

Investments shall be made with professional judgement and care. Investments will be made with the same level of diligence and intelligence as would be exercised with personal investments. The objectives of principal protection, liquidity management, and risk-adjusted returns are integral to the tenant of prudence. Speculative activities are prohibited. Staff must be aware of foreseeable risks, trends and fluctuations in the market that may affect the investment portfolio.

4.2 Ethics and Conflict of Interest

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Staff involved with the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or may impair their ability to make impartial decisions. Any potential conflict of interest must be disclosed to management and will be considered on a case-by-case basis.

4.3 Delegation of Authority

Authority to manage the Stuart-Nechako Regional Hospital District's investment program is granted to Treasurer and is derived from Section 237 of the *Local Government Act* as follows:

Section 237: One of the officer positions established under section 234 must be assigned the responsibility of financial administration, which includes the following powers, duties and functions: (d) investing funds, until required, in authorized investments.

Authorized investments are regulated per section 183 of the *Community Charter*, and further as outlined in section 5 of this Policy.

5. Authorized Investments

Eligible cash may be invested in accordance with section 183 of the *Community Charter*, subject to the following conditions:

5.1 Investment Denomination

Investments shall only be denominated in Canadian dollars and speculative currency investments are prohibited.

5.2 Portfolio Limitations

The following two tables outline the limitations imposed by this Policy on the portfolio of investments available to Stuart-Nechako Regional Hospital District. The portfolio constraints, targeting credit ratings and exposure to assets classes, rank equal and are to be managed synchronously.

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5.2.1. Portfolio Limits by Credit Rating

Credit Rating [1]	Maximum % Share of Total Reserves
AA- or higher [short-term rating R-1 (mid) or higher]	100%
A+/A/A- [short-term rating R-1 (low)]	75%
BBB+/BBB/BBB- or Unrated [short-term rating R-2 (high) or lower]	25%

[1] Subject to 5.3.

5.2.2 Portfolio Limits by Asset Type

Asset Type	Maximum % Share of Total Reserves	Maximum Single Entity % of Total Reserves	Maximum Term
MFA Pooled Investment Funds	15 - 100% [2]	N/A	366 days to 11 years [2]
Federal Government [1]	Up to 100%	Up to 100%	50 years
Provincial Governments [1]	Up to 100%	25% to 75% [3]	20 to 30 years [3]
Local Governments [1]	Up to 50%	10% to 25% [3]	5 to 25 years [3]
Financial Institutions [1]	Up to 50% [5]	10% to 15% [3][4]	5 to 10 years [3]

[1] Weighted holdings of this type of security within a Pooled Fund does not count towards limit.

[2] Range based on Pooled Fund type. These ranges are in reference to the limits imposed on each Fund by MFA for assets each hold. MFA's DMAC Fund can hold assets of any maturity. MFA Funds may be held in perpetuity by the unitholder.

[3] Ranged based on Credit Rating.

[4] Total investments in securities of a chartered bank, savings institution, or credit union may not exceed 1.00% of the financial institution's last year-end reported total deposits.

[5] Short-term portfolio funds (cash needed within 1 year) may be 100% held within Financial Institutions, but subject to Single Entity limits. Further, from time-to-time Single Entity limits may be exceeded per 5.4.

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5.3 Credit Ratings

Credit ratings shall be obtained from “Recognized Ratings Agencies” defined as: Moody’s Investors Service (Moody’s), Standard & Poor’s (S&P), Fitch Ratings (Fitch), and DBRS Morningstar (DBRS).

5.3.1 Credit Ratings Equivalency

Credit Ratings within this Policy are quoted using S&P’s long-term scale and DBRS’s short-term scale. Equivalent credit ratings from other Recognized Ratings Agencies apply to 5.2.1, 5.2.2, and 5.5. A Ratings Equivalency Chart is provided in Appendix A.

5.4 Adherence to Limits

Total securities, of all types, of a single entity shall not normally exceed the limits outlined in 5.2.2. However, as market and operational (e.g. tax collection) fluctuations may cause aggregate holdings of a single entity to exceed applicable thresholds, the Stuart-Nechako Regional Hospital District is not obliged to sell securities with immediacy to remain in compliance with this Policy. Rather, the portfolio must be rebalanced when it is most prudent to do so in any manner deemed appropriate.

5.5 Split Ratings

If an issuer or security is rated by more than one Recognized Ratings Agency, the following methodology shall apply:

- If two Agencies rate a security, use the lower of the two ratings;
- If three Agencies rate a security, use the most common;
- If all three Agencies disagree, use the middle rating; and
- If four Agencies disagree, use the average of all four ratings.

5.6 Unrated Securities

If an authorized investment per section 183 of the *Community Charter* is unrated and an internal credit rating has not been determined, it shall be rated as BBB for the purposes of determining adherence to this Policy.

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5.7 Long-dated Securities

Investments with maturities greater than 10 years require a report be prepared and presented to the Board. Upon receipt and contemplation of the Report, the Board may authorize the proposed investment.

5.8 Long-term Portfolio (10 years+)

After first ensuring adequate short & mid-term liquidity, if the Treasurer identifies monies not needed for 10 years or longer they may request Board acknowledge those monies as “long-term: 10 years+” and suitable for investments with long investment horizons. If funds have been designated as “long-term: 10 years+” the Treasurer may invest those monies in:

- Any MFA Pooled Investment Fund created specifically for investment of long-term reserves; or
- Section 183 investments with a minimum long-term credit rating of A-.

MFA constructs its *long-term* Pooled Investment Funds as stand-alone Funds with appropriate diversification, risk and return characteristics for long-term investing requirements. As such, these Funds do not apply to concentration, credit or other investment policy limits described elsewhere in this Policy.

It is typical for multi-asset class Funds to exhibit volatile performance in the short-to-mid term, but with overall positive results over the long-run. Risks which cause performance fluctuation for multi-asset class funds include but are not limited to equity, interest rate, and credit risks. It is Stuart-Nechako Regional Hospital District’s intent to hold long-term fixed income investments to maturity. It is the Stuart-Nechako Regional Hospital District’s intent to hold perpetual long-term MFA Funds for 10 years or longer – in alignment with but redeemed prior to future obligations.

For the purposes of assessing performance of the long-term portfolio (10 years+), quarterly returns will be evaluated on a rolling three, four, and five-year basis versus a suitable benchmark.

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6. Investment Parameters

6.1 Diversification

It is the Policy of the Stuart-Nechako Regional Hospital District to diversify its investment portfolio. To reduce the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, or class of securities, all cash and cash equivalents in all funds shall be diversified by maturity, issuer, and security type. Diversification strategies shall be determined and revised periodically by the Treasurer.

6.2 Maturity

To the extent possible, the Stuart-Nechako Regional Hospital District shall attempt to match the maturity of its investments with anticipated cashflow requirements. Due to the imprecise nature of forecasting cashflow needs, a portion of the investment portfolio shall be continuously invested in short-dated securities. Investments in longer-dated securities that may be less-liquid requires certainty from the Treasurer that those funds will not be needed until after those long-dated securities mature.

7. Competitive Bids

When possible, the Stuart-Nechako Regional Hospital District will obtain quotes for the purchase of selected investments to ensure the most cost-effective alternative is selected. However, due to the time-sensitive nature of the marketplace, immediate action may be taken. Under such circumstances, market data may be used to substantiate the action taken.

8. Authorized Investment Dealers and Financial Institutions

A list of approved investment dealers and financial institutions authorized to provide investment services will be maintained by the Stuart-Nechako Regional Hospital District. All qualified bidders for investment transactions shall be in good standing with their applicable regulatory agencies, which may include but are not limited to the following agencies:

- Investment Industry Regulatory Organization of Canada (IIROC);
- Canadian Investor Protection Fund (CIPF);
- Provincial Securities Commission (BCSC, OSC, CSA, FCAA);

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- Office of the Superintendent of Financial Institutions (OSFI);
- The Canadian Depository for Securities (CDS);
- Financial Institutions Commission (FICOM) – British Columbia;
- Alberta Superintendent of Financial Institutions;
- Financial and Consumer Affairs Authority (FCAA) – Saskatchewan;
- Financial Services Commission of Ontario (FSCO);
- Autorité des marchés financiers (AMF);
- Canadian Deposit Insurance Corporation (CDIC);
- Credit Union Deposit Insurance Corporation (CUDIC) – British Columbia;
- Credit Union Deposit Guarantee Corporation (CUDGC) – Alberta and Saskatchewan;
- and
- Deposit Insurance Corporation of Ontario (DICO).

9. Safekeeping and Custody

9.1 Delivery vs. Payment, Safekeeping

All securities purchased by the Stuart-Nechako Regional Hospital District shall be held in the name of the Stuart-Nechako Regional Hospital District. All security transactions shall be conducted on a delivery versus payment basis. The Treasurer must be satisfied that the security is rightfully in possession of the Stuart-Nechako Regional Hospital District or by a custodial service.

9.2 Internal Controls

The Treasurer shall establish a system of internal controls, to be documented in writing. The internal controls shall be reviewed by an independent auditor and the Board. The Board shall review the internal controls whenever this Policy is reviewed or when amendments are made to the internal controls. The Board may request an independent auditor review any proposed amendments to the internal controls.

The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the Stuart-Nechako Regional Hospital District.

10. Policy Review

This Policy shall be reviewed periodically by the Treasurer to ensure it meets current regulatory requirements and industry best practices. This Policy shall be reviewed by the Board within 2 years of its adoption.

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11. Reporting

The Treasurer must create a report for the Board on an annual basis outlining the investments held at the end of the calendar year.

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Appendix A: Credit Rating Equivalency Chart

Credit Quality	S&P		Moody's		DBRS		Fitch	
	Long-term	Canadian CP Scale (Short-term)	Long-term	Short-term	Long-term	Short-Term	Long-term	Short-Term
Superior	AAA	A-1 (high)	Aaa	p-1	AAA	R-1 (high)	AAA	F1+
	AA+	A-1 (high)	Aa1	p-1	AA (high)	R-1 (high)	AA+	F1+
	AA	A-1 (high)	Aa2	p-1	AA	R-1 (mid)	AA	F1+
	AA-	A-1 (high)	Aa3	p-1	AA (low)	R-1 (mid)	AA-	F1+
Good	A+	A-1 (mid)	A1	p-1	A (high)	R-1 (low)	A+	F1
	A	A-1 (mid)	A2	p-1	A	R-1 (low)	A	F1
	A-	A-1 (low)	A3	p-2	A (low)	R-1 (low)	A-	F2
Adequate	BBB+	A-1 (low)	Baa1	p-2	BBB (high)	R-2 (high)	BBB+	F2
	BBB	A-2	Baa2	p-2	BBB	R-2 (mid)	BBB	F3
	BBB-	A-3	Baa3	p-3	BBB (low)	R-2 (low), R-3	BBB-	F3
Speculative	BB+	B	Ba1	Not Prime	BB (high)	R-4	BB+	B
	BB	B	Ba2	Not Prime	BB	R-4	BB	B
	BB-	B	Ba3	Not Prime	BB (low)	R-4	BB-	B
Highly Speculative	B+	C	B1	Not Prime	B (high)	R-4	B+	B
	B	C	B2	Not Prime	B	R-5	B	B
	B-	C	B3	Not Prime	B (low)	R-5	B-	B
	CCC	C	Caa	Not Prime	CCC	R-5	CCC	C

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POLICY SNRHD Investment Policy
ADOPTED:

Stuart Nechako Regional Hospital District Investment Policy Statement

Purpose:

This Policy provides guidance to ensure that the investment of public funds is handled in a prudent manner with due care.

Scope:

This Policy applies to the investment of cash in all funds and reserves.

Policy Statement:

The investment of public money must reflect a conservative philosophy based on the following three prioritized objectives:

1. **Safety / Preservation of Capital** - Minimizing the potential for loss of the investment principal by considering the credit risk of the issuer of the investment and diversifying the investment portfolio.
2. **Liquidity** - Ensuring that the maturity dates of the investments match the operating cash requirements of the Hospital District and Northern Health so that investments do not have to be sold prior to maturity, minimizing the risk of capital loss. Liquidity is enhanced by holding a portion of the portfolio in cash and readily marketable short term investments.
3. **Maximization of Returns** - A significant amount of revenue is generated through investment earnings. The investment portfolio is designed with the objective of maximizing return subject to the criteria of preservation of capital and liquidity.

Principles:

1. All investments must be made in accordance with Section 183 of the Community Charter, which applies to all local governments in BC and reads as follows:

Money held by a municipality that is not immediately required may be invested or reinvested in one or more of the following:

- a) securities of the Municipal Finance Authority;
- b) pooled investment funds under section 16 of the Municipal Finance Authority Act;
- c) securities of Canada or of a province;
- d) securities guaranteed for principal and interest by Canada or by a province;
- e) securities of a municipality, regional district or greater board;
- f) investments guaranteed by a chartered bank;
- g) deposits in a savings institution, or non-equity or membership shares of a credit union;

- h) other investments specifically authorized under this or another Act.
2. Investments shall be made with judgment and care, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Investment officers acting in accordance with this investment policy and exercising due diligence will have the authority to undertake prudent investment transactions. All transactions to purchase investments require two authorizing signatures.
3. The prime investment objective of the investment program is to ensure the safety of principal. Therefore, investments shall be selected in a manner that seeks to ensure the preservation of capital. To attain this objective, the Hospital District will mitigate credit risk and interest rate risk as follows:
- a) Credit Risk: The Hospital District will minimize credit risk, the risk of loss due to the failure of the security issue or backer, by:
- Limiting investments to securities of high credit worthiness. As such, all securities must achieve a rating of better than or equivalent to “R-1 Low” (short term) or “A” (long term) as determined by Dominion Bond Rating Services (DBRS), or an equivalent rating service. BC and Alberta Credit Unions are rated R-1 Low and their investments are fully guaranteed by their respective Provinces. Investments in securities of institutions which are not rated can only be invested in with consent of the Board.
 - Diversifying the investment portfolio to minimize potential losses
- b) Interest Rate Risk: The Hospital District will minimize interest rate risk, the risk that market values or yields will fall, by:
- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity
 - Investing operating funds primarily in shorter-term investments
4. The investment portfolio shall remain sufficiently liquid to meet all operating and reasonably anticipated cash flow requirements. Investments will be limited to ten years to the initial call dates. Investments of longer than ten years may be advantageous if the timing of cash needs has a long time horizon, however, would require the approval of the Board to purchase.
5. The Hospital District will attempt to diversify its investments by security type and institution. However, at times this will not be possible given the size of the investment portfolio. With the exception of securities issued and/or guaranteed by the Government of Canada, generally not more than 50% of the Hospital District total investment portfolio will be invested with any one issuer.

6. All investments will be in Canadian dollars unless approved by the Board.
7. A copy of this policy will be provided to investment dealers purchasing investments on behalf of the Hospital District
8. A report shall be prepared annually and presented to the Board, which identifies the investments held as at the prior December 31. The investment report will include:
 - a) A list of current holdings by investment type held at the end of the reporting period by cost and market value;
 - b) The investment term in days and rate of returns on matured investments;
 - c) A detailed listing of bonds held, including investment cost, market value, interest realized YTD and maturity value.

Dated November 23, 2017