

Policy

POLICY TITLE: INVESTMENT POLICY

POLICY NO.: ADM-12-18

RESOLUTION: 364-08

EFFECTIVE DATE: 2008-11-05

DEPARTMENT RESPONSIBLE: Administration

NEXT REVIEW DATE: n/a

POLICY STATEMENT:

To prudently invest the Municipal District of Lesser Slave River No. 124's (M.D.) public funds to maximize returns, with minimal risk to meet the M.D. cash flow requirements and to establish guidelines for the management of the short and long term portfolios. All investments made must comply with this policy, the Municipal Government Act and its Regulations, and any other applicable legislative requirements.

PORTFOLIO OBJECTIVES:

Short Term Portfolio - Primary objective is liquidity

This portfolio shall be defined as funds necessary to meet the projected cash flow requirements of operating expenses and capital purchase for up to one (1) year.

The portfolio will be invested in short term, cash equivalent investments guaranteed by the Government of Canada, any province or Chartered Bank.

Investments made will be rated "R-1" or "A-1" or higher by the Canadian Bond Rating Services (CBRS) or the Dominion Bond Rating Service (DBRS) and be primarily in the money market with maturities of less than one year. Investment options include:

- Bankers Acceptances
- Guaranteed Investment Certificates
- Term Deposits
- Treasury Bills
- Money Market Fund Meeting MGA 250 criteria

The rate of return for this portfolio will be measured against the 3 month Bank of Canada treasury bill rate.

Long Term Portfolio - Primary objective is to maximize rate of return with appropriate investment maturity

This portfolio is longer term in nature and the funds invested will be required for future long term capital and operating projects. These investments will not be required for regular operating expenditures. The portfolio will be invested in

cash equivalents and bond investments that are guaranteed by the Government of Canada, any province or Canadian Chartered Bank. The bond portion of the portfolio will be laddered to stabilize income flows and reduce investment risk.

All federal, provincial and corporate bonds will carry a rating of "A" or higher by CBRS and DBRS with maturities exceeding one year. Investment options include:

- Federal Government Bonds
- Alberta Government Bonds
- Crown Corporation Bonds
- Other Province Bonds
- Non-redeemable Guaranteed Investment Certificate
- Bond Market Funds Meeting MGA 250 Criteria

The rate of return for this portfolio will be measured against the Government of Canada marketable bond yield.

GUIDELINES:

1. Authority

The Chief Administrative Officer is ultimately responsible and accountable for the control, management, and administration of the M.D.'s investments in accordance with the investment policy approved by Council. The Chief Administrative Officer may delegate this responsibility.

2. Responsibilities of the Chief Administrative Officer or Appointed Delegate

The Chief Administrative Officer or Appointed Delegate shall establish appropriate guidelines, procedures and internal controls:

- To ensure the achievement of the objectives identified within this policy
- For authorizing officers, employees and persons to engage in investment activities
- For purchasing and selling investments
- For the accounting and reporting of investment activities

3. Authorized Investments

Investments shall be made in accordance with Portfolio Objectives by the Chief Administrative Officer or Appointed Delegate and purchased on behalf of and in the name of the M.D.



4. Procurement and Custody

The Chief Administrative Officer or Appointed Delegate shall ensure that:

- The method of procurement achieves and maximizes the objectives of this policy. Investment activities may be undertaken utilizing internal resources or external (contract) resources or a combination of internal and external resources. The utilization of external resources (or outsourcing) can be recommended by Council or the Chief Administrative Officer or his appointed delegate but must be approved by Council

- All investment certificates issued to the M.D. are in the name of or held in the name of the M.D.
- Negotiable securities are held in one of two ways:
 - a. In a safekeeping compartment with the M.D.'s banker
 - b. Held by a third party custodian in the name of the M.D. and evidenced by safekeeping receipts and monthly statements
- Non-negotiable investment certificates are maintained in an appropriate investment file at the Administration office

5. Prudence

Investments shall be made with judgment and care under circumstances then prevailing. All reasonable steps shall be taken to ensure that the management of the M.D.'s investment portfolio is in accordance with this policy. Officers, employees, and persons involved in investment activities shall exercise the degree of care, diligence, skill and prudence that a reasonable person would exercise in the administration of his own affairs and in doing so shall attempt to maximize the investment earnings of the portfolio within the parameters of the objectives established within this policy.

6. Ethics & Conflict of Interest

Officers, employees, and persons involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of their responsibilities, or which could impair their ability to make impartial investment decisions. Officers and employees shall disclose to the Chief Administrative Officer any material interests in financial institutions that conduct business with the M.D. and they shall subordinate their personal investment transactions to those of the M.D. particularly with regard to the timing of purchases and sales.

7. Reporting

The Chief Administrative Officer or Appointed Delegate will report to Council annually on the investment activities undertaken by the M.D. which will include the following information:

- Total assets within the investment portfolio
- Special holdings within the investment portfolio
- Effective rate of return on the investment portfolio
- Evaluation of portfolio performance



8. Review and Amendment Procedures

The M.D.'s investment policy shall be reviewed as required, and any proposed modifications must be approved by Council.

_____"Original Signed"_____
Chief Administrative Officer

_____"November 5, 2008"_____
Date

_____"Original Signed"_____
Reeve

SPECIAL NOTES/CROSS-REFERENCE: Supersedes B22

AMENDMENT DATE: Click or tap to enter a date.

