

Investments Policy

Purpose

The Town of Cardston is committed to strong financial leadership and planning to ensure long-term viability of the municipality. The purpose of this policy is to establish objectives and limits for investment of funds held by the Town of Cardston.

Policy Statement

It is the policy of the Town of Cardston to conform to all provincial statutes and regulations governing the investment of municipal funds.

Municipal funds will be invested in a manner that meets the following objectives:

- Maintain the safety of investment principal
- Meet daily cash flow requirements
- Provide competitive investment returns

Responsibilities

The responsibilities with respect to this policy are as follows:

Council to:

- a. Approve, by resolution, the Town of Cardston investment policy as may be amended from time to time.
- b. Delegate responsibility to the Chief Administrative Officer (CAO) or designate to establish and/or modify practices and internal controls for its investment operations consistent with this policy.

Audit Committee to:

- a. Review the policy annually and make recommendations regarding any changes that may be appropriate.

CAO or Designate to:

- a. Transact investments on behalf of the Town of Cardston in accordance with this policy.
- b. Establish and/or modify procedures and internal controls for investment operations consistent with this policy.
- c. Establish an annual process of independent review by an external auditor with the purpose of the review being to provide internal control by ensuring compliance with policies and procedures. This would take place as part of the Town's annual audit.

- d. Execute documents relating to the establishment and maintenance of investment accounts with investment brokers and qualifying financial institutions.
- e. Ensure all investment advisors are licensed within the Province and familiar with the Town's investment policy and the Municipal Government Act (MGA). Investment Advisors for the Town must be in compliance with regulations under the Alberta Securities Commission and be accountable to the Investment Industry Regulatory Organization of Canada (IIROC) standards.
- f. Report quarterly to Town Council on investments, which report will include details of the investments held and effective rate of return of the investments held.

Objectives

- 1. Maintain the safety of the investment principal.
Safety of the principal is the primary objective of the investment program. Investments of the Town are to be undertaken in a manner that seeks to maintain the safety of investment principal by mitigating credit risk and interest rate risk.
In order to mitigate risk, the Town of Cardston only invests in the securities which are authorized investments as defined and described by sections 250 (1) and (2) of the Municipal Government Act (MGA) RSA 2000 Chapter M-26 (a copy of which is attached to this policy as Schedule A).
- 2. Meet daily cash flow requirements.
The investment portfolio shall remain sufficiently liquid in order to meet all financial obligations that may be reasonably anticipated.
- 3. Provide competitive investment returns.
The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

Date Approved: June 26, 2012

Resolution Number: 12-72

Schedule "A"

Municipal Government Act – Section 250 (1) and (2), RSA 2000, Chapter M-26

Authorized Investments

Section 250:

- (1) In this section, "securities" includes bonds, debentures, trust certificates, guaranteed investment certificates or receipts, certificates of deposit, deposit receipts, bills, notes and mortgages of real estate or leaseholds and rights or interests in respect of a security.
- (2) A municipality may only invest its money in the following:
 - (a) securities issued or guaranteed by
 - (i) the Crown in right of Canada or an agent of the Crown, or
 - (ii) The Crown in right of a province or territory or an agent of a province or territory;
 - (b) securities of a municipality, school division, school district, hospital district, health region under the *Regional Health Authorities Act* or regional services commission in Alberta;
 - (c) securities that are issued or guaranteed by a bank, treasury branch, credit union or trust corporation;
 - (d) units in pooled funds of all or any of the investments described in clauses (a) to (c);
 - (e) shares of a corporation incorporated or continued under the *Canada Business Corporations Act* (Canada) or incorporated, continued or registered under the *Business Corporations Act* if the investment is approved by the Minister.