

Subject: Investment Policy – FIN-140**APPROVALS:**

Kola Oladimeji, Director
Elsie Hutton, Executive Director
Marcel Ulliac, Interim Chief Administrative Officer

Administrative Recommendation:

THAT the Investment Policy FIN-140, dated May 27, 2014 be recommended for approval to Council.

Summary:

The current Investment Policy (“Policy”) was approved by Council on November 27, 2012, and states that the Policy shall be reviewed every year from its effective date to determine its effectiveness and appropriateness. A revised policy is presented to ensure economic resilience and responsible management of financial resources.

Background:

The investment portfolio priorities remain intact in priority order as follows:

1. Safety – Investments shall be undertaken in a manner that seeks to ensure the preservation of capital.
2. Liquidity – The investment portfolio shall remain sufficiently liquid to meet all operating and capital cash requirements that may be reasonably anticipated.
3. Return – The investments of the Fund shall be structured with the objective of attaining a total return commensurate with the respective portfolio benchmarks as defined in this policy.

The revised policy contains greater clarity relative to credit rating, dollar limit on single security, and security issuer’s category. These revisions reflect investment industry standard and practices. In addition, investment managers utilize the Investment Policy as a guiding document, therefore the language has been updated to provide clarity for the specialized skill set required to manage the investment portfolio on the Municipality’s behalf.

The investment governance structure is added to the policy to ensure that the Municipality’s investments are managed prudently, appropriately and in compliance with the applicable legislation and this policy.

Section 250 of the *Municipal Government Act*, the *Municipal Government Act*, Investment Regulation 66/2000, as amended, and the *Trustee Act*, Chapter T-8 all provide legislative direction regarding how municipalities invest excess funds in Alberta. Individual municipalities may institute a policy that reflects its jurisdiction investment priorities.

On October 12, 2004 Council approved Investment Policy – FIN-140. Since that time the Municipality has experienced extensive growth in its investment portfolio. The portfolio includes funds for capital improvement projects, fiscal stability reserves, scholarships and working capital.

In September 2011, a review of the Municipality’s investment performance and management was undertaken by Meyers Norris Penny (MNP). Following this review, two major actions were put in place: an Investment Advisory Committee (IAC) was established, and the first IAC meeting took place on September 13, 2012. IAC has reviewed the proposed amendments to the investment policy and recommends that the Audit and Budget Committee review and forward this revision for Council’s consideration.

Rationale for Recommendation(s):

The current Investment Policy (“Policy”) was approved by Council on November 27, 2012 and due for review and possible revision annually. Following one full year of monitoring the Investment Policy compliance, Administration recommends minor amendments to the Policy.

The proposed amendments align with the goals of the Municipality to ensure economic resilience through good governance in demonstrating accountability and fiscal responsibility. The Municipal Development Plan commits to a diversified regional economy which will be achieved through responsible management of all municipal resources.

The recommended amendment to the Investment Policy – FIN-140 will streamline and strengthen oversight of the Municipality’s investment portfolio.

Administration supports the proposed amendments.

Attachment:

1. Investment Policy – FIN-140