

Meeting Date: July 10, 2024

Subject: Investment Policy FIN-140 Amendments

Approvals: Laurie Farquharson

Director

Henry Hunter

Chief Administrative Officer

Recommendation(s):

THAT the Investment Policy Fin-140, as outlined on Attachment 1, dated July 9, 2024, be approved.

Summary | Background:

The current Investment Policy was approved by Council on October 18, 2016, and is due for revision.

There is no significant change from the previous policy other than increasing the Corporate Bond holdings from 40% to 60% within the existing category of permitted investments, as well as increasing the 2% per security restriction on the overall portfolio to 5%. This aligns with the legislative requirements under the *Municipal Government Act* regulations.

The investment portfolio priorities remain intact from the original policy, in priority order, as follows:

1. Safety – Investments shall be undertaken in a manner that seeks to ensure 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 – Investments of funds shall be structured with the objective of attaining a total return commensurate with the respective portfolio benchmarks.

The *Trustee Act SA 2022 c. T-8.1, as amended*, and the *Municipal Government Act RSA 2000 C. M-26, as amended*, provide legislative direction regarding how municipalities invest excess funds in Alberta. Individual municipalities may institute a policy that reflects its jurisdiction's investment priorities. An Investment Advisory Committee (IAC) was established to ensure appropriate oversight of the investment portfolio. The Committee is comprised of the Chief Administrative Officer and the Chief Financial Officer. The Committee meets quarterly to review performance and an annual update is provided to



Council as part of the Fiscal Management Strategy presentations. The annual update will also be included in the annual financial statement report for Council and the public. In addition, investment portfolio information is now included in the enhanced Financial Performance Report which is presented to Council quarterly.

Budget | Financial Considerations:

There is no cost implication to the Municipality for the revision of this policy.

Strategic Plan Alignment | Impact:

This policy aligns with the Fiscal Management program within Council's strategic plan.

Rationale for Recommendation(s):

There is no significant change from the previous policy other than increasing the Corporate Bond holdings from 40% to 60%, as well as increasing the per security restriction on the overall portfolio from 2% to 5%. By expanding the exposure of the Municipality's holdings into Corporate Bonds, we enhance the opportunity of increasing the bond yield while maintaining safety of principal and credit quality of the overall portfolio. By increasing the per security restriction to 5%, opportunities are enhanced to allow for increased returns via a more optimized portfolio while still maintaining a very conservative per security set.

Attachment(s):

1. Investment Policy FIN-140
2. Investment Policy FIN-140 Redlined

