

Policy Number 13-2016	Approval Date February 9, 2016	Resolution Number
Supersedes 13-2000	Effective Date February 9, 2016	Legal Authority S 250 MGA

TITLE:	Investment Policy
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Policy Statement

To provide a framework for and guidance in managing the investment portfolio.

To provide an accountability structure for the management of investments.

Policy

1. Scope

- 1.1 This investment policy applies to all funds of the Town of High Prairie on deposit or invested in investment securities.
- 1.2 The funds include:
 - a. Operating Funds
 - b. Reserve Funds

2. Prudence

- 2.1 Investments are to be made with the same good judgment and care-under circumstances then prevailing – that persons of prudence, discretion and intelligence would exercise in the management of own affairs, considering the probable safety of their capital as well as the probable income to be derived.
- 2.2 The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and investment policy, and exercising due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

3. Investment Objectives

The primary objectives, in order of priority, of the Town of High Prairie investment activities, shall be:

3.1 Safety

Investments for the Town of High Prairie shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

3.2 Liquidity

The Town of High Prairies' investment portfolio will remain sufficiently liquid to enable the Town of High Prairie to meet all operating and capital requirements, which might be reasonably anticipated.

3.3 Return of Investment

The Town of High Prairies' investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the Town of High Prairies' investment risk constraints and the cash flow characteristics of the portfolio.

4. Authority

4.1 Authority to manage the Town of High Prairies' investment program is derived from the following:

- a. Section 250 of the Alberta Municipal Government Act.
- b. If applicable, the Town of High Prairie Council resolutions.

4.2 Management responsibility for the investment program is hereby delegated to the Treasurer and/or the CAO, who shall establish procedures for the operation of the investment program consistent with this investment policy.

4.3 No person shall engage in an investment transaction except as provided for under the terms of this policy and procedures established by the Treasurer and/or CAO. The external Investment Manager is required to act in the best interest of the Town of High Prairie at all times.

4.4 The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

5. Ethics and Conflict of Interest

Officers and employees of the Town of High Prairie, who are involved with investment decisions, and the Chief Administrative Officer:

- 5.1 shall refrain from personal business activity that could conflict with proper executions of the investment program, or which could impair their ability to make impartial investment decisions;
- 5.2 shall disclose to the Town of High Prairie, through the CAO, any material financial interests in financial institutions that conduct business within the Town of High Prairie, and they shall further disclose any material personal/business financial/investment positions that could be related to the performance of the Town of High Prairies' portfolio;

6. Investments

- 6.1 Investments shall be restricted to those outlined in Section 250 of the MGA. No investment in instruments other than those indicated as acceptable in this policy shall be executed unless specifically approved by the Town of High Prairie.
- 6.2 The types of investments are further limited to those authorized under Section 250 of the Alberta Municipal Government Act.

7. Custody and Segregation

Investments shall be held either directly in the name of the Town of High Prairie or held in bulk segregation in accounts in the name of the Town of High Prairie.

8. Diversification

The Town of High Prairie subject to professional advice received from its investment manager shall diversify its investments by security issuer and by security type to achieve the maximum return (s).

9. Investment Terms

To the extent possible, the Town of High Prairie will conduct its investment activities in a manner that best provides appropriate cash to fund its anticipated operating and capital expenditure requirements.

10. Investment Manager

- 10.1 The Town of High Prairie shall retain the services of an external Investment Manager to provide advice and/or investment management services with respect to the Town's investment portfolio.

- 10.2 The Treasurer and/or CAO shall provide a recommendation to Council and obtain Council's approval before engaging an external Investment Manager.
- 10.3 Any agreement with an external investment manager is to be reviewed by Council every three years to confirm that expected results have been achieved.
- 10.4 Council has the option at its sole discretion to extend the term of the external Investment manager for an additional three (3) year term.

11.Internal Control

A review of compliance with the investment policies shall be done annually, and the results will be reported to Council via the Treasurer and/or CAO.

12.Performance Evaluation

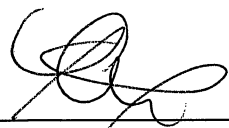
Given that the primary funds available for investment are a mix of capital reserves and intra year operating cash surpluses/deficits, and that preservation of capital and liquidity have high priorities that return on investment, no predetermined performance targets are set in this policy. When longer term, more stable levels of surplus funds become available, then suitable performance targets for those funds may be determined at that time.

13.Reporting

The Treasurer will provide regular reports to the CAO. The CAO will report semi-annually to Council, noting investments on hand, activity during period, and income or losses on investments.

14.Investment Policy Adoption

- 14.1 The Town of High Prairie investment policy shall become effective when adopted by Council.
- 14.2 The investment policy will be reviewed annually by the Treasurer and any proposed modifications shall be presented to the CAO for submission to Council. Each annual review must take place no later than the 30th of June in each year.



Mayor Linda Cox

CAO Brian Martinson