

| TOWN OF SLAVE LAKE COUNCIL POLICY | | | |
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| Department: | Finance | Policy No: | FIN.FN-24-1004 |
| Policy Title: | Investment | Issue Date: | 12-05-2024 |

1. **PURPOSE**

- 1.1. To provide a framework, guidance, and accountability structure for the management of investment portfolios.

2. **POLICY STATEMENT**

- 2.1. The Town of Slave Lake is committed to the prudent investment of public funds that will provide optimum investment returns with maximum security while meeting the Town's cash flow requirements and conforming to the Municipal Government Act and all other provincial statutes and regulations governing the investment of municipal funds.

3. **DEFINITIONS**

- 3.1. Operating fund
- 3.1.1. Is an account established for the purpose of funding amounts in the operating budget
- 3.2. Reserve fund
- 3.2.1. Is an account established for any of the following purposes:
- 3.2.1.1. To meet provincial or federal statutory requirements
- 3.2.1.2. To accumulate specific funds for major capital projects
- 3.2.1.3. To accumulate extraordinary income (not raised generally from the taxpayers or utility customers) for capital or operating expenditures in the future.
- 3.3. Investment Instrument
- 3.3.1. Is an interest bearing financial asset
- 3.4. Bonds
- 3.4.1. Is a fixed income investment that represents a loan made by an investor to a borrower, usually corporate or governmental

4. GUIDELINES

- 4.1. This investment policy applies to all funds of the Town of Slave Lake on deposit or invested in investment securities including:
 - 4.1.1. Operating Funds
 - 4.1.2. Reserve Funds
 - 4.1.3. Any new fund created by the Town of Slave Lake, unless specifically exempted.
- 4.2. Investments will 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 their own affairs, considering the probable safety of their capital as well as the probable income to be derived.
- 4.3. 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 manner and appropriate action is taken to control adverse developments.
- 4.4. The primary objectives, in order of priority, of the Town of Slave Lake’s investment activities shall be:
 - 4.4.1. Safety
Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
 - 4.4.2. Liquidity
Investment portfolio will remain sufficiently liquid to enable the Town of Slave Lake to meet all operating and capital requirements, which might be reasonably anticipated.
 - 4.4.3. Return on Investment
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 Slave Lake's investment risk constraints and the cash flow characteristics of the portfolio.

4.5. Authority to manage the Town of Slave Lake's investment program is derived from the following:

4.5.1. Section 250 of the Alberta Municipal Government Act; and

4.5.2. If applicable, Town of Slave Lake's Council resolutions.

4.6. Management responsibility for the investment program is hereby delegated to the Director of Finance and/or the Chief Administrative Office (CAO), who shall establish procedures for the operation of the investment program consistent with this investment policy.

4.7. No person shall engage in an investment transaction except as provided for under the terms of this policy and procedures established by the Director of Finance and/or CAO. The external Investment Manager must always act in the best interest of the Town of Slave Lake.

4.8. The Director of Finance and/or CAO shall be responsible for all transactions undertaken and shall establish a system of control to regulate the activities of subordinate officials.

4.9. Town of Slave Lake's officers who are involved with investment decisions, and the Director of Finance and/or Chief Administrative Officer shall:

4.9.1. Refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

4.9.2. Disclose to the Town of Slave Lake, through the Director of Finance and/or CAO, any material financial interest in financial institutions that conduct business within the Town of Slave Lake, and they shall further disclose any material personal/business financial/investment positions that could be related to the performance of the Town of Slave Lake's portfolio.

4.10. Investments shall be limited to:

4.10.1. Those authorized under Section 250 of the Alberta Municipal Government Act.

4.10.2. Those outlined in Schedule 1.

4.11. External Investment Managers:

4.11.1. May be retained to provide advice and/or investment management services with respect to the Town's investment portfolio.

4.11.2. The Director of Finance and/or CAO shall present a recommendation to Council and obtain Council's approval before engaging an external Investment Manager.

4.11.3. Any agreement with an external Investment Manager is to be reviewed by Council every three years to confirm that expected results be achieved. governed by an agreement to be reviewed and approved by Council.

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

4.13. Given that 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.



4.14. The Director of Finance will present regular reports to the CAO. The CAO will report annually to Council, noting investments on hand, activity during that period, and income or losses on investments.

4.15. The Town of Slave Lake Investment Policy shall become effective when adopted by Council.

4.16. The Investment Policy will be reviewed every 5 years by the Director of Finance and any proposed modifications shall be presented to the CAO for submission to Council.

5. RELATED POLICIES

5.1. Rescinding C.b.002 Management and Investment of Reserve Funds policy

| ISSUED BY | APPROVED BY: | DATE: |
|------------------------------|---|------------|
| Mayor |  | 2024/12/17 |
| Chief Administrative Officer |  | 2024/12/11 |

ATTACHMENT:

Schedule 1 – Security Requirements

SCHEDULE 1

| Security Requirements (Securities denominated in Canadian Dollars ONLY) | Maximum % per Institution | Maximum % per Investment Type |
|---|---------------------------------|--|
| Government securities issued or guaranteed by: The Government of Canada Provincial Governments within Canada Municipal Governments within Canada | 100% 100% 5% | 100% 100% 5% |
| Bank securities issued or guaranteed by: Major Banks – Includes ONLY the following banks Bank of Montreal, Royal Bank, TD Bank, CIBC, Scotiabank, and National Bank Other Banks | 100% 10% | 100% 10% |
| Securities issued or guaranteed by trust companies "A" rating or higher from Dominion Bond Rating Service (DBRS) | 30% | 50% |
| Pooled funds in accordance with Section 250 of the Municipal Government Act | 100% | 100% |
| School Divisions, School Districts, Hospital District, Regional Service Commissions | 0% | 0% |
| Corporation shares | 0% | 0% |

- The percentage requirement must be met when the investment is made.