



COUNCIL POLICY C-FI01

Investments

Prepared By:	Corporate Services/Finance	Council Approval Date:	November 24, 2015
Effective Date:	November 24, 2015	Council Resolution No.:	N/A
References:	Investment Procedures C-FI01-P1 <i>Municipal Government Act s. 250</i> <i>Investment Regulation 66/2000</i> DBR Rating Scales	Previous Revision Date:	Sept. 22/09 (FI-001)
Function:	Financial Management	LAS Review Date:	November 3, 2015

PURPOSE

The purpose of this policy is to establish Parkland County's objectives and guiding principles to ensure Parkland County funds are invested in a prudent manner.

POLICY STATEMENT

Parkland County shall invest public funds in a manner that will provide security of principal while satisfying liquidity requirements, providing optimum returns, and conforming to all provincial statutes and regulations governing the investment of municipal funds.

SCOPE

This policy applies to all funds invested by Parkland County including those in the General, Capital, and Restricted Surplus Funds.

DEFINITIONS

1. "County" means the Municipality of Parkland County.
2. "Credit Quality" means the measurement of the financial strength of an issuer of investment instruments.
3. "Diversified investment portfolio" refers to a bundle of investments that is comprised of a variety of investment instruments which vary in type, sector, maturity, and quality.
4. "Investment instrument" means an interest bearing financial asset.
5. "Issuer" refers to a legal entity that develops, registers, and sells investment instruments.
6. "Issuer default" refers to the risk that an issuer will fail to satisfy its financial obligations in accordance with the term under which an obligations has been issued.
7. "Liquidity" means the ability to convert an investment instrument into cash with minimum risk associated with loss of principal or accrued interest.
8. "Long-term" refers to investments instrument issues that have maturities greater than one year.

9. "Principal" means the original amount invested.
10. "Rate of return" refers to the gain or loss arising from an investment expressed as a percentage of the principal amount invested.
11. "Worker" refers to an individual engaged in an occupation.

STANDARDS

The following objectives and guiding principles shall be adhered to:

1. **Safety of principal** - This means that the principal amount of each investment is to be safeguarded from losses arising from changes in interest rates or issuer default. This objective is achieved by employing a buy and hold to maturity strategy, maintaining a diversified investment portfolio, and only purchasing investment instruments rated as having good credit quality or guaranteed by the Government of Alberta.
2. **Maintenance of liquidity** - This means that investments will be structured such that they mature as cash is required to service operating and capital obligations. This objective is achieved by projecting cash flow requirements and matching cash outflows with investment maturity dates.
3. **Maximizing returns** - This means that the investment portfolio will be managed such that the highest rate of return is attained while adhering to any and all guidelines established by the County. This objective is achieved by comparing the rate of return on investment instruments across multiple issuers and by utilizing external (contract) resources to manage the long-term component of the portfolio.
4. **Compliance with legislation** - This means that investments are to comply with *the Municipal Government Act Revised Statues of Alberta 2000*, Chapter M-26 (Section 250), and *Investment Regulation 66/2000*. This objective is achieved by requiring that all proposed investments be reviewed by a qualified individual to ensure that the corresponding investment instrument is allowable per legislation.

MANAGEMENT RESPONSIBILITIES

Financial Services is responsible for implementing, monitoring and evaluating this policy.