

Mackenzie County

Title: Investment Policy

Policy No: FIN027

Legislation Reference: Municipal Government Act, Section 250

Purpose

- To provide a framework for and guidance in managing the investment portfolio.
- To provide an accountability structure for the management of investments.

1. Scope

- 1.1 This investment policy applies to all funds of Mackenzie County on deposit or invested in investment securities.
- 1.2 The funds include:
- a. Operating Funds
 - b. Reserve Funds
 - c. Any new fund created by Mackenzie County, unless specifically exempted.

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 their 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 Mackenzie County’s investment activities, shall be:

- 3.1 Safety

Investments for Mackenzie County shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

3.2 Liquidity

Mackenzie County's investment portfolio will remain sufficiently liquid to enable Mackenzie County to meet all operating and capital requirements, which might be reasonably anticipated.

3.3 Return on Investment

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

4. Authority

4.1 Authority to manage Mackenzie County's investment program is derived from the following:

- a. Section 250 of the Alberta Municipal Government Act
- b. Mackenzie County's Council resolutions

4.2 Management responsibility for the investment program is hereby delegated to the Director of Finance, who shall establish procedures for the operation of the investment program consistent with this investment policy as recommended by the Finance Committee.

4.3 No person shall engage in an investment transaction except as provided for under the terms of this policy and the procedures established by the Director of Finance. The external Investment Manager (if any) is required to act in the best interest of Mackenzie County at all times.

4.4 The Director of Finance 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 Mackenzie County, who are involved with investment decisions, and the Chief Administrative Officer:

5.1 shall 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;

- 5.2 shall disclose to Mackenzie County Council, through the CAO, any material financial interests in financial institutions that conduct business within Mackenzie County, and they shall further disclose any material personal/business financial/investment positions that could be related to the performance of Mackenzie County's portfolio;

6. Investments

- 6.1 Investments shall be restricted to those outlined in Schedule 1 of this policy. No investment in instruments other than those indicated as acceptable in this policy shall be executed unless specifically approved by the Council of Mackenzie County.
- 6.2 The types of investments are further limited to those authorized under section 250 of the Alberta Municipal Government Act.
- 6.3 Recognized non-profit organizations and financial institutions shall be exempt.

7. Custody and Segregation

Investments shall be held either directly in the name of Mackenzie County or held in bulk segregation in accounts in the name of Mackenzie County.

8. Diversification

Mackenzie County shall diversify its investments by security issuer and by security type. Maximum percentages of the investment portfolio that may be invested with any single issuer or within any investment type are outlined in Schedule 1.

9. Investment Terms

- 9.1 To the extent possible, Mackenzie County 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 Mackenzie County Council may retain the services of an external Investment Manager to provide advice and/or investment management services with respect to the County's investment portfolio.
- 10.2 The Director of Finance shall, through the CAO, provide a detailed proposal to Council and obtain Council's approval before engaging an external Investment Manager.
- 10.3 Any agreement with an external investment manager(s) is to be reviewed by Council every three years to confirm that expected results have been achieved.

11. 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 higher priorities than 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

12. Reporting

The Director of Finance will provide regular reports to the CAO. The CAO will report quarterly, at a minimum to Council, noting investments on hand, activity during period, and income or losses on investments.

13. Investment Policy Adoption

- 13.1 Mackenzie County's investment policy, original and as amended, shall become effective when adopted by Council.
- 13.2 The investment policy will be reviewed annually by the Director of Finance and any proposed modifications shall be presented to the CAO and the Finance Committee, for submission to Council. Each annual review must take place within eighteen of the previous annual review and no later than the 30th of June in each year.

SCHEDULE 1

Security (Securities denominated in Canadian Dollars ONLY)	Maximum % per Institution*	Maximum % per Investment Type*
Government: Securities issued or guaranteed by: The Government of Canada Alberta Government Other Provincial Governments within Canada Municipal Governments within Canada	100% 100% 30% 5%	100% 100% 50% 5%
Banks: Securities issued or guaranteed by: Major Banks - Includes ONLY the following banks Bank of Montreal, Royal Bank, TD Bank, CIBC, Scotiabank Other Banks	100% 5%	100% 5%
Alberta Treasury Branches: (Securities issued or guaranteed by)	100%	100%
Credit Unions: Securities issued or guaranteed by: Alberta Credit Unions Other Credit Unions	100% 5%	100% 5%
Trust Companies: (Securities issued or guaranteed by)	5%	5%
School Divisions, School Districts, Hospital District, Health Region, Regional Service Commissions	0%	0%
Pooled funds in accordance with section 250(2)(a, b, c, d) of the Municipal Government Act	100%	100%
Corporations: Shares	0%	0%

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

	Date	Resolution Number
Approved	08-May-06	08-05-356
Amended	09-Nov-10	10-11-983
Amended	24-Aug-16	16-08-645