

# Council Policy



## Investment Policy

**Policy Number: CFS 225/2017**  
**Approval Date: August 29, 2017**  
**Supersedes Policy: 13/2005**

### SECTION A

#### 1.0 Policy Purpose

To provide general investment principles, rules and delegated authority for managing and monitoring the investments on behalf of the Town of Morinville. Adherence to the Investment Policy will ensure compliant and effective investment management and assist in achieving the strategic goals and growth objectives of the Town of Morinville.

#### 2.0 Policy Statements

It is the policy of the Town of Morinville to invest funds in a prudent manner that will provide optimum investment returns with the maximum security, while meeting any cash flow requirements. Our investments must conform to the policies and guidelines set forth below, as well as operate within the language and spirit of legislative requirements under the Municipal Government Act (Section 250, Investments).

#### 3.0 Definitions

##### Securities

Investments issued by a government agency or corporate offered for purchase to investors. Security as defined by the Municipal Government Act include: bonds, debentures, trust certificates, guaranteed investment certificates, certificates of deposits, deposit receipts, bills, notes and mortgages, rights or interest in respect of a security.

##### Corporate Bonds

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## 4.0 Scope/Application

The Town of Morinville's Director of Corporate & Financial Services and any designate all those involved with the management of the Town of Morinville investments are required to establish appropriate guidelines, procedures and internal controls to achieve the objectives identified within this policy.

## 5.0 Objectives:

Municipal funds shall be invested in a manner that will meet the following objectives:

### 1. Capital Preservation

- a. The Town of Morinville recognizes its fiduciary responsibility for the stewardship of funds it has been entrusted. Therefore, the prime objective of this policy is to ensure that the principal amount of each investment is insulated from losses due to market conditions and issuer default. To accomplish this objective, we will maintain minimum quality standards for all individual investments held, and mandate sufficient diversification within the portfolio itself.

### 2. Liquidity

- a. The investment portfolio will be sufficiently liquid in order to enable the Town of Morinville to meet any projected or sudden cash flow requirement which might reasonably be expected to occur.
- b. For the purpose of this policy, the Town of Morinville defines liquidity as the ability to convert an investment into cash with minimal risk associated with loss of principal or accrued interest, taking into consideration any costs associated with converting investments into cash.

### 3. Authorized Investments / Compliance with the Municipal Government Act

- a. Security selection is restricted those issued or guaranteed by:
  - the Crown in right of Canada or an agent of the Crown, or
  - the Crown in right of a province or territory or an agent of a province or territory;
  - securities of a municipality, school division, school district, hospital district, health region under the Regional Health Authorities Act or regional services commission in Alberta;
  - securities that are issued or guaranteed by a bank, treasury branch, credit union or trust corporation; units in pooled funds of all or any of the investments described in clauses (a) to (c);

- d. All ratings refer to the ratings of the Dominion Bond Rating Service Ltd. (DBRS).
- e. In the event that DBRS does not rate a security, ratings from any of the other agencies allowed by the Municipal Government Act.
- f. Securities with a maturity date of less than one year (i.e. money market) must have a minimum rating of R-1 (high) from the date of issue.

## 6. Portfolio Diversification and Restraints

The following constraints shall apply to the portfolio. All percentages used below are based on market value.

- a. Not more than 20% of the portfolio shall be invested in any single security.
- b. Not more than 35% of Long Term Investments (maturities greater than one year) shall be invested in any single issuer, except for securities of or fully guaranteed by the government of Canada or a province of Canada.
- c. Not more than 50% of Short Term Investments (maturities one year or less) shall be invested in any single issuer, except for securities of or fully guaranteed by the government of Canada or a province of Canada having at least an "AA" rating. If the Short Term investment portfolio becomes non-compliant as investments mature over time, the percentage at the time when the investments were purchased shall be used for purpose of evaluating compliance to policy.
- d. Subject to the restrictions in this section, mortgage backed securities may be held in the portfolio provided they are rated "AAA" only.

## 7. Short Term Investments – Return and Performance Standards

- a. The FTSE/TMX 91 day T-Bill index will be used as the benchmark to determine whether acceptable short-term market yields are being achieved. Investments will be reviewed in the event of under-performance and adjusted if necessary by an Investment Advisor.

## 8. Safekeeping and Custody

- a. All investment certificates shall be issued in the name of Town of Morinville.
- b. Investment certificates shall be held for safekeeping by the financial institution where the investment accounts are maintained.



- d. Strict adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct and the CFA Institute Asset Manager Code of Professional Conduct.

**6.0 Expiry Date**

6.1 This policy expires December 31, 2020.

**SECTION B**

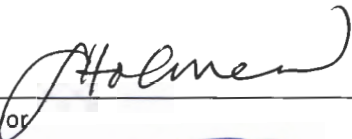
**1.0 Reference to other Policy and Legislation**


Municipal Government Act, RSA 2000, c. M-26 (section 250)

**2.0 Persons Affected**

Municipal ratepayers

**3.0 Review/Revision History and Author**

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Chief Administrative Officer

