



POLICY

POLICY NO: 323

APPROVAL DATE: July 14, 2003

TITLE: Investment Policy

REVISION DATE: September 7, 2021

SECTION: Finance

PAGE 1 OF 3

DEPARTMENT: Financial Services

POLICY STATEMENT

The City of Grande Prairie (“City”) will invest public funds in a manner that provides balance of the highest investment return with the maximum security, meet daily cash flow requirements and conform to all provincial and other statutes governing the investment of public funds.

REASON FOR POLICY

This Policy is established to ensure that funds the City may receive by way of cash flows, surpluses, trust funds, reserves, or any other source, are invested to provide optimal returns after due consideration of yield, term, security, and diversification.

RELATED INFORMATION

Scope

This Policy applies to all funds of the City on deposit or invested in investment securities.

Authority

1. Authority to manage the City’s investment is derived from the following:
 - a. Section 250 of the Municipal Government Act (“Act”); and
 - b. City Council Resolutions.
2. The management responsibility for the investment program is hereby delegated to the Chief Financial Officer (“CFO”), who shall establish procedures and controls for the operation of the investment program consistent with this Policy. The CFO may delegate the administrative responsibilities of the investment program to other City employees.
3. The CFO may choose to contract the services of a Portfolio Investment Fund Manager (Custodian). The Custodian will be regulated by the Investment Industry Regulatory Organization of Canada.

Prudence

1. Investments are to be made with the same good judgement 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. The standard of prudence to be used shall be the “prudent person” standard. This standard shall be applied in the context of managing an overall portfolio. City employees acting in accordance with written procedures and this 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.

Ethics and Conflicts of Interest

1. The CFO and City employees involved in the investment process 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.
2. The CFO and City employees shall disclose to the City Manager any material financial interests in financial institutions that conduct business within the City, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City’s portfolio.
3. The CFO and City employees shall subordinate their personal investment transactions to those of the City particularly with regard to the time of purchases and sales.

Custodian

1. The City will provide funds to the Custodian through a comprehensive analysis of the City’s long-term cash flow forecasting requirements. The investment of these funds is to be approved by the CFO.
2. The Custodian must provide the City monthly and quarterly reporting no later than two (2) weeks after the end of the reporting period. These reports will include the following at minimum, transactions during the reporting period, including fees, purchases, redemptions, transfers and market values at the end of the reporting period.

Investments

1. Investments shall be made in adherence to this Policy and shall be restricted to those outlined in Schedule “A”. No investment in instruments other than those indicated as acceptable in this Policy shall be executed unless specifically approved by City Council.
2. The types of investments are further limited to those authorized under Section 250 of the Act.

Investment Objectives

The primary objectives, in order of priority, of the City’s investment activities, shall be:

1. **Safety**
Investments shall be administered in a manner that seeks to ensure the preservation of principal amounts invested by the City.
2. **Liquidity**
The investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

3. Return on Investment

The investment portfolio shall be designed with the objective of attaining a market rate of return comparable to an appropriate bond indexed fund, taking into consideration investment risk constraints and the cash flow characteristics of the portfolio.

Maximum Investment Terms

1. To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements.
2. Reserve funds with no anticipated cash flow requirement may be invested in securities with maturity dates up to ten (10) years from the investment date.

Diversification

The City must diversify its investments by security type and institution. Maximum percentages of the investment portfolio that may be invested with any single issuer or within any investment type are outlined in Schedule "A".

Custody and Segregation

Investments may be held by the financial institution in bulk segregation in accounts in the name of the City.

Reporting

The CFO or Custodian will report on investment activity and returns to City Council on an annual basis. Reports will include performance and interest earnings.

Performance Evaluation

1. The investment portfolio will be designed to achieve a stated industry benchmark rate of return during the City's fiscal year-end.
2. The City's investment strategy will be active. The performance benchmarks to ensure productivity of the accounts shall be the three (3) month Government of Canada T-Bill Index and an appropriate Bond Index.

RESPONSIBILITIES

City Council will review and approve any revisions to this Policy.

City Manager will review and approve any schedules or procedures related to this Policy.

City Administration will carry out the policy based on established procedures.

Policy 323
Schedule “A”
Approved Investments

	* Maximum Percentage per Institution/ Investment Type	DBRS Minimum Rating (Money Market)	DBRS Minimum Rating (Bond Market)
Government:			
Securities issued or guaranteed by:			
The Government of Canada	100%	R1 (L)	AA
Provincial Governments within Canada	100%	R1 (L)	BBB
Municipal Governments within Canada	50%	R1 (M)	BBB
Schedule I Chartered Banks:			
Obligations of, or guarantees of:			
Per any Financial Institution	100%	R1 (M)	BBB
Provincially Guaranteed Financial Institutions:			
Province of Alberta Treasury Branches	75%	R1 (M)	BBB
Other Financial Institutions:			
Obligations of, or guarantees of:			
Rated Schedule II Banks, Trust Companies, and Credit Unions	75%	R1 (M)	BBB
Corporations:			
Securities issued by Canadian corporations			
Commercial Paper (terms up to 1 year only)	10%	R1 (M)	BBB
Corporate Bonds (terms more than 1 year)	10%		
Pooled Funds:			
Units issued by any of the above Financial Institutions that invest the funds in accordance with the Municipal Government Act	50%		

* Based on the entire portfolio and the original settlement amounts at the time of booking the investment.