

Investment of Surplus Funds Policy

Subject: Investment

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The County of Northern Lights believes in leveraging available cash on hand in order to generate income that is ethical, secured, adherent to the Municipal Government Act, yet competitive with market rates of return.

The County proposes to achieve this by outlining guidelines for managing any investment portfolios held in the name of the County.



Chief Elected Official



Chief Administrative Officer

1. Scope

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

2. Prudence

- 2.1 Investments are to be made with the same good judgement and care- under circumstances then prevailing- that a person of prudence, discretion and intelligence would exercise in the management of their own affairs.
- 2.2 At all times, the individuals responsible for the management of the County's funds shall; exercise care, balance and avoid conflicts of interest by always acting exclusively in the best interest of the County of Northern Lights.
- 2.3 The County of Northern Lights may delegate to an agent or agents the degree of authority with respect to the investment of County's funds that a prudent investor might delegate in accordance with ordinary investment practice.

3. Investment Objectives

The Primary objectives, in order of priority, of the County of Northern Lights investment activities, shall be:

3.1 Safety

Investments for the County of Northern Lights shall be undertaken in a manner that seeks to ensure the preservation of capital in real, inflation adjusted, terms.

3.2 Liquidity

The County of Northern Lights investment portfolio will remain sufficiently liquid to enable the County of Northern Lights to meet all operating and capital requirements, which might be reasonably anticipated.

3.3 Return on Investment

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

4. Authority

- 4.1 Authority to manage the County of Northern Lights investment program is derived from the following:
 - a. Section 250 of the Alberta Municipal Government Act
 - b. The County of Northern Light's Council Resolutions
- 4.2 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. The procedures can be seen in Appendix A included within this policy.
- 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 (Appendix A). The external investment manager(s) (if any) is/are required to act in the best interest of the County of Northern Lights 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. Investments

- 5.1 Investments shall be restricted to those authorized under section 250 of the Alberta Municipal Government Act.
- 5.2 The County of Northern Lights is generally risk averse due to its fiduciary responsibility to its citizens. The goal is to obtain a reasonable return while avoiding all undue risk. The County of Northern Lights shall diversify its investments by security issuer and by security type thereby reducing investment risk through proper diversification.

6. Investment Manager(s)

- 6.1 The County of Northern Lights Council may retain the services of an external Investment Manager(s) to provide advice and/or investment management services with respect to the County's investment portfolio.
- 6.2 Any agreement with external investment managers is to be reviewed by Council every three years to confirm that expected results have been achieved.
- 6.3 The Director of Finance will provide regular reports to Council, noting investments on hand, activity during period, and income or losses on investments. 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.

“Appendix A”

Procedures for Operation of the Investment Program

1. The Director of Finance will regularly review the investment performance, plan, and intent with the assigned Investment Manager(s).
2. Contributions towards the Investment portfolio will be approved by way of Council Motion at the recommendation of the Director of Finance.
3. Financial Signing Authorities for Investments will be set up as follows:
 - a. Updates and or modifications to signing authorities are to be identified and approved by way of Council motion.
 - b. The following positions will have signing authority on the Investment Account:
 - i. Two members of Council, which shall be the Chief Elected Official (Reeve) and Deputy Chief Elected Official (Deputy Reeve);
 - ii. Two members of Administration, which shall be the Chief Administrative Officer (CAO) and the Director of Finance.
 - c. Unless otherwise indicated in this policy, two signatures are required on financial transactions, one from the members of Council having signing authority and one from the members of Administration having signing authority.