

# TOWN OF NAICAM

<b>POLICY:</b> Investment Policy		<b>COUNCIL RESOLUTION:</b> Resolution # 2019-232 <i>Dec 10/2019</i>
<b>DEPARTMENT:</b> Administration	<b>POLICY NUMBER: #</b> P2019-003 <i>Dec 10/2019</i>	<b>Amended Date:</b>

## PURPOSE

The purpose of this policy is to govern the management of the Town's surplus and reserve funds and investment portfolio.

## Objectives

1. The Town of Naicam strives for the optimum utilization of its cash resources within statutory limitations and the basic need to protect and preserve capital, while maintaining solvency and liquidity to meet ongoing financial requirements.
2. It is the policy of the Town of Naicam to invest municipal funds in a manner, which will provide the highest return with the maximum security while meeting the daily cash flow demands of the municipality and conforming to all applicable law.
3. The policy includes all funds that fall under the responsibility of the Town and its boards and committees.
4. The primary objectives in order of priority shall be:
  - a. Legality – adherence to legal and statutory requirements
  - b. Safety – preservation of capital and protection of investment principal
  - c. Liquidity – maintenance of sufficient liquidity to meet operating requirements
  - d. Yield – attainment of competitive market rates of return

## Authorization

5. The Chief Administrative Officer (CAO) is responsible for the prudent investment of the Town's portfolio. No person may engage in an investment transaction except as provided under the terms of this policy. The Chief Administrative Officer (CAO) shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinates.
6. Investing activities require the prior approval of the Chief Administrative Officer (CAO) or designate. Investment documents are to be signed jointly where needed by the Chief Administrative Officer (CAO) and the Mayor.
7. The Mayor and Chief Administrative Officer (CAO) shall have authority over investments and acting in accordance with written procedure and this investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risks or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidation or the sale of securities are carried out in accordance with the terms of this Policy.
8. Council shall appoint members to an Investment Committee who shall meet at least annually to review investment policy, investment strategies, internal controls regarding investments, and all investment activity. The Committee shall also independently review quarterly investment reports.

### **Suitable Investments & Diversification**

9. In keeping with the primary objective of the Town's investment policy, namely legality and the preservation of capital, permissible investments are restricted to those of high credit quality and reasonable liquidity.
10. Emphasis is placed on securities offered by or unconditionally guaranteed by the Government of Canada, a Province of Canada or a bank with a local branch in the Town of Naicam.
11. The Town shall not invest in a security that is expressed or payable in any currency other than Canadian dollars.
12. All investments must meet the criteria outlined herein regarding investment quality, size limitations and term of investments.
13. The municipality shall diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds. Diversification can be by type of investment, number of institutions invested in and length of maturity.
14. Investments, where possible, will match to the reserve or surplus they represent. Interest gained shall be attributed to the designated reserve or surplus funds represented by the investment.
15. No reserve fund or investment shall be used for a purpose other than the designated purpose unless permitted in legislation and authorized by Council.
16. All reserves of the Municipality shall be funded reserves that fall under this policy.

### **Maturity**

17. To the extent possible, the Municipality shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Municipality will not invest cash directly in securities maturing more than three (3) years from the date of purchase.
18. Where appropriate the duration of a portfolio's investments will usually match the expected duration of the portfolio's liabilities. The authorized parties may deviate from this course of action if there is a reasonable basis to do so.
19. Reserve funds and other funds with longer investment horizons may be invested in securities exceeding three (3) years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of funds.

### **Performance Standards**

20. The investment portfolio will be designed to obtain, at a minimum, market rates of return taking into account the Town's investment risk tolerance, constraints and cash flow needs.

### **Reporting**

21. Administration shall provide quarterly management reports to the Investment Committee that provide a clear picture of the status of the current investment portfolio.
22. Administration shall submit an investment report for Council at least annually, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last year as well as any notes or recommendations of the Investment Committee. This management summary will be prepared in a manner that will allow Council to ascertain whether investment activities during the reporting period have conformed to the investment policy.