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| <b>Title: Investment Policy</b> | <b>Policy: LE 002</b> |
| <b>Section: Legislative</b>     |                       |

**ACCOUNTABILITY TO VISION STATEMENT**

It is the duty of Flagstaff County to invest public funds in a prudent manner that will provide maximum security with optimum investment returns. Flagstaff County will manage the cash flow requirements to adequately fund operations and comply with provincial legislation.

**POLICY STATEMENT**

The purpose of this policy is to establish guidelines governing the investment of the County's funds. These policy guidelines are applicable to all funds managed by Flagstaff County and all affiliates and subsidiaries.

Operating funds and Reserve funds are public funds and as such the Investment Portfolio shall be managed in such a way as not to expose it to undue risk, loss or impairment.

Investments will not be knowingly made in companies which could damage the reputation or role of Flagstaff County or which could be construed to be in conflict with the objectives of Flagstaff County.

All components of the investments will be broadly diversified to reduce risk. All investments shall be with issuers that are rated "A" or higher by the DBRS (Dominion Bond Rating Service) or the CBRS (Canadian Bond Rating Service). The types of investments are further limited to those authorized under section 250 of the Municipal Government Act.

Monthly investment reports shall be prepared for and included within the monthly financial statement presented to County Council. This report will include a list of transactions, whether matured or not, including opening balances, maturities, dispositions, purchases and accrued interest.

**DEFINITIONS**

**Operating Funds:**

Operating Funds are all funds necessary to meet projected cash flow requirements of operating expenses and capital purchases for up to one (1) year. The primary objective of the operating funds portfolio is to ensure that the current cash flow requirements are met. The investments will be primarily money market in nature with maturities of less than one (1) year (i.e. Government of Canada Treasury Bills, Banker's Acceptance, Term Deposits).

**Reserve Funds:**

Reserve funds shall be defined as non-operating and longer term funds. They may be used for additional funding for cash flow or capital expenditure requirements of Flagstaff County. Therefore highly liquid investments such as government bonds would be favored over investments where capital is locked in.

**INVESTMENT MANAGERS**

The Chief Administrative Officer is ultimately responsible and accountable for the control, management and administration of Flagstaff County’s investments in accordance with the investment policy approved by Council. The Chief Administrative Officer may delegate this responsibility to an investment manager.

Investment Managers shall report to the Finance Administration Officer and/or Chief Administrative Officer. The financial institutions eligible to act as Investment Manager must:

1. Be able to tender investments that meet the requirement of this policy.
2. Be a member of the Canadian Investor Protection Fund.
3. Prepare and distribute Monthly reports to the Finance Administration Officer and/or Chief Administrative Officer including:
  - a. A list of current holdings
  - b. A summary of all account activity during the month including individual transactions and investment income received.
4. Prepare and present annual and/or quarterly reviews to Council detailing:
  - a. Rate of return summaries for each individual account and comparison to appropriate benchmarks;
  - b. A summary of current investments, including amount, interest rate, and maturity dates;

Flagstaff County’s investment policy shall be reviewed periodically to ensure that it remains consistent with the overall objectives of the County and continues to meet prudent and conservative investment practices.

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| <b>Council Approved: October 23, 2019</b>  | <b>Resolution #: FC20191023.2006</b> |
| <b>Reference: Municipal Government Act</b> |                                      |

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| <b><i>Administrative Responsibility:</i></b> | <b><i>Review Cycle:</i></b> | <b><i>Next Review Year:</i></b> |
| Chief Administrative Officer                 | Every 3 years               | 2022                            |