



Rural Municipality of Corman Park No. 344 Policy

Policy #FI-0010

Policy Title: Investment Policy

Policy Objective:

The purpose of the Investment Policy is to establish, pursuant to the requirement of Section 160 of *The Municipalities Act*, the guidelines for the investment of the R.M.'s funds. The primary objective is to protect the principal of the reserve investments, while accounting for liquidity requirements and optimizing the returns for the financial benefit of the taxpayer.

Authority: (Bylaw#, Resolution date/#)
Resolution #25, December 20, 2021

Policy:

This investment policy has the following objectives:

1. Compliance with *The Municipalities Act*

Corman Park R.M. will ensure that all investments purchased and owned by Corman Park R.M. are in accordance with *The Municipalities Act* (Section 160).

2. Capital Preservation

Corman Park R.M. recognizes its fiduciary responsibility for the stewardship of public funds with which it has been entrusted. The prime objective of this policy is to ensure that the principle amount of each investment is safe from losses due to market conditions and issuer default. To accomplish this objective, Corman Park R.M. will ensure that sufficient diversification exists within its investment portfolio.

3. Maintenance of Liquidity

Corman Park R.M.'s investment portfolio will be sufficiently liquid in order to enable Corman Park R.M. to meet its operating cash flow requirements that might be reasonably anticipated in the short and longer term. For the purposes of this policy, Corman Park R.M. defines liquidity as the ability to convert an investment into cash with minimum risk associated with loss of principal or accrued interest.



4. Rate of Return

Corman Park R.M.'s investment portfolio will be effectively managed to ensure that an optimum rate of return is realized on all investments within the parameters of the objectives established within this policy.

GUIDELINES

This policy applies to all funds invested by Corman Park R.M. including those in the General, Capital, and Reserve Funds.

1. Authority

The Chief Administrative Officer (CAO) is ultimately responsible and accountable for the control, management, and administration of Corman Park R.M.'s investments in accordance with the investment policy approved by Council. The Chief Administrative Officer may delegate this responsibility.

2. Responsibilities of the Chief Administrative Officer or Appointed Delegate

The Chief Administrative Officer or Appointed Delegate shall establish appropriate guidelines, procedures, and internal controls:

- a) To ensure the achievement of the objectives identified within this policy,
- b) For authorizing officers, employees and persons to engage in investment activities,
- c) For purchasing and selling investments,
- d) For custody and safekeeping of investments, and
- e) For the accounting and reporting of investment activities.

3. Authorized Investments

To ensure compliance with legislation, the funds of Corman Park R.M. may only be invested with the institutions and in the securities identified in Schedules I appended to this Policy. The Chief Administrative Officer or Appointed Delegate can purchase within these guidelines on behalf of and in the name of Corman Park R.M.

Safety of principal is obtained by diversification among institutions and also by credit worthiness. Schedule II appended to this Policy also outlines an approved portfolio diversification for which the portfolio will be balanced on an annual basis to meet the established diversification scale.

4. Liquidity

Funds will be invested to meet cash requirements as determined by the projected cash flow statements. The maximum term for any single investment will be two years except for those under administration by a broker in which case the term may not exceed ten years.



5. Procurement and Custody

The Chief Administrative Officer or Appointed Delegate shall ensure that:

- a) The method of procurement achieves and maximizes the objectives of this policy. Investment activities may be undertaken utilizing internal resources or external (contract) resources or a combination of internal and external resources. The utilization of external (third party) resources (or outsourcing) can be recommended by the Chief Administrative Officer or the appointed delegate but must be approved by Council.
- b) All investment certificates issued to Corman Park R.M. are in the name of or held in the name of Corman Park R.M.
- c) Negotiable securities are held in one of two ways:
 1. In a safekeeping compartment with Corman Park R.M.'s banker, or
 2. Held by a third-party custodian in the name of Corman Park R.M. and evidenced by safekeeping receipts and monthly statements.
- d) Non-negotiable investment certificates are maintained in an appropriate.

6. Prudence

Investments shall be made with judgement and care under circumstances then prevailing. All reasonable steps shall be taken to ensure that the management of Corman Park R.M.'s investment portfolio is in accordance with this policy. Persons involved in investment activities shall exercise the degree of care, diligence, skill, and prudence required in an attempt to maximize the investment earnings of the portfolio within the parameters of the objectives established within this policy.

7. Ethics & Conflict of Interest

Officers, employees, and persons involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of their responsibilities, or which could impair their ability to make impartial investment decisions. Officers and employees shall disclose to the CAO any material interests in financial institutions that conduct business with Corman Park R.M.

8. Reporting

The CAO or Appointed Delegate will report annually to Council on the investment activities undertaken by Corman Park R.M.

The CAO, along with the Appointed Delegate will review the following information on a regular basis:

- a) Total assets within the investment portfolio,
- b) Specific holdings within the investment portfolio,
- c) Effective rate of return on the investment portfolio, and
- d) Evaluation of portfolio performance.



9. Review and Amendment Procedures

Corman Park's investment policy will be reviewed every two to three years with any changes recommended to Council for approval.

Schedule I

Investment Instruments

- 1. Banker's Acceptance** - this instrument is essentially a commercial draft drawn by a borrower for payment on a specified date and accepted or guaranteed by the borrower's bank. The bank's acceptance is signified by a counter signature on the draft. Once a draft of this nature has been co-signed, it becomes a "Banker's Acceptance" and is backed by the credit of the accepting bank. These instruments are actively and openly traded in the money markets and as a result are extremely liquid.
- 2. Bearer Deposit Notes** - these securities are short-term promissory notes that are issued by a bank. They are direct obligations of the specific issuing bank and generally have a term that ranges from one week to one year. They are very liquid in nature and yield approximately the same as a banker's acceptance.
- 3. Corporate Bonds** - these instruments are interest-bearing debts that are secured by the assets of the issuing Corporation. These securities generally have a maturity that is greater than one year and form a part of the money markets only when the long-term debt approaches maturity. These instruments are actively traded within the markets and do have some degree of liquidity.
- 4. Debenture** - debentures are similar to bonds and represent interest bearing debt; however, debentures are secured only by the general credit of the issuing organization. Typically these instruments are offered by organizations that have exhausted their ability to issue bonds or by organizations that have a high enough credit standing that they are not required to pledge any specific assets. These instruments have a reasonable degree of liquidity and usually have a yield that is higher than similar bonds.
- 5. Federal & Provincial Crown Corporation Notes** - these investments are guaranteed by the Government of Canada or the issuing Province and are secured by the assets of the issuing Crown. These securities can range in term and can be either discounted or interest bearing. These investments are very liquid and yield approximately the same yield as other Federal or Provincial obligations.
- 6. Government of Canada & Provincial Bonds** - this instrument is essentially an interest-bearing debt which is secured by the assets of the Government of Canada or the issuing Province. These securities have a maturity that is greater than one year and form a part of the money market only when the long-term debt approaches maturity. As with the other government securities, these instruments are actively traded and generally considered high quality investments.
- 7. Government of Canada Treasury Bills** - the Bank of Canada, as agent for the Government of Canada, periodically calls for tenders for a specified amount of treasury bills. These are short-term promissory notes issued by the Government of Canada that

are used to finance ongoing expenditures. Treasury bills are issued in bearer form only and are sold at a discount to mature at a stated par value. There is no risk of default and they are extremely liquid and considered a prime investment vehicle.

- 8. Provincial Treasury Bills and Notes** - these securities are issued periodically by the majority of provinces in Canada and are actively traded in the money markets. These instruments are very liquid and are usually issued in bearer form. These instruments can be interest bearing or sold at a discount and are considered to be prime investment vehicles due to the minimal risk associated with default.
- 9. Term Receipts** - these instruments have various labels including Certificates of Deposits (CDs), Term Deposits, Fixed Term Deposits, Guaranteed Investment Certificates (GICs), Term Deposit Certificates, Deposit Receipts, etc. These instruments are generally fully registered non-transferable, interest bearing notes. Terms range from one day to six years. While some of these instruments do have call features that allow them to be liquidated on demand most tend to be non-liquid investments. These instruments are direct obligations of the issuing bank.
- 10. Units of Pooled Funds** - also known as Mutual Funds. Pooled funds exist to combine or pool the funds of several investors to purchase securities. The types of securities the fund will purchase and the investment objectives are set out in the fund's prospectus.
- 11. Pooled funds** can range from very conservative to speculative based on the investment objectives. Units of the fund are purchased and sold at prices based on the net assets of the fund.



Schedule II

Diversification Scale (Asset Mix)

Investment Type	Percentage of Portfolio
Fixed Investments	40%
Equity Investments	60%
Total	100%