

INVESTMENT POLICY

Approved By:	<u>City Council</u>		
Approved On:	<u>January 20, 1992</u>	Resolution #:	<u>92-C-054</u>
Revised:	<u>February 5, 1999</u>	Resolution #:	<u>99-C-063</u>
Revised:	<u>January 17, 2005</u>	Resolution #	<u>2005-C-014</u>
Revised:	<u>December 15, 2008</u>	Resolution #	<u>2008-C-435</u>

PURPOSE

The City Of Airdrie shall invest its funds in a prudent manner, provide optimum investment returns within the prescribed limits while ensuring the safety of capital, meet the City's cash flow requirements and conform to all appropriate City policies, Provincial statutes and regulations.

SCOPE

This policy applies to all investment transactions involving the financial assets and activities of the City of Airdrie.

OBJECTIVES

1. Safety

The City of Airdrie recognizes its fiduciary responsibility for the stewardship of public funds with which it has been entrusted. The prime investment objective is to ensure safety of principal. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

The City of Airdrie will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer by limiting investments to the types of securities identified in this Investment Policy and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

The City of Airdrie will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment into operating and non-operating portfolios.

1.1. Operating Portfolio

The objective of the operating portfolio represents funds used to meet the projected cash flow requirements of operating expenses and capital purchases for up to one (1) year.

Funds will be invested with the purpose of achieving the highest level of safety of principal and liquidity and instruments will be primarily money market in nature with maturities of less than one year (i.e. Government of Canada treasury bills, banker's acceptances, term deposits, etc.)

The rate of return for this portfolio should be maximized within the constraints on these funds and will be measured against the 91-day Treasury Bill Rate.

1.2. Non-operating Portfolio

The non-operating portfolio represents funds from reserves, is longer term in nature and may be subject to requests for additional funds to meet the cash flow of capital expenditure requirements of the City Of Airdrie.

Funds will be invested in highly liquid investments such as government bonds versus other investments where the capital is locked in (i.e. guaranteed investment certificates).

The rate of return for this portfolio will be measured against the Scotia Capital Markets Index. This return is the combined measurement for income flows as well as realized and unrealized capital gains and/or losses.

STANDARDS OF CARE

1. Prudence

The City Of Airdrie shall adhere to the prudent investment standards in making investment decisions. Prudent investment standards are those that, in the overall context of an investment portfolio, a reasonable and prudent person would apply to investments made on behalf of another person with whom there exists a fiduciary relationship.

Investment officials exercising due diligence and acting in accordance with procedures consistent with this investment policy shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that appropriate action is taken to minimize adverse developments and that such developments are reported on a timely basis.

2. Ethics and Conflict of Interest

Investment officials shall refrain from personal business activity that could conflict with the proper execution of and management of the investment program, or that could impair their ability to make impartial decisions. Investment officials shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City of Airdrie. They shall disclose annually to the Chief Administrative Officer any interests in financial institutions that the City of Airdrie invests with. They shall further disclose any personal financial/investment positions that are related to the performance of the investment portfolio. Additional disclosure of gifts and/or entertainment is required pursuant to the City of Airdrie Corporate Reimbursement Policy.

3. Delegation of Authority

Authority to manage the investment program is granted to the CAO. Responsibility for the operation of the investment program is hereby delegated to the Director of Finance and IT. The Director may further delegate the authority to manage the investment program and to make investments on behalf of the City of Airdrie to members of the Finance Team.

ELIGIBLE INVESTMENTS

Eligible investments must conform to the requirements of the Municipal Government Act and to any applicable Investment Regulations.

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

This investment policy strictly prohibits the City from engaging in any non-business related investment activity that would be considered speculative according to the generally accepted principles of conservative investment management.

ASSET MIX

3.1. Operating Portfolio

The operating portfolio will be invested in bonds and cash equivalent investments, according to the following asset mix ranges, which will allow for the City Of Airdrie to take advantage of prevailing market conditions, preserve the value of the principle while maintaining liquidity.

Investment Type	Maximum % of Portfolio
Cash and cash equivalents	100%
Bonds	15%

3.2. Non-operating Portfolio

The non-operating portfolio will be invested in bonds and cash equivalent investments, according to the following asset mix ranges, which will allow for the City Of Airdrie to take advantage of prevailing market conditions, minimize exposure to short term volatility while maintaining liquidity.

Investment Type	Maximum % of Portfolio
Cash and cash equivalents	20%
Bonds	80%
Managed funds	20%

DIVERSIFICATION

The City of Airdrie will invest only in instruments rated R-1 Low or higher by the Dominion Bond Rating Service, or A and higher by the Canadian Bond Rating Services for investment terms of 120 days or less and R-1 Mid for investment terms of greater than 120 days.

Investments must be diversified by security type and institution.

Investments of appropriate credit quality may be made subject to the following limits:

Investment Vehicle	Maximum % of Portfolio	Maximum % per issuer
Federal/Provincial Government obligations	100%	Unlimited
Municipal Governments	50%	25%
Canadian chartered banks	50%	25%
Corporate commercial paper	25%	25%
Corporate bonds	25%	25%
Managed funds	15%	25%

The investments will be made with the intention of holding the security to maturity and to the extent possible; the City of Airdrie shall attempt to match its investments with anticipated cash flow requirements.

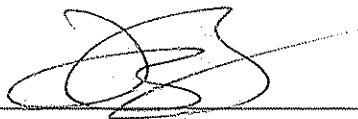
SAFEKEEPING

The Director of Finance & IT shall ensure:

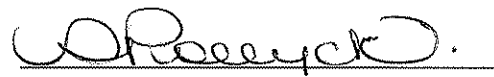
- That all investment certificates issued to the City of Airdrie are in the name of or held in the name of the City of Airdrie.
- Investments are held either in a safekeeping compartment with the City's banker or in the possession of the financial institution or brokerage house where the investment transaction was made for the account of the City of Airdrie.

REPORTING

The Director of Finance & IT will prepare and submit a report of investment activity and income earned to Finance Committee monthly and Council quarterly in April, July, October and January.



Mayor



City Clerk