

Policy

Title: INVESTMENT POLICY		Number: 0167
Reference: Corporate Services Committee - January 12, 2021 Administrative Committee - November 24, 2021 February 23, 2023	Adopted by City Council: January 18, 2021	
	City Clerk	City Manager
Supersedes: Policy 0110 Policy 0157		
Prepared by: FINANCE DEPARTMENT, CORPORATE SERVICES DIVISION		

STATEMENT

THE CITY OF MEDICINE HAT (THE CITY) WILL INVEST, OR CAUSE TO BE INVESTED, FUNDS UNDER ITS CONTROL IN PERMITTED CAPITAL MARKETS IN ORDER TO ACHIEVE ITS INVESTMENT PRINCIPLES TO PRESERVE CAPITAL AND OPTIMIZE INVESTMENT RETURNS SUBJECT TO AN APPROPRIATE LEVEL OF RISK IN ACCORDANCE WITH ALL PROVINCIAL STATUTES AND REGULATIONS GOVERNING THE INVESTMENT OF MUNICIPAL FUNDS.

PRINCIPLES

1. Adherence to Requirements: All investment activities shall be undertaken in accordance with this Policy, the Procedures, and applicable law.
2. Preservation of Capital: The safety of principal is a primary objective and all investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. In the event of a private investment approved by the Administrative Committee, preservation of capital shall be viewed within the context of whether the investment was made to improve the expected return of a Council approved economic incentive.
3. Mitigation of Risk: The City shall mitigate risk in relation to its investments through strategies including asset allocation, diversification, restrictions on permitted investments and hedging. Risk of any given asset class varies over time and is highly dependent on both relative and historic valuation.
4. Earning a Competitive Rate of Return: The City shall seek to optimize the rate of return earned on each portfolio without compromising the other objectives and considering for each type of fund, its investment horizon, liquidity requirements and financial obligations. The City shall evaluate all of its investments on a risk-adjusted basis with risk being defined as the standard deviation of an investment's expected return.
5. Prudence: All investment activities shall be governed by the prudent investor rule, which requires the City to act prudently with care to consider all funds as a whole when weighing trade-offs between risk and return.

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6. Private Investments: Subject to Administrative Committee approval on a case by case basis, the City may:
 - a) Structure Council approved economic incentives in the form of a debt or equity investment. Structuring an incentive in the form of an investment is expected to provide the City with enhanced incentive control and a return on its investment in addition to the measurable benefits identified during the incentive approval process; and/or
 - b) Include direct net benefits to the City, such as tax assessment and utility revenue growth in calculating the rate of return for a particular investment, provided that such net benefits are transparent and measurable.

ROLE OF COUNCIL

1. Council shall receive, review and adopt this Policy and any recommended amendments thereto.

ROLE OF ADMINISTRATIVE COMMITTEE

1. Administrative Committee:
 - a) Shall approve procedures, and any amendments thereto, related to this Policy or the investment of funds (the "Procedures");
 - b) Shall ensure that this Policy is reviewed every year by the Corporate Services Committee;
 - c) Shall ensure that as part of the external audit, compliance with this Policy has been achieved;
 - d) Shall ensure that all staff involved in the evaluation or implementation of an investment for which there is no public market to determine price changes execute attestations of impartiality prior participation in such evaluation or implementation; and
 - e) May approve exceptions to the Procedures, on a case by case basis.

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1. DEFINITIONS

- 1.1 Asset Allocation - the process of dividing investments into different asset classes, such as stocks, bonds, alternative assets, and cash, in order to optimize the risk/return trade-off of a portfolio.
- 1.2 Benchmark - a standard against which the performance of a security, mutual fund, pooled fund or Investment Manager can be measured.
- 1.3 Bond - a debt security, issued by a corporation or government, which provides a promise to the holder that the principal and a specified amount of interest will be repaid within a specific period of time. Investing in a bond is akin to lending money to a government or organization in return for interest and principal.
- 1.4 Capital Markets - a market where buyers and sellers engage in trade of financial securities like bonds, stocks, etc.
- 1.5 Consumer Price Index (CPI) - an indicator of changes in consumer prices experienced by all Canadians. It is obtained by comparing, over time, the cost of a fixed basket of goods and services purchased by consumers. Since the basket contains goods and services of unchanging or equivalent quantity and quality, the index reflects only pure price change. Increases in the CPI are also referred to as increases in the cost of living and are directly correlated to increases in inflation.
- 1.6 Credit Rating - an evaluation of the credit risk of a prospective debtor (an individual, a business, company or a government), predicting their ability to pay back the debt, and an implicit forecast of the likelihood of the debtor defaulting. The credit rating represents an evaluation of a credit rating agency of the qualitative and quantitative information for the prospective debtor, including information provided by the prospective debtor and other non-public information obtained by the credit rating agency's analysts.
- 1.7 Currency Overlay - refers to outsourcing currency risk management to mitigate the financial impact from foreign exchange rate fluctuations when investing in foreign denominated securities and private market investments.
- 1.8 Derivative - a financial instrument whose value is dependent on the performance of an underlying instrument or asset, typically a commodity, bond, or equity. They are also available on currencies, interest rates and equity indices. Futures and options are examples of derivatives.
- 1.9 Diversification - a risk management technique that mixes a wide variety of investments within a portfolio. The rationale behind this technique contends that a portfolio of different kinds of investments will, on average, yield higher returns and pose a lower risk than any individual investment found within the portfolio.
- 1.10 Enterprise Activities - refers to the activities of the City's enterprise business units including the operations of Rate Based Utilities (representing utility distribution systems (gas and electric, including retail), and environmental utilities (water, sewer, and solid waste)), ComCo (representing the integrated commodity-based

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operations: power generation, natural gas and petroleum resources) and Real Estate (representing land development and real estate, economic development and marketing).

- 1.11 Environmental, Social and Governance (ESG) - a set of standards that socially conscious investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with the company's leadership, pay, audit, internal controls, and shareholder rights.
- 1.12 Equity - a common stock or any other security representing an ownership interest in a corporation. In terms of investment strategies, equity (stocks) is one of the principal asset classes.
- 1.13 Fixed Income Security - a type of investment security that pays investors fixed interest payments until its maturity date and includes, but is not limited to, bonds, debentures, trust certificates, guaranteed investment certificates or receipts, certificates of deposit, deposit receipts, bills, notes, and mortgages of real estate or leaseholds and rights of interests in respect of a security.
- 1.14 Index - a public benchmark which is considered to be representative of a specific market (e.g. FTSE Canada Universe Bond Index, MSCI Emerging Markets Index, S&P 500 Index, etc.).
- 1.15 Inflation - the rise in the cost of goods and services that causes a loss in the dollar's purchasing power. Inflation is frequently measured by the percentage change of the CPI.
- 1.16 Investment Manager - means the financial services professional(s) appointed to manage a City portfolio in accordance with the Procedures.
- 1.17 Investment Policy - means the City's Investment Policy No. 0167.
- 1.18 Liquidity - liquidity is the ease of turning an investment into cash without a substantial loss in value.
- 1.19 Long Term Investment - an investment with an investment horizon of five or more years.
- 1.20 Market Value - the price at which a security is trading and could presumably be purchased or sold.
- 1.21 Maturity - the date upon which the principal or stated value of an investment becomes due and payable.
- 1.22 Medium Term Investment - an investment horizon in excess of one year but less than five years.
- 1.23 Money Market - the market in which short-term debt instruments (bills, commercial paper, banker's acceptances, etc.) are issued and traded.
- 1.24 Nominal Return – the return earned by an investment before adjusting for inflation.

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Nominal return equals real return plus inflation.

- 1.25 Person - means an individual, government body, or entity, including a corporation, partnership, limited liability company, association, trust, unincorporated organization.
- 1.26 Portfolio - collection of securities held by an investor.
- 1.27 Private Credit - Investments in non-bank and private loans made to companies through privately negotiated, non-public transactions to generate attractive, risk-adjusted returns in excess of public fixed income strategies.
- 1.28 Procedures - means these Procedures.
- 1.29 Prudent Investor Rule - an investment standard; the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.
- 1.30 Rate of Return - the percentage change in the value of an asset, including interest and dividends, over an evaluation period.
- 1.31 Real Return – the return earned on an investment adjusted for inflation. Real return equals nominal return minus inflation.
- 1.32 Short Term Investments - an investment with an investment horizon of less than one year.
- 1.33 Standard Deviation - a measure of risk of historical volatility of investment returns from its average return; the higher the standard deviation, the more volatile or risky an investment may be.
- 1.34 Working Capital - defined as current assets minus current liabilities. Working Capital is necessary for an entity to have sufficient liquidity to perform daily business.

2. RESPONSIBILITIES

2.1 City Council

- a) Shall receive, review and in its discretion adopt the Investment Policy and any recommended amendments thereto.

2.2 Administrative Committee

- a) Shall approve the procedures, and any amendments thereto, related to the investment of funds.
- b) Shall ensure that the Investment Policy is reviewed every year by the Corporate Services Committee.
- c) Shall ensure that as part of the external audit compliance with the Investment Policy has been achieved.
- d) Shall ensure that all staff involved in the evaluation or implementation of an

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investment within the Private Investment Portfolio execute attestations of impartiality prior to participation in such evaluation or implementation.

- e) May approve exceptions to the Procedures, on a case-by-case basis.

2.3 City Manager

- a) Shall appoint Investment and/or Currency Overlay Manager(s) to manage funds.

2.4 Managing Director, Corporate Services / CFO

- a) Shall appoint and chair the Investment Review Panel;
- b) Ensure that employees and officers involved in the City's investment activities sign an annual investment declaration, per Appendix "D";
- c) Ensure that Advisory Members of the Investment Review Panel sign an annual investment declaration, per Appendix "E";
- d) Ensure that external Investment Managers provide quarterly compliance certificates indicating they comply with the Investment Policy; and
- e) Ensure that on an annual basis (or as required) the Investment Report is forwarded to Council.

2.5 Investment Review Panel

- a) Shall assist the City in fulfilling its responsibilities in the management of investments by providing oversight and advice. The Investment Review Panel will be comprised of members and advisory members as follows:
 - i. Managing Director, Corporate Services / CFO (Chair);
 - ii. Director of Finance;
 - iii. City Treasurer;
 - iv. Other City staff as requested; and
 - v. Advisory Members - the chair may appoint additional advisory members that bring expertise in investment management or risk management. These members may be internal staff, public members, or external advisors.

2.6 City Operating Departments

- a) Shall ensure that cash flow requirements are communicated to the City Treasury Group on an annual basis, or more frequently as required.

2.7 City Treasury Group

- a) Shall manage internal funds under specific investment mandate, complying with all legislation, regulations, guidelines, policies and procedures;
- b) Maintain relationships with all external Investment Managers on behalf of the City of Medicine Hat;
- c) Ensure that the portfolio is sufficiently liquid in accordance with cash flow requirements provided by the Operating Departments;

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- d) Periodically rebalance the portfolio to remain in compliance with the Investment Policy and the Procedures;
- e) Prepare recommendations such that the Investment Portfolio attains the target rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio; and
- f) Prepare investment reports on market value, asset mix, investment performance, and compliance with the Investment Policy.

3. Portfolios

3.1 General

- a) The City may invest City Funds in any investment permitted by applicable law, except as limited by the Investment Policy or the Procedures.
- b) The City shall invest City Funds in accordance with the portfolio terms of one of the portfolios outlined below.
- c) It is expected that the overall investment portfolio will earn an average nominal return of 5.5% annually measured over a rolling five-year period. The investment portfolio should also outperform its blended benchmark on a net of fees basis over a rolling five-year period.
- d) If the Investment Manager(s) selected for each portfolio does not actively undertake foreign currency hedging within the management of funds, the City may utilize an external Currency Overlay Manager(s) to manage this foreign currency risk.

3.2 Public Equities Investment Portfolio

a) Fund Mandate

- i. To actively manage a portion of the City's investments in a diversified portfolio of equities whereby risk is managed by maintaining appropriate geographic, sector and corporate diversification.
- ii. The focus of this fund is to achieve long-term capital appreciation and inflation protection.

b) Fund Management

- i. The City shall employ competent external professional Investment Managers to manage the Public Equities Investment Portfolio.
- ii. The City Manager shall make changes to the Investment Manager(s) from time to time as deemed in the best interest of the Public Equities Investment Portfolio, and its beneficiaries, taking into account performance on return objectives. The selection of Investment Manager(s) will be made in a prudent manner considering the relevant experience and expertise of potential Investment Managers.
- iii. The Investment Manager(s) will ensure that all officers and staff involved in the management of investment funds on behalf of the City of Medicine Hat will adhere to CFA Institute's Code of Ethics and Standards of Professional Conduct (or equivalent).

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c) Permitted Investments

- i. Permitted investments include all categories allowed in the Municipal Government Act (MGA), Municipal Investment Regulation and in accordance with all Provincial statutes and regulations governing the investment of municipal funds.

d) Portfolio Return Expectation

- i. It is expected that the Public Equities Investment Portfolio will earn an average nominal return, net of fees, that meets or exceeds the appropriate market index set by the Investment Manager(s), measured over a rolling five-year period.

e) Investment Manager Discretion

- i. The Investment Manager(s) has sole discretion to determine the manner in which the Public Equities Investment Portfolio is invested, provided that the investments and investment strategies conform to the Investment Policy.
- ii. To the extent that the City of Medicine Hat invests in units of pooled funds, the Investment Manager(s) shall be governed by the Investment Manager's own investment policy and mandate for pooled funds, and any provisions of the Procedures that may be affected shall not apply. The Investment Manager(s) shall inform the Investment Review Panel when and how the guidelines of the pooled funds differ from the guidelines of the Investment Policy.

f) Asset Allocation

- i. The Public Equities Investment Portfolio shall adhere to the asset allocation target and ranges outlined in the following table:

Asset Class	Policy Weight	Minimum	Maximum	Target Weight
Public Equities	40.0%	30.0%	50.0%	40.0%
Canadian Equities		0.0%	10.0%	5.0%
Global Equities incl. EM		30.0%	40.0%	35.0%

g) Hedging

- i. The Investment Manager(s) is authorized to prudently utilize financial derivatives to manage interest rate, market, credit, and foreign currency risk exposure as well as for security replication, portfolio adjustment, and implementation purposes. Derivative use must be in accordance with the Prudent Investor Rule and can only be used on a non-speculative and non-leveraged basis.

h) Rebalancing

- i. The Investment Manager(s) must operate the Public Equities Investment

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Portfolio within the ranges established in Section 3.0.2.(f).

- ii. If the asset mix deviates outside the above ranges Treasury shall ensure corrective action is taken to bring the asset mix back within the ranges, generally to target. This will be monitored quarterly, and rebalancing actions will be completed within 45 days of quarter-end.
- iii. Treasury can rebalance the portfolio to, or closer to, target even if the ranges are not breached if it is determined that it is advantageous to do so. These tactical rebalancing moves require approval from the Managing Director, Corporate Services and will be completed on a quarterly basis within 45 days of quarter-end.

i) Benchmarks

- i. In order to measure the performance of the portfolio, investment returns will be gauged against a market benchmark. Whenever practically possible, the benchmark should be a market index that is replicable, measurable and a fair comparison to the portfolio being measured. It is acknowledged that in the case of new or private asset classes, a perfectly matched benchmark may not be available. In these cases, the closest market benchmark that approximates the risk and return profile of the asset class will be used. The overall Public Equities portfolio will be benchmarked against the MSCI World Index.

j) Time Horizon

- i. While it is important to assess performance over longer periods of time, monitoring will be done on a quarterly basis and will include year to date results to identify and respond appropriately to potential deficiencies in the strategy and structure of the Public Equities Investment Portfolio. A rolling five-year time horizon will be used for determining whether the investment return objective (net of fees) as outlined in section 3.0.2.(d) has been met.

k) Return Calculation

- i. The returns of the Public Equities Investment Portfolio are calculated using market values derived from independent pricing sources. Returns are time-weighted so that cash flows have a minimal effect on return numbers. All income is included on an accrued basis.

l) Performance Reporting

- i. On a calendar quarterly basis, the Investment Manager(s) will provide a performance report and a strategy review of the Public Equities Investment Portfolio. Reporting will include but not be limited to:
 - a. Quarterly, annual, and annualized portfolio and benchmark performance.
 - b. Portfolio and benchmark risk characteristics.
 - c. ESG strategy updates.
 - d. Capital Market update and outlook.
 - e. Performance attribution and explanation of results.

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f. Any relevant corporate changes for Investment Manager.

m) Compliance Reporting

- i. The Investment Manager(s) is required to complete and sign a compliance certificate each quarter indicating the portfolio complies with the Investment Policy. The compliance certificate must be sent to Treasury.
- ii. In the event that the Investment Manager(s) is not in compliance with the Investment Policy, the Investment Manager(s) is required to advise Treasury in a timely manner, detailing the nature of the non-compliance and recommending an appropriate course of action to either remedy the situation or revisit the Investment Policy, as appropriate.
- iii. If at any time the Investment Manager(s) believes that the objectives cannot be met, that the guidelines or restrictions are unreasonable, or that the Investment Policy restricts performance, Treasury must be notified in writing.

n) Limits on Investments

- i. Derivatives - the use of derivatives and synthetic securities is permitted in a manner consistent with the Investment Policy and applicable law.

o) Loans and Borrowing

- i. No part of the Public Equities Investment Portfolio shall be loaned to any Person, except as may be permitted by the Investment Policy.
- ii. The Investment Manager(s) may engage in securities lending to generate incremental income in a manner consistent with industry standards.
- iii. The Investment Manager(s) may engage in securities borrowing for hedging purposes incidental to the activities of buying, selling, holding, or exchanging investments as deemed necessary or appropriate.
- iv. Leverage may be used for the purposes of enhancing returns and/or managing risk.

p) Valuation of Securities

- i. Publicly traded securities will be valued in accordance with the CPA Canada Handbook (Chartered Professional Accountants).

3.3 Fixed Income Investment Portfolio

a) Fund Mandate

- i. To actively manage a portion of the City's Fixed Income Investments in a diversified portfolio of fixed income securities.
- ii. The focus of this fund is to achieve a competitive rate of return while generating a stable stream of interest income.

b) Fund Management

- i. The City shall employ competent external professional Investment Managers to manage the Fixed Income Investment Portfolio.

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- ii. The City Manager shall make changes to the Investment Manager(s) from time to time as deemed in the best interest of the Fixed Income Investment Portfolio, and its beneficiaries, taking into account performance on return objectives. The selection of Investment Manager(s) will be made in a prudent manner considering the relevant experience and expertise of potential Investment Managers.
 - iii. The Investment Manager(s) will ensure that all officers and staff involved in the management of investment funds on behalf of the City of Medicine Hat will adhere to CFA Institute's Code of Ethics and Standards of Professional Conduct (or equivalent).
- c) Permitted Investments
 - i. Permitted investments include all categories allowed in the Municipal Government Act (MGA), Municipal Investment Regulation and in accordance with all Provincial statutes and regulations governing the investment of municipal funds.
- d) Portfolio Return Expectation
 - i. It is expected that the Fixed Income Investment Portfolio will earn an average nominal return, net of fees, that meets or exceeds the appropriate market index set by the Investment Manager(s), measured over a rolling five-year period.
- e) Investment Manager Discretion
 - i. The Investment Manager(s) has sole discretion to determine the manner in which the Fixed Income Investment Portfolio is invested, provided that the investments and investment strategies conform to the Investment Policy.
 - ii. To the extent that the City of Medicine Hat invests in units of pooled funds, the Investment Manager(s) shall be governed by the Investment Manager's own investment policy and mandate for pooled funds, and any provisions of the Procedures that may be affected shall not apply. The Investment Manager(s) shall inform the Investment Review Panel when and how the guidelines of the pooled funds differ from the guidelines of the Investment Policy.
- f) Asset Allocation
 - i. The Fixed Income Investment Portfolio shall adhere to the asset allocation target and ranges outlined in the following table:

Asset Class	Policy Weight	Minimum	Maximum	Target Weight
Fixed Income	15.0%	10.0%	20.0%	15.0%
Canadian Universe Bonds		2.5%	12.5%	7.5%
Global Bonds		2.5%	12.5%	7.5%

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g) Hedging

- i. The Investment Manager(s) is authorized to prudently utilize financial derivatives to manage interest rate, market, credit, and foreign currency risk exposure as well as for security replication, portfolio adjustment, and implementation purposes. Derivative use must be in accordance with the Prudent Investor Rule and can only be used on a non-speculative and non-leveraged basis.

h) Rebalancing

- i. The Investment Manager(s) must operate the Fixed Income Investment Portfolio within the ranges established in Section 3.0.3.(f).
- ii. If the asset mix deviates outside the above ranges Treasury shall ensure corrective action is taken to bring the asset mix back within the ranges, generally to target. This will be monitored quarterly, and rebalancing actions will be completed within 45 days of quarter-end.
- iii. Treasury can rebalance the portfolio to, or closer to, target even if the ranges are not breached if it is determined that it is advantageous to do so. These tactical rebalancing moves require approval from the Managing Director, Corporate Services and will be completed on a quarterly basis within 45 days of quarter-end.

i) Benchmarks

- i. In order to measure the performance of the portfolio, investment returns will be gauged against a market benchmark. Whenever practically possible, the benchmark should be a market index that is replicable, measurable and a fair comparison to the portfolio being measured. It is acknowledged that in the case of new or private asset classes, a perfectly matched benchmark may not be available. In these cases, the closest market benchmark that approximates the risk and return profile of the asset class will be used.

j) Time Horizon

- i. While it is important to assess performance over longer periods of time, monitoring will be done on a quarterly basis and will include year to date results to identify and respond appropriately to potential deficiencies in the strategy and structure of the Fixed Income Investment Portfolio. A rolling five-year time horizon will be used for determining whether the investment return objective (net of fees) as outlined in section 3.0.3.(d) has been met.

k) Return Calculation

- i. The returns of the Fixed Income Investment Portfolio are calculated using market values derived from independent pricing sources. Returns are time-weighted so that cash flows have a minimal effect on return numbers. All income is included on an accrued basis.

l) Performance Reporting

- i. On a calendar quarterly basis, the Investment Manager(s) will provide a performance report and a strategy review of the Fixed Income Investment

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Portfolio. Reporting will include but not be limited to:

- ii. Quarterly, annual, and annualized portfolio and benchmark performance.
- iii. Portfolio and benchmark risk characteristics.
- iv. ESG strategy updates.
- v. Capital Market update and outlook.
- vi. Performance attribution and explanation of results.
- vii. Any relevant corporate changes for Investment Manager.

m) Compliance Reporting

- i. The Investment Manager(s) is required to complete and sign a compliance certificate each quarter indicating the portfolio complies with the Investment Policy. The compliance certificate must be sent to Treasury.
- ii. In the event that the Investment Manager(s) is not in compliance with the Investment Policy, the Investment Manager(s) is required to advise Treasury in a timely manner, detailing the nature of the non-compliance and recommending an appropriate course of action to either remedy the situation or revisit the Investment Policy, as appropriate.
- iii. If at any time the Investment Manager(s) believes that the objectives cannot be met, that the guidelines or restrictions are unreasonable, or that the Investment Policy restricts performance, Treasury should be notified in writing.

n) Limits on Investment

- i. Derivatives - the use of derivatives and synthetic securities is permitted in a manner consistent with the Investment Policy and applicable law.

o) Loans and Borrowing

- i. No part of the Fixed Income Investment Portfolio shall be loaned to any Person, except as may be permitted by the Investment Policy.
- ii. The Investment Manager(s) may engage in securities lending to generate incremental income in a manner consistent with industry standards.
- iii. The Investment Manager(s) may engage in securities borrowing for hedging purposes incidental to the activities of buying, selling, holding, or exchanging investments as deemed necessary or appropriate.
- iv. Leverage may be used for the purposes of enhancing returns and/or managing risk.

p) Valuation of Securities

- i. Publicly traded securities will be valued in accordance with the CPA Canada Handbook (Chartered Professional Accountants).

3.4 Working Capital Investment Portfolio

a) Fund Mandate

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- i. To actively manage a portion of the City's short-term investments in a diversified portfolio of cash/cash equivalents and fixed income securities.
 - ii. The focus of this fund is to obtain a competitive rate of return while seeking to preserve capital and provide liquidity for cash flow requirements for all City operations and initiatives.
- b) Fund Management
 - i. The City Treasury Group will be the Investment Manager of the Working Capital Investment Portfolio.
 - ii. The City Manager shall make changes to the Investment Manager from time to time as deemed in the best interest of the Working Capital Investment Portfolio, and its beneficiaries, taking into account performance on return objectives. The selection of Investment Manager(s) will be made in a prudent manner considering the relevant experience and expertise of potential Investment Managers.
 - iii. The Investment Manager will ensure that all officers and staff involved in the management of investment funds on behalf of the City of Medicine Hat will adhere to CFA Institute's Code of Ethics and Standards of Professional Conduct (or equivalent).
- c) Permitted Investments
 - i. Permitted investments include all categories allowed in the Municipal Government Act (MGA) and in accordance with all Provincial statutes and regulations governing the investment of municipal funds.
- d) Portfolio Return Expectation
 - i. It is expected that the investment portfolio will earn an average rate of return, after expenses, of no less than the rate received on the interest- bearing chequing account.
- e) Investment Manager Discretion
 - i. The Investment Manager has sole discretion to determine the manner in which the Working Capital Investment Portfolio is invested, provided that the investments and investment strategies conform to the Investment Policy.
- f) Asset Allocation
 - i. The Working Capital Investment Portfolio shall adhere to the asset allocation and target ranges outlined in the following table:

Asset Class	Policy Weight	Minimum	Maximum	Target Weight
Working Capital	5%	0%	15%	5%

- g) Credit Ratings
 - i. When assessing the relative risk of investments, the Dominion Bond Rating Service (DBRS) will be used as the credit rating agency to determine the applicable credit rating of each institution. DBRS's Long- term Issue Credit Ratings run on a scale from AAA to D with intermediate ratings of high or low

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between AA and CCC. DBRS's Short-term Issue Credit Ratings run on a scale from R-1 to D with the R-1 and R-2 rating categories further denoted by the subcategories "(high)", "(middle)", and "(low)". Below is a table providing a comparison between DBRS's long-term and short-term ratings.

Credit Quality	Long-Term Rating	Short-Term Rating
Excellent	AA to AAA	R1-H
High	A	R1-L to R1-M
Medium	BBB	R2 to R3
Non-investment grade	CCC to BB	R4 to R5

- ii. Treasury has the authority to determine whether the ratings by other rating agencies are equivalent to those issued by DBRS.
- h) Currency Hedging
 - i. Given the internally managed funds are generally short-term in nature and held for funding Operating & Capital expenditures, it is common for US currency to be held and invested in the same manner as the Canadian currency funds. The City has the discretion to hedge certain asset classes in order to isolate the asset class returns and remove the effects of exchange rate movements from the risk/return profile of the asset class in accordance with the City's Hedging Policy 0159. Currency can also be viewed as an asset class and as a source of investment return.
- i) Rebalancing
 - i. The Investment Manager must operate the Working Capital Investment Portfolio within the ranges established in Section 3.0.4.(f).
 - ii. If the asset mix deviates outside the above ranges Treasury shall ensure corrective action is taken to bring the asset mix back within the ranges, generally to target. This will be monitored quarterly, and rebalancing actions will be completed within 45 days of quarter-end.
 - iii. Treasury can rebalance the portfolio to, or closer to, target even if the ranges are not breached if it is determined that it is advantageous to do so. These tactical rebalancing moves require approval from the Managing Director, Corporate Services and will be completed within 45 days of quarter-end.
- j) Benchmarks
 - i. In order to measure the performance of the Working Capital Investment Portfolio, investment returns will be gauged against a market benchmark. Whenever practically possible, the benchmark should be a market index that is replicable, measurable and a fair comparison to the portfolio being measured. The benchmark for Working Capital is the FTSE Canada 91 Day T-Bill Index.
- k) Time Horizon
 - i. While it is important to assess performance over longer periods of time, monitoring will be done on a quarterly basis and will include year to date results to identify and respond appropriately to potential deficiencies in the strategy and structure of the Internally Managed Fund. A rolling five-

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year time horizon will be used for determining whether the net of fees investment return objective as outlined in section 3.0.4.(d) has been met.

l) Return Calculation

- i. The returns of the Working Capital Investment Portfolio are calculated using market values derived from independent pricing sources. Returns are time-weighted so that cash flows have a minimal effect on return numbers. All income is included on an accrued basis.

m) Performance Reporting

- i. On a calendar quarterly basis, the Investment Manager will provide a performance report and a strategy review of the Working Capital Investment Portfolio. Reporting will include but not be limited to:
 - a. Quarterly, annual, and annualized portfolio and benchmark performance.
 - b. Portfolio and benchmark risk characteristics.
 - c. Capital Market update and outlook.
 - d. Performance attribution and explanation of results.
 - e. Any relevant corporate changes for Investment Manager.

3.5 Alternatives Investment Portfolio

a) Fund Mandate

- i. To actively manage a portion of the City's Investments in a diversified portfolio of alternative investments whereby risk is managed by maintaining appropriate geographic, sector and corporate diversification.
- ii. The focus of this fund is to achieve long-term capital appreciation, inflation protection, and cash yield.

b) Fund Management

- i. The City shall employ competent external professional Investment Managers to manage the Alternatives Investment Portfolio.
- ii. The City Manager shall make changes to the Investment Manager(s) from time to time as deemed in the best interest of the Alternatives Investment Portfolio, and its beneficiaries, taking into account performance on return objectives. The selection of Investment Manager(s) will be made in a prudent manner considering the relevant experience and expertise of potential Investment Managers.
- iii. The Investment Manager(s) will ensure that all officers and staff involved in the management of investment funds on behalf of the City of Medicine Hat will adhere to CFA Institute's Code of Ethics and Standards of Professional Conduct (or equivalent).

c) Permitted Investments

- i. Permitted investments include all categories allowed in the Municipal Government Act (MGA), Municipal Investment Regulation and in accordance with all Provincial statutes and regulations governing the investment of municipal funds.

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d) Portfolio Return Expectation

- i. It is expected that the Alternatives Investment Portfolio will earn an average nominal return, net of fees, that meets or exceeds the appropriate market index or other benchmark set by the investment Manager(s), measured over a rolling five-year period.

e) Investment Manager Discretion

- i. The Investment Manager(s) has sole discretion to determine the manner in which the Alternatives Investment Portfolio is invested, provided that the investments and investment strategies conform to the Investment Policy.
- ii. To the extent that the City of Medicine Hat invests in units of pooled funds, the Investment Manager(s) shall be governed by the Investment Manager's own investment policy and mandate for pooled funds, and any provisions of the Procedures that may be affected shall not apply. The Investment Manager(s) shall inform the Investment Review Panel when and how the guidelines of the pooled funds differ from the guidelines of the Investment Policy.

f) Asset Allocation

- i. The Alternatives Investment Portfolio shall adhere to the asset allocation targets and ranges outlined in the following table:

Asset Class	Policy Weight	Minimum	Maximum	Target Weight
Alternatives	40.0%	30.0%	50.0%	40.0%
Commercial Mortgages		5.0%	15.0%	10.0%
Global Real Estate		5.0%	15.0%	10.0%
Infrastructure		5.0%	15.0%	10.0%
Private Credit		5.0%	15.0%	10.0%

g) Hedging

- i. The Investment Manager(s) is authorized to prudently utilize financial derivatives to manage interest rate, market, credit, and foreign currency risk exposure as well as for security replication, portfolio adjustment, and implementation purposes. Derivative use must be in accordance with the Prudent Investor Rule and can only be used on a non-speculative and non-leveraged basis.

h) Rebalancing

- i. The Investment Manager(s) must operate the Alternatives Investment Portfolio within the ranges established in Section 3.0.5.(f).
- ii. If the asset mix deviates outside the above ranges Treasury shall ensure corrective action is taken to bring the asset mix back within the ranges as soon as is practicable.
- iii. Treasury can rebalance the portfolio to, or closer to, target even if the ranges

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are not breached if it is determined that it is advantageous to do so. These tactical rebalancing moves require approval from the Managing Director, Corporate Services.

- iv. Due to the illiquid nature of Alternative asset classes, it will take longer to rebalance these portfolios than it will for publicly traded investment portfolios. If an alternative investment holding is sold in the secondary market the City would have to sell it at a discount to net asset value. If a rebalancing move is required or desired, Treasury will create a plan for how best to accommodate the rebalancing within 45 days, but the execution of the plan will take longer due to investment/redemption queues and the illiquidity of these asset classes.
- i) Benchmarks
 - i. In order to measure the performance of the portfolio, investment returns will be gauged against a market benchmark. Whenever possible, the benchmark should be a market index that is replicable, measurable and a fair comparison to the portfolio being measured. It is acknowledged that in the case of new or private asset classes, a perfectly matched benchmark may not be available. In these cases, the closest market benchmark that approximates the risk and return profile of the asset class ("market proxy benchmark") will be used. For Infrastructure, Real Estate, and Private Credit the benchmark used will be CPI+4% as these asset classes are meant to provide inflation protection and, in many cases, lack market index benchmarks.
- j) Time Horizon
 - i. While it is important to assess performance over longer periods of time, monitoring will be done on a quarterly basis and will include year to date results to identify and respond appropriately to potential deficiencies in the strategy and structure of the Alternatives Investment Portfolio. A rolling five-year time horizon will be used for determining whether the investment return objective (net of fees) as outlined in section 3.0.5.(d) are met. Closed-end funds require longer evaluation periods as each fund starts from a position with no investments and takes three to four years to deploy capital. Seven to ten years is a more appropriate evaluation period for this fund type.
- k) Return Calculation
 - i. The returns of the Alternatives Investment Portfolio are calculated using market values derived from independent pricing sources. Infrastructure and Real Estate investments are valued at less frequent intervals than most other asset classes (quarterly vs. daily). Returns are time-weighted so that cash flows have a minimal effect on return numbers. All income is included on an accrued basis.
- l) Performance Reporting
 - i. On a calendar quarterly basis, the Investment Manager(s) will provide a performance report and a strategy review of the Alternatives Investment Portfolio. Some Alternative investment funds report with a one-quarter lag so the information will not be as current as for other funds. Reporting will

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include but not be limited to:

- ii. Quarterly, annual, and annualized portfolio and benchmark performance.
- iii. Portfolio and benchmark risk characteristics.
- iv. ESG strategy updates.
- v. Capital Market update and outlook.
- vi. Performance attribution and explanation of results.
- vii. Any relevant corporate changes for Investment Manager.

m) Compliance Reporting

- i. The Investment Manager(s) is required to complete and sign a compliance certificate each quarter indicating the portfolio complies with the Investment Policy. The compliance certificate must be sent to Treasury.
- ii. In the event that the Investment Manager(s) is not in compliance with the Investment Policy, the Investment Manager(s) is required to advise Treasury in a timely manner, detailing the nature of the non-compliance and recommending an appropriate course of action to either remedy the situation or revisit the Investment Policy, as appropriate.
- iii. If at any time the Investment Manager(s) believes that the objectives cannot be met, that the guidelines or restrictions are unreasonable, or that the Investment Policy restricts performance, Treasury should be notified in writing.

n) Limits on Investments

- i. Derivatives - the use of derivatives and synthetic securities is permitted in a manner consistent with the Investment Policy and applicable law.

o) Loans and Borrowing

- i. No part of the Alternatives Investment Portfolio shall be loaned to any Person, except as may be permitted by the Investment Policy.
- ii. The Investment Manager(s) may engage in securities lending to generate incremental income in a manner consistent with industry standards.
- iii. The Investment Manager(s) may engage in securities borrowing for hedging purposes incidental to the activities of buying, selling, holding, or exchanging investments as deemed necessary or appropriate.
- iv. Leverage may be used for the purposes of enhancing returns and/or managing risk.

p) Valuation of Securities

- i. Publicly traded securities will be valued in accordance with the CPA Canada Handbook (Chartered Professional Accountants).

3.6 Private Investment Portfolio

a) Fund Mandate

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- i. The mandate of the Private Investment Portfolio is to actively manage up to 5% of the City's Investment Portfolio, in fixed income and equity securities, for the following purposes:
 - a. achieving long-term capital appreciation, risk mitigation, asset class diversification and inflation protection, as well as direct net benefits to the City, such as tax assessment and utility revenue growth, and/or;
 - b. structuring an incentive in the form of an investment to provide the City with enhanced incentive control and a return on its investment in addition to the measurable benefits identified during the incentive approval process.
- b) Risk Tolerance
 - i. Risk tolerance for capital losses shall be minimized while weighing the benefits of higher expected returns over a longer investment horizon. Wherever possible, risk shall be managed through structuring and hedging.
- c) Fund Management
 - i. The City Treasurer shall manage the Private Investment Portfolio.
 - ii. Notwithstanding the forgoing Subsection 3.0.6.(c) 1), the Administrative Committee may appoint additional or a different financial services professional to manage the Private Investment Portfolio and may amend such appointments, as required, in the best interest of the portfolio and its beneficiaries, taking into account performance on return objectives.
 - iii. If the Investment Manager, or the Administrative Committee, is not permitted or qualified to act or advise in a particular matter that is their responsibility, such Person shall refer the matter to a qualified financial services professional.
 - iv. The selection of all financial service professionals in relation to the Private Investment Portfolio, shall be made in a prudent manner considering the required service and the financial service professional's relevant experience and expertise.
 - v. The Investment Manager will ensure that all officers and staff involved in the management of the Private Investment Portfolio on behalf of the City of Medicine Hat will adhere to CFA Institute's Code of Ethics and Standards of Professional Conduct (or equivalent).
- d) Performance Return Expectation
 - i. The expected average rate of return for a specific Private Investment Portfolio investment and the overall Private Investment Portfolio shall be determined by the Administrative Committee, taking into account the relative risk of the investment and any other factors the Administrative Committee deems appropriate.
- e) Investment Manager Discretion
 - i. Subject to the Approved Investment Strategy, the Investment Manager shall have sole discretion to determine the manner in which the Private

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Investment Portfolio is invested.

f) Asset Allocation and Rebalancing

- i. The Private Investment Portfolio shall have a target weight of 0% with a maximum weight of 5%.
- ii. The Private Investment Portfolio shall not represent more than 5% of the City's total investment portfolio. If after a Private Investment Portfolio investment is executed, the value of the Private Investment Portfolio exceeds this 5% limit, the City shall rectify the non-compliance within twelve (12) months.

g) Hedging

- i. Subject to the Approved Investment Strategy, the Investment Manager is authorized to prudently utilize financial Derivatives, including short-selling of publicly traded securities to hedge private investments in public companies where prudent, to manage interest rate, market, credit, and foreign currency risk exposure as well as for security replication, portfolio adjustment, and implementation purposes. Such Derivative use must be in accordance with the Investment Policy, the Prudent Investor Rule and can only be used on a non-speculative and non-leveraged basis.

h) Benchmarks

- i. In addition to any performance monitoring required by the Administrative Committee, the following shall apply to the Private Investment Portfolio:
- ii. In order to measure the performance of the Private Investment Portfolio, investment returns will be gauged against a market benchmark.
- iii. Whenever practically possible, the benchmark should be a market index that is replicable, measurable and a fair comparison to the portfolio being measured. It is acknowledged that in the case of new or private asset classes, a perfectly matched Benchmark may not be available. In these cases, the closest market benchmark that approximates the risk and return profile of the asset class will be used.

i) Time Horizon

- i. Private Investment Portfolio investments shall have an investment horizon of five or more years. While it is important to assess performance over longer periods of time, monitoring will be done on a quarterly basis and will include year to date results to identify and respond appropriately to potential deficiencies in the strategy and structure of the Private Investment Portfolio. A rolling five-year time horizon will be used for determining whether the Private Investment Portfolio investment return objectives (net of fees) are met.

j) Portfolio Benchmarks

- i. The Private Investment Portfolio benchmarks shall be identified in consultation with an external financial services professional and approved by the Administrative Committee, at its discretion.

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k) Return Calculation

- i. The returns of the Private Investment Portfolio shall be calculated using cost-based accounting unless a transparent market has been established for the investment in question or, in the opinion of the Administrative Committee; there is a compelling accounting argument for adjusting the value of the investment. Returns shall be time-weighted so that cash flows have a minimal effect on return numbers. All investment income shall be included on an accrued basis.

l) Performance Reporting

- i. In addition to any additional performance reporting required by Administrative Committee, the Investment Manager shall provide a performance report and a strategy review of the Private Investment Portfolio on a calendar quarterly basis. Such reporting will include but not be limited to:
 - ii. Quarterly, annual, and annualized portfolio and benchmark performance.
 - iii. Portfolio and benchmark risk characteristics.
 - iv. Capital market update and outlook.
 - v. Performance attribution and explanation of results.
 - vi. Any relevant corporate changes for the Investment Manager.

m) Compliance Reporting

- i. In addition to any compliance measures required by the Administrative Committee, the Investment Manager shall:
 - c. Provide Treasury with a signed compliance certificate each quarter confirming that the Private Investment Portfolio complies with the Investment Policy.
 - d. Promptly advise the Managing Director, Corporate Services of any non-compliance with the Investment Policy, detailing the nature of the non-compliance and recommending an appropriate course of action to either remedy the situation or revisit the Investment Policy, as appropriate.
 - e. Notify Treasury if at any time the Investment Manager believes that the investment objectives cannot be met, or that the guidelines or restrictions imposed by the Investment Policy, or the Procedures are unreasonable or restrict performance.

n) Permitted Investments

- i. A Private Investment Portfolio investment is only permitted if:
 - ii. the investment is approved by the Administrative Committee;
 - iii. the investment strategy is approved by the Administrative Committee and;
 - iv. the investment will not result in the Private Investment Portfolio representing more than 5% of the City's Investment Portfolio.

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o) Loans and Borrowing

- i. No part of the Private Investment Portfolio shall be loaned to any Person, except as may be permitted by the Investment Policy.
- ii. Subject to the Approved Investment Strategy, the Investment Manager may:
- iii. engage in securities lending to generate incremental income in a manner consistent with industry standards;
- iv. engage in securities borrowing for hedging purposes incidental to the activities of buying, selling, holding, or exchanging investments as deemed necessary or appropriate; and
- v. use leverage for the purposes of enhancing returns and/or managing risk.

p) Valuation of Securities

- i. Private securities will be valued in accordance with the CPA Canada Handbook (Chartered Professional Accountants).

4. APPENDICES

Appendix A – Municipal Investment Regulation (149/2022)

Appendix B – CFA Institute Code of Ethics and Standards of Professional Conduct

Appendix C – City of Medicine Hat Conflict of Interest Policy 8045

Appendix D – Annual Declaration for Internal Panel Members

Appendix E – Annual Declaration for External Panel Members



Province of Alberta

MUNICIPAL GOVERNMENT ACT

**MUNICIPAL INVESTMENT
REGULATION**

Alberta Regulation 149/2022

Current as of June 16, 2022

Extract

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All persons making use of this document are reminded that it has no legislative sanction. The official Statutes and Regulations should be consulted for all purposes of interpreting and applying the law.

(no amdt)

ALBERTA REGULATION 149/2022
Municipal Government Act
MUNICIPAL INVESTMENT REGULATION

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Definitions

1 In this Regulation,

- (a) “Act” means the *Municipal Government Act*;
- (b) “major city” means any of the following:
 - (i) The City of Calgary;
 - (ii) the City of Edmonton;
 - (iii) the City of Medicine Hat;
- (c) “MUNI Funds” means the pooled investment funds operated by the Alberta Municipal Services Corporation;
- (d) “MuniSERP” means the supplemental employee retirement plan for municipal employees operated by the Alberta Municipal Services Corporation;
- (e) “rating agencies” means the rating agencies referred to in section 2;
- (f) “securities” has the meaning given to it in section 250(1) of the Act.

Rating agencies

2 For the purposes of this Regulation, the rating agencies are

- (a) DBRS Limited,
- (b) Fitch Ratings, Inc.,
- (c) Moody's Canada Inc., and
- (d) S&P Global Ratings Canada.

Municipalities

3 In addition to the investments referred to in section 250(2) of the Act, a municipality may invest its money in

- (a) securities issued by a corporation incorporated or continued under the laws of Canada or of a province if the securities are rated as follows:
 - (i) subject to subclause (ii), if the municipality is not a major city, the securities must be rated by at least one of the rating agencies with
 - (A) a minimum R-1 or A- or equivalent rating for securities with a maturity date that is less than one year from the securities' issue, and
 - (B) a minimum of A- or equivalent rating for securities with a maturity date that is one year or more from the securities' issue;
 - (ii) if the investment is permitted by section 5 or 6, the securities must be rated by at least one of the rating agencies with
 - (A) a minimum R-1 or BBB- or equivalent rating for securities with a maturity date that is less than one year from the securities' issue, and
 - (B) a minimum of BBB- or equivalent rating for securities with a maturity date that is one year or more from the securities' issue,
- (b) securities of the municipality,
- (c) exchange agreements, futures agreements, option agreements or rate agreements, in respect of interest, dividends, rates, currencies, indices or mediums of exchange if

- (i) the instrument is used in connection with and for the purpose of reducing the risk of another investment referred to in section 250(2) of the Act or in clause (a) or (b) of this section, or
 - (ii) the instrument is used to protect the municipality from exposure to a loss resulting from an interest, currency or rate fluctuation in connection with an amount owing to the municipality or an amount owed by the municipality,
- and
- (d) units in pooled funds of all or any of the investments described in section 250(2)(a) to (c) of the Act and in clauses (a) to (c) of this section.

Major cities

4 In addition to the investments referred to in section 250(2) of the Act and section 3, a major city may invest its money in

- (a) securities issued or guaranteed by a credit union or trust corporation established or continued under the laws of Canada or a province other than Alberta,
- (b) securities of any of the following entities, or of a body that is the equivalent of any of the following entities, established under the laws of Canada or a province other than Alberta:
 - (i) a municipality;
 - (ii) a school division;
 - (iii) a hospital district;
 - (iv) a regional health authority;
 - (v) a regional services commission,
- (c) securities, including securities denominated in foreign currencies, issued or guaranteed by
 - (i) the government of a jurisdiction outside Canada or an agent of that government,
 - (ii) a corporation with its head office located in a jurisdiction outside Canada or an agent of that corporation, or

- (iii) a bank incorporated in a jurisdiction outside Canada or an agent of that bank,
- (d) securities issued or guaranteed by supranational agencies,
- (e) trust capital securities,
- (f) private equity placements, including placements denominated in foreign currencies,
- (g) private debt placements, including placements denominated in foreign currencies, of any corporation,
- (h) common stocks, partially paid shares, convertible debentures, preferred shares, warrants or rights or other equity instruments that are publicly traded on a recognized stock exchange in or outside Canada,
- (i) income trusts that are publicly traded on a recognized stock exchange in or outside Canada,
- (j) real estate, in the form of direct property ownership,
- (k) derivatives,
- (l) hedge funds, and
- (m) units in pooled funds of all or any of the investments described in section 250(2)(a) to (c) of the Act, section 3(a) to (c) and clauses (a) to (l) of this section.

MuniSERP

5 In addition to the investments referred to in section 250(2) of the Act and section 3, a municipality that participates in MuniSERP, other than The City of Calgary or the City of Edmonton, may invest its money designated to fund MuniSERP in

- (a) securities issued or guaranteed by a credit union or trust corporation established or continued under the laws of Canada or a province other than Alberta,
- (b) securities of any of the following entities, or of a body that is the equivalent of any of the following entities, established under the laws of Canada or a province other than Alberta:
 - (i) a municipality;
 - (ii) a school division;
 - (iii) a hospital district;

- (iv) a regional health authority;
- (v) a regional services commission,
- (c) securities, including securities denominated in foreign currencies, issued or guaranteed by
 - (i) the government of a jurisdiction outside Canada or an agent of that government,
 - (ii) a corporation with its head office located in a jurisdiction outside Canada or an agent of that corporation, or
 - (iii) a bank incorporated in a jurisdiction outside Canada or an agent of that bank
 if the securities are rated by at least one of the rating agencies with a rating that is equivalent to
 - (iv) a minimum of R-1 or BBB- for investments with a maturity date that is less than one year after the date the investment is issued, and
 - (v) a minimum of BBB- for investments with a maturity date that is one year or more after the date the investment is issued,
- (d) common stocks, partially paid shares, convertible debentures, preferred shares, warrants or rights or other equity instruments that are publicly traded on a recognized stock exchange in or outside Canada,
- (e) real estate, in the form of direct property ownership, in Canada, and
- (f) units in pooled funds of all or any of the investments described in section 250(2)(a) to (c) of the Act, section 3(a) to (c) and clauses (a) to (e) of this section.

MUNI Funds

6 In addition to the investments referred to in section 250(2) of the Act and sections 3 and 5, a municipality, other than The City of Calgary or the City of Edmonton, may invest its money in the MUNI Funds if the investments held by the MUNI Funds are restricted to the following:

- (a) the investments described in section 250(2)(a) to (c) of the Act and section 3(a) to (c);

- (b) securities issued or guaranteed by a credit union or trust corporation established or continued under the laws of Canada or a province other than Alberta;
- (c) securities of any of the following entities, or of a body that is the equivalent of any of the following entities, established under the laws of Canada or a province other than Alberta:
 - (i) a municipality;
 - (ii) a school division;
 - (iii) a hospital district;
 - (iv) a regional health authority;
 - (v) a regional services commission;
- (d) securities, including securities denominated in foreign currencies, issued or guaranteed by
 - (i) the government of a jurisdiction outside Canada or an agent of that government,
 - (ii) a corporation with its head office located in a jurisdiction outside Canada or an agent of that corporation, or
 - (iii) a bank incorporated in a jurisdiction outside Canada or an agent of that bank

if the securities are rated by at least one of the rating agencies with a rating that is equivalent to

 - (iv) a minimum of R-1 or BBB- for investments with a maturity date that is less than one year after the date the investment is issued, and
 - (v) a minimum of BBB- for investments with a maturity date that is one year or more after the date the investment is issued;
- (e) units in pooled funds of all or any of the investments described in clauses (a) to (d) of this section.

Limitations on municipality

7 In making investments under sections 4, 5 and 6, the municipality must at all times be governed

- (a) by the prudent person rule as understood generally by the investment community in Canada and Alberta, and
- (b) by the investment policy approved by its council.

Repeal

8 The following regulations are repealed:

- (a) *Investment Regulation* (AR 66/2000);
- (b) *Major Cities Investment Regulation* (AR 249/2000);
- (c) *Muni Funds Investment Regulation* (AR 22/2010);
- (d) *MuniSERP Investment Regulation* (AR 210/2006).

Expiry

9 For the purpose of ensuring that this Regulation is reviewed for ongoing relevancy and necessity, with the option that it may be repassed in its present or an amended form following a review, this Regulation expires on June 30, 2032.



CODE OF ETHICS AND STANDARDS OF PROFESSIONAL CONDUCT

PREAMBLE

The CFA Institute Code of Ethics and Standards of Professional Conduct are fundamental to the values of CFA Institute and essential to achieving its mission to lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society. High ethical standards are critical to maintaining the public's trust in financial markets and in the investment profession. Since their creation in the 1960s, the Code and Standards have promoted the integrity of CFA Institute members and served as a model for measuring the ethics of investment professionals globally, regardless of job function, cultural differences, or local laws and regulations. All CFA Institute members (including holders of the Chartered Financial Analyst® [CFA®] designation) and CFA candidates must abide by the Code and Standards and are encouraged to notify their employer of this responsibility. Violations may result in disciplinary sanctions by CFA Institute. Sanctions can include revocation of membership, revocation of candidacy in the CFA Program, and revocation of the right to use the CFA designation.

THE CODE OF ETHICS

Members of CFA Institute (including CFA charterholders) and candidates for the CFA designation ("Members and Candidates") must:

- Act with integrity, competence, diligence, respect and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession and the interests of clients above their own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.
- Promote the integrity and viability of the global capital markets for the ultimate benefit of society.
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

STANDARDS OF PROFESSIONAL CONDUCT

I. PROFESSIONALISM

- A. Knowledge of the Law.** Members and Candidates must understand and comply with all applicable laws, rules, and regulations (including the CFA Institute Code of Ethics and Standards of Professional Conduct) of any government, regulatory organization, licensing agency, or professional association governing their professional activities. In the event of conflict, Members and Candidates must comply with the more strict law, rule, or regulation. Members and Candidates must not knowingly participate or assist in and must dissociate from any violation of such laws, rules, or regulations.
- B. Independence and Objectivity.** Members and Candidates must use reasonable care and judgment to achieve and maintain independence and objectivity in their professional activities. Members and Candidates must not offer, solicit, or accept any gift, benefit, compensation, or consideration that reasonably could be expected to compromise their own or another's independence and objectivity.

- C. Misrepresentation.** Members and Candidates must not knowingly make any misrepresentations relating to investment analysis, recommendations, actions, or other professional activities.
- D. Misconduct.** Members and Candidates must not engage in any professional conduct involving dishonesty, fraud, or deceit or commit any act that reflects adversely on their professional reputation, integrity, or competence.

II. INTEGRITY OF CAPITAL MARKETS

- A. Material Nonpublic Information.** Members and Candidates who possess material nonpublic information that could affect the value of an investment must not act or cause others to act on the information.
- B. Market Manipulation.** Members and Candidates must not engage in practices that distort prices or artificially inflate trading volume with the intent to mislead market participants.

III. DUTIES TO CLIENTS

- A. Loyalty, Prudence, and Care.** Members and Candidates have a duty of loyalty to their clients and must act with reasonable care and exercise prudent judgment. Members and Candidates must act for the benefit of their clients and place their clients' interests before their employer's or their own interests.
- B. Fair Dealing.** Members and Candidates must deal fairly and objectively with all clients when providing investment analysis, making investment recommendations, taking investment action, or engaging in other professional activities.
- C. Suitability.**
- When Members and Candidates are in an advisory relationship with a client, they must:
 - Make a reasonable inquiry into a client's or prospective client's investment experience, risk and return objectives, and financial constraints prior to making any investment recommendation or taking investment action and must reassess and update this information regularly.
 - Determine that an investment is suitable to the client's financial situation and consistent with the client's written objectives, mandates, and constraints before making an investment recommendation or taking investment action.
 - Judge the suitability of investments in the context of the client's total portfolio.
 - When Members and Candidates are responsible for managing a portfolio to a specific mandate, strategy, or style, they must make only investment recommendations or take only investment actions that are consistent with the stated objectives and constraints of the portfolio.
- D. Performance Presentation.** When communicating investment performance information, Members and Candidates must make reasonable efforts to ensure that it is fair, accurate, and complete.
- E. Preservation of Confidentiality.** Members and Candidates must keep information about current, former, and prospective clients confidential unless:
- The information concerns illegal activities on the part of the client or prospective client,
 - Disclosure is required by law, or
 - The client or prospective client permits disclosure of the information.

IV. DUTIES TO EMPLOYERS

- A. Loyalty.** In matters related to their employment, Members and Candidates must act for the benefit of their employer and not deprive their employer of the advantage of their skills and abilities, divulge confidential information, or otherwise cause harm to their employer.
- B. Additional Compensation Arrangements.** Members and Candidates must not accept gifts, benefits, compensation, or consideration that competes with or might reasonably be expected to create a conflict of interest with their employer's interest unless they obtain written consent from all parties involved.
- C. Responsibilities of Supervisors.** Members and Candidates must make reasonable efforts to ensure that anyone subject to their supervision or authority complies with applicable laws, rules, regulations, and the Code and Standards.

V. INVESTMENT ANALYSIS, RECOMMENDATIONS, AND ACTIONS

- A. Diligence and Reasonable Basis.** Members and Candidates must:
- Exercise diligence, independence, and thoroughness in analyzing investments, making investment recommendations, and taking investment actions.
 - Have a reasonable and adequate basis, supported by appropriate research and investigation, for any investment analysis, recommendation, or action.
- B. Communication with Clients and Prospective Clients.** Members and Candidates must:
- Disclose to clients and prospective clients the basic format and general principles of the investment processes they use to analyze investments, select securities, and construct portfolios and must promptly disclose any changes that might materially affect those processes.
 - Disclose to clients and prospective clients significant limitations and risks associated with the investment process.
 - Use reasonable judgment in identifying which factors are important to their investment analyses, recommendations, or actions and include those factors in communications with clients and prospective clients.
 - Distinguish between fact and opinion in the presentation of investment analysis and recommendations.
- C. Record Retention.** Members and Candidates must develop and maintain appropriate records to support their investment analyses, recommendations, actions, and other investment-related communications with clients and prospective clients.

VI. CONFLICTS OF INTEREST

- A. Disclosure of Conflicts.** Members and Candidates must make full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity or interfere with respective duties to their clients, prospective clients, and employer. Members and Candidates must ensure that such disclosures are prominent, are delivered in plain language, and communicate the relevant information effectively.
- B. Priority of Transactions.** Investment transactions for clients and employers must have priority over investment transactions in which a Member or Candidate is the beneficial owner.
- C. Referral Fees.** Members and Candidates must disclose to their employer, clients, and prospective clients, as appropriate, any compensation, consideration, or benefit received from or paid to others for the recommendation of products or services.

VII. RESPONSIBILITIES AS A CFA INSTITUTE MEMBER OR CFA CANDIDATE

- A. Conduct as Participants in CFA Institute Programs.** Members and Candidates must not engage in any conduct that compromises the reputation or integrity of CFA Institute or the CFA designation or the integrity, validity, or security of the CFA Institute programs.
- B. Reference to CFA Institute, the CFA Designation, and the CFA Program.** When referring to CFA Institute, CFA Institute membership, the CFA designation, or candidacy in the CFA Program, Members and Candidates must not misrepresent or exaggerate the meaning or implications of membership in CFA Institute, holding the CFA designation, or candidacy in the CFA program.

Policy

Title: CONFLICT OF INTEREST POLICY		Number: 8045
Reference: Administrative Committee - September 28, 2022 November 9, 2022 January 11, 2023	Adopted by City Council: , 2023	
	City Clerk	City Manager
Supersedes: Policy No. 8006		
Administered by: HUMAN RESOURCES DEPARTMENT		

STATEMENT

INTEGRITY AND TRUST ARE CORNERSTONES OF THE RELATIONSHIP BETWEEN THE MUNICIPAL CORPORATION OF THE CITY OF MEDICINE HAT ("CITY") AND ITS RESIDENTS. IN ORDER TO MAINTAIN THIS INTEGRITY AND TRUST IN ACCORDANCE WITH THE VALUES OF THE CITY, CITY EMPLOYEES MUST AVOID, DISCLOSE, AND ADDRESS CONFLICTS OF INTEREST IN ACCORDANCE WITH THIS POLICY. EACH EMPLOYEE'S COMPLIANCE WITH THIS POLICY HELPS BUILD AN EFFECTIVE AND EFFICIENT MUNICIPAL ORGANIZATION THAT SUSTAINS THE PUBLIC TRUST.

PURPOSE

The purpose of this policy is to establish how all Employees will protect the reputation and integrity of the City, preserve public trust in the City, and protect and advance the interests of the City and its residents, by avoiding, disclosing, and addressing Conflicts of Interest.

APPLICATION

This policy applies to all City Employees. This policy does not apply to City Council members. For rules relating to the conduct of City Council members, please see applicable sections of the Municipal Government Act and its regulations, including Part 5 of the Municipal Government Act, as well as the Council Code of Conduct Bylaw.

Nothing herein shall be interpreted to lessen any duties, obligations, powers, procedures, or remedies expressly set forth in any other applicable policy, bylaw, agreement, statute or other law in respect of Conflicts of Interest.

ROLE OF COUNCIL

To receive, review and adopt this policy and any recommended amendments thereto.

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ROLE OF ADMINISTRATIVE COMMITTEE

To receive, review and adopt any recommended amendments to the procedure of this policy.

1. DEFINITIONS

- 1.01 Business Associate – means a person legally linked with an Employee in respect of any business including, but not limited to, through business contracts, partnerships, firms, enterprises, franchises, trusts, joint ventures, finances, real estate, or through other for-profit legal entities or agreements.
- 1.02 City Resources – means any City owned property of any kind, including, but not limited to, buildings, land, equipment, supplies, stores, vehicles, materials, technology, financial assets, information, work time, and other resources.
- 1.03 Confidential Information – means information connected with an Employee's employment with the City, which is not public property, is not in the public domain, or could cause harm to individuals or to the City if disclosed without City approval, and includes, but is not limited to, information provided in confidence, either by being expressly identified as confidential, or because the character of the information is otherwise confidential.
- 1.04 Conflict of Interest – means, with respect to an Employee, having a Private Interest that does, has the potential to, or may be reasonably perceived to, influence or compete with, the objective performance of the Employee's City duties.
- 1.05 Response Plan – means a written plan developed and mutually agreed upon by an Employee and their Supervisor, or, where applicable, imposed by the Director of Human Resources, with respect to a Conflict of Interest.
- 1.06 Director of Human Resources – means the Director of the City of Medicine Hat's Human Resources Department, and includes any delegate of the Director or any person appointed to act in place of the Director.
- 1.07 Employee – means any permanent, temporary, full time, part time, or casual employee on the City payroll, and includes volunteers utilized by the City, and, for greater certainty, also includes all City employees under any union or association jurisdiction as well as City employees who are out of the scope of any union or association, as well as residents who serve on committees in a volunteer capacity, but does not include Members of Council.
- 1.08 Outside Interest – includes, but is not limited to, secondary employment, sitting as a director on external boards, business undertakings or ownership, teaching and involvement with charitable, political, community service and professional organizations.
- 1.09 Personal Relationship – means, with respect to an Employee, a relationship between that Employee and another person which is, or has been, sufficiently close such that objectivity of the Employee with respect to that person is, has the potential to become,

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or may be reasonably perceived to be, biased, and includes, but is not limited to, a romantic relationship.

- 1.10 Political Activity – includes, but is not limited to, being a candidate for elected office, campaigning for a candidate for elected office, fundraising for an election campaign, and/or promoting a political party or cause.
- 1.11 Private Interest – means a relationship, obligation, duty, responsibility or benefit which is unique to the Employee, their Relative, their Business Associate, or a person with whom the Employee has a Personal Relationship, and includes, but is not limited to, an obligation of the Employee on account of an Outside Interest of the Employee.
- 1.12 Relative – means an individual with whom the Employee has a family relationship, and includes an Employee's:
 - (a) husband, wife, common law spouse, adult interdependent partner, legally separated spouse;
 - (b) children and grandchildren (including foster or step);
 - (c) dependents;
 - (d) parents (including foster or step) and parents-in-law;
 - (e) brothers and sisters (including foster or step) and brothers-in-law and sisters-in-law;
 - (f) sons-in-law and daughters-in-law;
 - (g) nieces and nephews;
 - (h) uncles and aunts;
 - (i) cousins; and
 - (j) grandparents.
- 1.13 Supervisor means the person to whom an Employee directly reports, and in the case of the City Manager, the Supervisor is Council.

2. RESPONSIBILITIES

2.01 City Manager & Managing Directors

- (a) Through the Administrative Committee, receive and approve appropriate procedures in respect of this policy;
- (b) Actively and openly promote awareness about this policy and about the duty of all Employees to avoid, disclose and address Conflicts of Interest; and
- (c) In co-operation with the Director of Human Resources, ensure appropriate action is taken to prevent and rectify any violations of this policy.

2.02 Director of Human Resources

- (a) Monitor compliance with this policy, maintain records about Conflicts of Interest and Response Plans, and provide reports regarding same to the City Manager, as requested;
- (b) Inform Employees about the contents of this policy, and about related Employee supports, including Employee Assistance Programs;
- (c) Allocate resources to cover the cost of any external support reasonably required in connection with Conflicts of Interest or the development of Response Plans, including any external counsel engaged by the City Solicitor to carry out a function in accordance with this policy;

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- (d) Upon request or otherwise as appropriate, assist Employees with the interpretation and application of this policy;
- (e) Assist Supervisors in managing Conflicts of Interest, developing Response Plans, or investigating violations of this Policy, as required; and
- (f) Make recommendations to the Administrative Committee regarding proposed amendments to this policy and the procedure.

2.03 Supervisors

- (a) Actively and openly promote awareness about this policy and about the duty of Employees reporting through the Supervisor to avoid, disclose and address Conflicts of Interest; and
- (b) Prevent, as far as reasonably practicable, violations of this policy among Employees reporting through the Supervisor.

2.04 Employees

- (a) Read and comply with this policy;
- (b) Avoid any conduct or circumstance that does, has the potential to, or may be reasonably perceived to, create or advance a Conflict of Interest;
- (c) Fully cooperate with their Supervisor and Director of Human Resources in the identification, development and implementation of any Response Plan, as required;
- (d) If unclear as to the meaning of one or more provisions herein, request an interpretation of this policy from their Supervisor or the Director of Human Resources;
- (e) As soon as an Employee becomes aware of any of the following, the Employee shall immediately disclose the same to their Supervisor:
 - (i) any Conflict of Interest affecting that Employee, and, following such disclosure to their Supervisor, the Employee shall work cooperatively with their Supervisor to develop and comply with a Response Plan to address such Conflict of Interest; and
 - (ii) Any violation or suspected violation of this policy by the Employee, provided that where the Employee believes another Employee has violated or may have violated this policy, the Employee is recommended to report such suspected violation in accordance with the provisions of the Whistleblower Policy.
- (f) Perform their City duties in an unbiased, consistent and objective manner, without showing personal favouritism or personal animus towards persons interacting with the City;
- (g) Fully cooperate with their Supervisor, the Director of Human Resources, and any other Employee appointed by the City to carry out any investigation that is authorized in accordance with this policy; and
- (h) Complete and submit an annual attestation form, prepared by the Director of Human Resources, in respect of the Employee's acknowledgement of and compliance with this policy.

2.05 Director of Human Resources

- (a) Ensure Employees are made aware of this policy at the time of their hire and on a regular basis thereafter.

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- (b) Prepare attestation forms to be completed by Employees, determine, in consultation with the Administrative Committee, which Employees shall be required to complete such attestation forms, and distribute, collect, and review all such attestation forms.
- (c) Work with City departments to establish enhanced Conflict of Interest guidelines applicable to each department, as required.
- (d) Ensure Employees are made aware of any enhanced Conflict of Interest guideline applicable to their Department.

2.06 Supervisors

- (a) Provide Employees with information about this policy, its application and interpretation.
- (b) Seek out guidance from the Director of Human Resources about issues arising in connection with this policy which are complex or cannot be easily resolved.
- (c) Engage with Employees disclosing a Conflict of Interest in order to identify, develop and implement a Response Plan to address same, provided that where such Response Plan has not been mutually and expediently agreed upon, the Supervisor shall promptly disclose the matter to the Director of Human Resources and shall comply with the Response Plan imposed by the Director of Human Resources.
- (d) Document information related to any Conflicts of Interest affecting an Employee on the personnel file of that Employee.
- (e) Take appropriate action with respect to any violations of this policy.
- (f) Inform their Supervisor of any violations of this policy and any actions taken to address it.
- (g) If applicable, remind an Employee who is leaving their employment with the City of their ongoing obligation to protect the confidentiality of any information which is sensitive, confidential or of a proprietary nature which they acquired during the course of their employment with the City.

2.07 Administrative Committee

- (a) As necessary or appropriate, establish oversight committees to assess Conflict of Interest issues and advise the Administrative Committee on appropriate measures and controls with respect thereto.
- (b) Approve any amendments to the Procedure of this Policy.

3. PRINCIPLES

3.01 Outside Interests

- (a) The City encourages its Employees to undertake volunteerism, additional public service opportunities, and opportunities for civic participation outside of assigned work hours for the City.
- (b) Employees must not use City Resources for any purpose related to an Outside Interest without the prior written approval of their Supervisor in consultation with the Director of Human Resources.

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- (c) An Employee with Outside Interests must ensure that their ability to perform their assigned City duties, and their actual performance of their assigned City duties, is not in any way diminished or compromised by the Employee's Outside Interests.
- (d) Some circumstances where an Outside Interest could constitute a Conflict of Interest include, but are not limited to, the following:
 - (1) The Employee's ability to perform their assigned City duties, or their actual performance of their assigned City duties, is diminished or compromised by an Outside Interest.
 - (2) An Employee uses City Resources for purposes related to the Outside Interest, without first obtaining the prior written approval of their Supervisor.
 - (3) An Employee, acting on behalf of an Outside Interest, seeks an advantage, or appears to seek an advantage, with respect to a City approval, permit, license or inspection.
 - (4) An Employee's actions or statements in respect of an Outside Interest appear to be an official City act or appear to be a statement of the City.
 - (5) The Outside Interest involves services offered on a commercial basis that compete with services offered by the City.
 - (6) An Employee's actions in their City role affects or appears to provide an advantage to an Outside Interest.
 - (7) An Employee receives from an Outside Interest additional compensation for performing their assigned City duties.
 - (8) An Employee's performance of assigned City duties is influenced by offers of future employment from the Outside Interest.

3.02 Gifts, Hospitality and Other Benefits

- (a) An employee may accept any gift, hospitality or other benefit which:
 - (1) is offered or awarded to them by the City;
 - (2) is of a perceived value of 25 dollars or less (e.g. a small gift of appreciation such as cookies or chocolate);
 - (3) falls within the normal standards of courtesy or protocol in the public sector (e.g. greeting cards, pens, lapel pins, calendars);
 - (4) constitutes a normal presentation made to persons participating in public functions or an award presented to an Employee who is representing the City; or
 - (5) is a service or gratuity the offering and receipt of which constitutes an ordinary business practice in the industry or commercial sector within which the Employee's City duties are performed, provided the Employee has been authorized in writing by their Supervisor, in consultation with the Director of Human Resources, to receive same.
- (b) An Employee must not solicit or accept cash, store credit or gift cards in connection with their position or work for the City.
- (c) An Employee must not solicit or accept the following in connection with their position or work for the City without the prior written approval of their Supervisor:
 - (1) a ticket to a paid event;
 - (2) a gift or prize of a perceived value greater than \$25;
 - (3) an invitation to a social outing or to a conference where the employee's costs are paid by a third party; or

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- (4) any other benefit that may have a real, perceived, or potential influence on their objectivity as an Employee or which places them, as an Employee, under any express, or implied obligation to the third party providing the benefit.
- (d) In the occasional circumstances where it is impossible to decline a Gift, Hospitality or Other Benefit (e.g., for reasons of protocol), the recipient's Supervisor will consult with the Director of Human Resources and provide direction to the Employee about the disposition of same.
- (e) If an Employee is uncertain whether to accept a Gift, Hospitality or Other Benefit, they shall decline it or refer the matter to their Supervisor, who will consult with the Director of Human Resources and provide direction to the Employee about the disposition of same.
- (f) When purchasing goods or services for their personal use from a supplier who provides goods and services to the City, an Employee shall not solicit or accept, a discounted rate which that supplier has contracted to provide to the City.
- (g) An Employee shall not solicit or accept, on account of their employment with the City, any discount on any goods or services unless it is the publicly advertised practice of the business to provide discounts to employer groups including, but not limited to, the City of Medicine Hat.

3.03 Private Interests

- (a) An Employee shall not use their position with the City in any manner to further a Private Interest of the Employee, or a Private Interest of the Employee's Relatives, Business Associates, or any person with whom the Employee has a Personal Relationship.
- (b) An Employee shall disclose to their Supervisor any Private Interest of which the Employee is, or ought to be, aware, including those of any Relative, Business Associate, or a person with whom they have a Personal Relationship, prior to participating in or seeking to influence any City decision-making process affecting such an interest. The Supervisor may consult with the Director of Human Resources with regard to any appropriate further actions.
- (c) An Employee shall not:
 - (1) In the course of their City duties, take part in a decision (e.g., allotting work or ordering goods or services) if the decision would, may be reasonably expected to, or may be reasonably perceived to, further a Private Interest of the Employee, a Relative, a Business Associate, or a person with whom the Employee has a Personal Relationship.
 - (2) Participate in, or attempt to influence, a human resources decision about the hiring, compensation, selection, progressive discipline or performance evaluation of a Relative, a Business Associate, or a person with whom they have a Personal Relationship.
 - (3) Use their employment with the City to influence or seek to influence a City decision that would, may be reasonably expected to, or may be reasonably perceived to, further a Private Interest of the Employee, a Relative, a Business Associate, or a person with whom they have a Personal Relationship.

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- (d) An Employee shall disclose to their Supervisor any Private Interest of the Employee, a Relative, a Business Associate, or a person with whom they have a Personal Relationship, which is, has the potential to, or may be reasonably perceived as being, affected by the Employee in their capacity as an Employee. The Supervisor may consult with the Director of Human Resources with regard to any appropriate further actions.

3.04 Using City Resources

- (a) An Employee will use City Resources only for approved City purposes and the performance of assigned City duties, unless otherwise expressly permitted in writing by their Supervisor or as otherwise expressly permitted under any other applicable law or policy.
- (b) An Employee shall not use the City's name or likeness, and shall not use the City's procurement or purchasing process, for any unauthorized purpose.

3.05 Using Confidential Information

- (a) An Employee shall collect, use and disclose information only for approved City purposes and in accordance with the *Freedom of Information and Protection of Privacy Act* (Alberta).
- (b) An Employee shall not seek to further any Private Interest of the Employee, a Relative, a Business Associate, or a person with whom they have a Personal Relationship through the Employee's use of Confidential Information.
- (c) Except where expressly authorized to do so in writing by the City or where required to do so by law, an Employee, or a former Employee, shall not use, share or disclose any Confidential Information that was gained by the Employee in the course of carrying out their City duties.
- (d) The Supervisor of a departing Employee, who is deemed to be in possession of Confidential Information, will remind the departing Employee, in writing, that they cannot work on files or specific elements of files where they possess Confidential Information acquired while in the employ of the City. Furthermore, if a departing Employee fails to comply with this rule, the City may contact the departing Employee's new employer requesting that the departing Employee be removed from certain work or files, failing which court action against the new employer and/or the departing Employee may follow.

3.06 Political Activity

- (a) Political Activity by Employees is permitted, but must be conducted during non-work time and outside the workplace. Employees are expected to be politically neutral in the performance of their City duties.

3.07 Alternative Disclosure Processes

- (a) Notwithstanding any other provision herein, if a Conflict of Interest or violation of this policy involves:
- (1) the Director of Human Resources;
 - (2) the Managing Director of Corporate Services; or
 - (3) the City Manager;
- then such shall be reported to and managed by the City Solicitor.

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4. CONSEQUENCES OF NON-COMPLIANCE

The City will take appropriate action in response to any violation of this policy. An Employee's actions and omissions will be reviewed and may result in disciplinary action being taken against the Employee, up to and including dismissal from employment, seeking restitution (including reimbursement), commencement of civil action, criminal prosecution, instructing the Employee to divest themselves of a Private Interest or an Outside Interest, transferring the Employee to another position, or any combination thereof.

Annual Declaration for Internal Panel Members

Employee Name and Title: _____

Employee Number: _____

The City of Medicine Hat's Investment Policy requires that all employees and officers involved in the City of Medicine Hat's investing activities:

- refrain from personal business activity that could conflict with the proper execution and management of the Investment Policy, or that could impair their ability to make impartial decisions.
- disclose any material interests in financial institutions with which they conduct business.
- disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.
- do not undertake personal investment transactions with the same individual or firm with whom investment business is conducted on behalf of the City.
- do not undertake personal investment transactions with individual investments included in the City's Private Investment Portfolio.

Employee certification:

In submitting this signed document, I hereby certify my personal compliance, for the period from January 1, 2023 to December 31, 2023, that:

- I have read and acknowledge the City of Medicine Hat Conflict of Interest Policy 8045 (attached);
- and no conflict exists between my activities and that of the City of Medicine Hat as further illustrated above.

Name: _____

Signature: _____

Date: _____

Annual Declaration for External Panel Members

INVESTMENT REVIEW PANEL

The City of Medicine Hat's Investment Policy requires that all Investment Review Panel Members acknowledge that:

- No conflict of interest shall exist between the Investment Review Panel Member, their regular or commercial activities and the City of Medicine Hat.

Member certification:

In submitting this signed document, I hereby certify my personal compliance, for the period from January 1, 2023 to December 31, 2023, that:

- I have read and acknowledge the CFA Institute Code of Ethics and Standards of Professional Conduct;
- and no conflict exists between my activities and that of the City of Medicine Hat for purposes of the Investment Review Panel

Name: _____

Signature: _____

Date: _____