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| <b>To:</b>                     | Warden McQueen and Members of Grey County Council  |
| <b>Committee Date:</b>         | May 14, 2020   |
| <b>Subject / Report No:</b>    | FR-CW-13-20  |
| <b>Title:</b>                  | 2019 Investment Report   |
| <b>Prepared by:</b>            | Kevin Wepler, Director of Corporate Services   |
| <b>Reviewed by:</b>            | Kim Wingrove, CAO  |
| <b>Lower Tier(s) Affected:</b> |  |
| <b>Status:</b>                 | Recommendation adopted by Committee as presented per Resolution CW85-20; Endorsed by County Council May 28, 2020 per Resolution CC54-20; |

## Recommendation

1. **That Report FR-CW-13-20 regarding the 2019 Investment Report be received for information.**

## Executive Summary

This report provides information on the County's 2019 investment returns. Section 418 of the *Municipal Act, 2001* provides authority for a municipality to invest money that it does not require immediately in prescribed securities. The prescribed securities are outlined in Ontario Regulation 438/97.

The current Regulation forms part of the County's Cash and Investment Policy.

Subsection 8(1) of Ontario Regulation 438/97 states that if a municipality has an investment in a security under the Regulation, the council of the municipality shall require the Treasurer to prepare and provide an investment report each year.

## Background and Discussion

The County's financial investments are governed by the Council approved "Cash and Investment Management Policy". The policy applies to all investments of Revenue Funds, Reserves and Reserve Funds, and Trust Funds of the County of Grey. The assets of the County shall be invested and reinvested in consideration of the following:

- Ensure the preservation of the capital in the overall portfolio.

- Remain sufficiently liquid to meet all operating or cash flow requirements and to minimize temporary borrowing requirements.
- Obtain a competitive rate of return to maximize the return earned on its portfolio by seeking competitive bids for investment products, seeking information and advice from the financial sector professionals and to assess the market conditions to the County's need for cash.
- Ensure that the net revenue budgeted from investments in a fiscal year and used in the calculation of the County's tax rate is not greater than 1% of own purpose levy and that any revenue that is budgeted that exceeds this threshold shall be placed in a one-time funding reserve for the use in funding non-recurring expenditures.
- The County shall invest only in securities that are expressed or payable in Canadian dollars.

This report has been prepared to provide detail of the County's cash holding and investment portfolio as of December 31, 2019.

## 2019 Cash Holdings and Investments

The attached worksheet titled Investment Activity Report – 2019, provides a snapshot of the cash holdings and investments held by the County at December 31, 2019. The County's portfolio totaled approximately \$68 million with net investment income earning \$1,423,987 in 2019.

### Cash On Hand and On Deposit

The County's cash on hand and on deposit are funds generally used to meet the general cash flow requirement of the organization.

Interest on the County's general bank account is based on the TD Bank's Composite Prime less 1.75%. Interest earnings are calculated on daily balances and applied to the various bank accounts and equaled approximately \$626,376 for 2019.

### Investments

2019 Investment earnings were generated from term deposits, guaranteed investment certificates (GICs), and investments in the ONE Investment Program (Bond Fund and Universe Corporate Bond), operated by the Local Authority Services (LAS), which is a corporation of the Association of Municipalities of Ontario (AMO) and CHUMS, which is a wholly owned subsidiary of the Municipal Finance Officers' Association (MFOA).

2019 continued to be an environment with low interest rates. Purchases of investments in 2019 continued to be made with shorter maturities in order to keep funds available for higher rates of return as these became available.

The County has also utilized its funds that were not required immediately to self-finance the County Administration Building addition and renovation, Grey Gables roof replacement and the Paramedic Services Chatsworth Station build.

Since 2013, the County of Grey has invested funds in the Bond Portfolio and the Universe Corporate Bond Portfolio within the ONE Investment Program.

The Bond Fund and the Universe Corporate Bond portfolio contain a diversified selection of federal, provincial, municipal bonds, high quality bank paper, and corporate bonds. The County's 2019 closing book value of the Bond and Universe Corporate Bond Portfolio was \$3,613,207 as compared to the market value of \$3,478,584 for these investments.

These bond funds earned a combined one-year annualized return of 3.62% in 2019, with the Bond Fund providing a 2.61%, and the Universe Corporate Bond a 4.96% return.

The 2020 budget was prepared based on the investment income being similar to what was realized in 2019. The 2020 outlook on interest revenue will not be similar to 2019, with the Bank of Canada's reducing interest rates by 1.50% in March in response to the COVID-19 pandemic. Staff will continue to seek opportunities to maximize the portfolio's returns.

## Legal and Legislated Requirements

Section 418 of the *Municipal Act, 2001* provides authority for a municipality to invest in prescribed securities, money that it does not require immediately. The prescribed securities are outlined in Ontario Regulation 438/97.

Subsection 8(1) of Ontario Regulation 438/97 states that if a municipality has an investment in a security under the Regulation, the council of the municipality shall require the treasurer to prepare and provide an investment report each year.

## Financial and Resource Implications

The 2019 General Administration Budget had estimated investment income to be realized in the amount of \$1,040,000. The 2019 year-end position for the General Administration Budget was investment income surplus of \$344,858, as a result of higher interest rates and higher investment returns being realized in 2019. As per Report FR-CW-04-20 2019 Year-End Transfers, this surplus was utilized to offset the various Departmental deficits that occurred in 2019.

## Relevant Consultation

- Internal (list)
- External (list) Ignatius Emmanuel, Manager, TD Direct Trade Investments, Jeff Brown, Senior Relationship Manager, Meridian Credit Union, Geoffrey Pennal, Portfolio Manager, CIBC Wood Gundy, David Parson, Managing Director, BMO Nesbitt Burns, David Schaus, Associate Advisor, RBC Dominion Securities, and Eleonore Schneider, Program Manager, One Investment.

## Appendices and Attachments

[Attachment to FR-CW-13-20 Investment Activity Report - 2019](#)

| County of Grey                     |  |                        |                         |                        |                         |                    |             |               |                |                |              |                        |                     |                 |
|------------------------------------|--|------------------------|-------------------------|------------------------|-------------------------|--------------------|-------------|---------------|----------------|----------------|--------------|------------------------|---------------------|-----------------|
| Investment Activity Report - 2019  |  |                        |                         |                        |                         |                    |             |               |                |                |              |                        |                     |                 |
|                                    |  | General Revenue        | Reserve & Reserve Funds | Total                  | Issuer                  | Type of Instrument | Issue Date  | Maturity Date | Purchase Price | Market Value   | Rate / Yield | 2019 Investment Income | % of Portfolio      | Account Numbers |
| <b>Cash on hand and on deposit</b> |  |                        |                         |                        |                         |                    |             |               |                |                |              |                        |                     |                 |
| Chartered Banks                    |  |                        |                         |                        |                         |                    |             |               |                |                |              |                        |                     |                 |
|                                    | General                                    | \$23,276,883.33        |                         |                        | TD Canada Trust         |                    |             |               |                |                |              | \$414,752.43           |                     | 410081-3376     |
|                                    | Payroll Account                            | \$0.00                 |                         |                        | TD Canada Trust         |                    |             |               |                |                |              | \$0.00                 |                     | 412645-3376     |
|                                    | EFT PMT                                    | \$0.00                 |                         |                        | TD Canada Trust         |                    |             |               |                |                |              | \$0.00                 |                     | 5228247-3376    |
|                                    | Provincial Offences                        | \$0.00                 |                         |                        | TD Canada Trust         |                    |             |               |                |                |              | \$1,858.70             |                     | 309534-3376     |
|                                    | MTO - Commuter Grant                       | \$310,831.80           |                         |                        | TD Canada Trust         |                    |             |               |                |                |              | \$7,827.56             |                     | 5230985-3376    |
|                                    | Affordable Housing Ownership               | \$0.00                 |                         |                        | TD Canada Trust         |                    |             |               |                |                |              | \$455.90               |                     | 5213568-3376    |
|                                    | Social Housing                             | \$0.00                 |                         |                        | TD Canada Trust         |                    |             |               |                |                |              | \$5,838.08             |                     | 0312039-3376    |
|                                    | Social Services                            | \$0.00                 |                         |                        | TD Canada Trust         |                    |             |               |                |                |              | \$0.00                 |                     | 413609-3376     |
|                                    | Social Services                            | \$183,639.30           |                         |                        | CIBC                    |                    |             |               |                |                |              | \$0.00                 |                     | 04052/26-01117  |
|                                    | LTC - Rockwood Terrace                     | \$12,908.49            |                         |                        | CIBC                    |                    |             |               |                |                |              | \$0.00                 |                     | 02852 41-01111  |
|                                    | Development Charges                        |                        | \$11,945,463.19         |                        | TD Canada Trust         |                    |             |               |                |                |              | \$195,643.11           |                     | 5213541-3376    |
|                                    | <b>Total Cash</b>                          | <b>\$23,784,262.92</b> | <b>\$11,945,463.19</b>  | <b>\$35,729,726.11</b> |                         |                    |             |               |                | <b>Average</b> |              | <b>2.241%</b>          | <b>\$626,375.78</b> | <b>52.46%</b>   |
| <b>Investment</b>                  |  |                        |                         |                        |                         |                    |             |               |                |                |              |                        |                     |                 |
|                                    | TD Canda Trust                             |                        | \$0.00                  |                        | Toronto Dominion Bank   | Term Deposit       | 25-Oct-2018 | 22-Feb-2019   | \$3,281,327.52 |                | 2.330%       | \$11,101.67            | 0.00%               | 8131469-07      |
|                                    | TD Canda Trust                             |                        | \$0.00                  |                        | Toronto Dominion Bank   | Term Deposit       | 22-Feb-2019 | 24-May-2019   | \$3,306,463.39 |                | 2.340%       | \$19,289.82            | 0.00%               | 8131469-07      |
|                                    | TD Canda Trust                             |                        | \$0.00                  |                        | Toronto Dominion Bank   | Term Deposit       | 24-May-2019 | 23-Aug-2019   | \$3,325,753.21 |                | 2.220%       | \$18,407.36            | 0.00%               | 8131469-07      |
|                                    | TD Canda Trust                             |                        | \$0.00                  |                        | Toronto Dominion Bank   | Term Deposit       | 25-Oct-2018 | 23-Apr-2019   | \$3,275,154.06 |                | 2.420%       | \$24,537.64            | 0.00%               | 8131469-08      |
|                                    | TD Canda Trust                             |                        | \$0.00                  |                        | Toronto Dominion Bank   | Term Deposit       | 23-Apr-2019 | 23-Jul-2019   | \$3,314,240.56 |                | 2.220%       | \$18,343.64            | 0.00%               | 8131469-08      |
|                                    | TD Canda Trust                             |                        | \$0.00                  |                        | Toronto Dominion Bank   | Term Deposit       | 23-Jul-2019 | 22-Oct-2019   | \$3,332,584.20 |                | 2.210%       | \$18,362.08            | 0.00%               | 8131469-08      |
|                                    | TD Canda Trust                             |                        | \$0.00                  |                        | Toronto Dominion Bank   | Term Deposit       | 25-Oct-2018 | 24-Jan-2019   | \$5,285,388.15 |                | 2.280%       | \$7,923.74             | 0.00%               | 8131469-09      |
|                                    | TD Canda Trust                             |                        | \$0.00                  |                        | Toronto Dominion Bank   | Term Deposit       | 24-Jan-2019 | 25-Apr-2019   | \$5,315,432.32 |                | 2.440%       | \$32,335.30            | 0.00%               | 8131469-09      |
|                                    | TD Canda Trust                             |                        | \$0.00                  |                        | Toronto Dominion Bank   | Term Deposit       | 25-Apr-2019 | 24-Jun-2019   | \$5,347,767.62 |                | 2.190%       | \$19,251.96            | 0.00%               | 8131469-09      |
|                                    | TD Canda Trust                             |                        | \$0.00                  |                        | Toronto Dominion Bank   | Term Deposit       | 23-Nov-2018 | 22-Jan-2019   | \$5,307,445.40 |                | 2.270%       | \$7,261.75             | 0.00%               | 8131469-11      |
|                                    | TD Canda Trust                             |                        | \$0.00                  |                        | Toronto Dominion Bank   | Term Deposit       | 22-Jan-2019 | 25-Mar-2019   | \$5,327,250.17 |                | 2.410%       | \$21,808.16            | 0.00%               | 8131469-11      |
|                                    | TD Canda Trust                             |                        | \$0.00                  |                        | Toronto Dominion Bank   | Term Deposit       | 25-Mar-2019 | 24-Jun-2019   | \$5,349,058.33 |                | 2.230%       | \$29,739.30            | 0.00%               | 8131469-11      |
|                                    | TD Canda Trust                             |                        | \$0.00                  |                        | Toronto Dominion Bank   | Term Deposit       | 24-Jun-2019 | 20-Dec-2019   | \$5,378,797.63 |                | 2.170%       | \$57,240.72            | 0.00%               | 8131469-11      |
|                                    | TD Canda Trust                             |                        | \$5,436,038.35          |                        | Toronto Dominion Bank   | Term Deposit       | 20-Dec-2019 | 20-Dec-2020   | \$5,436,038.35 |                | 2.270%       | \$3,718.86             | 7.98%               | 8131469-11      |
|                                    | TD Canda Trust                             |                        | \$5,367,019.58          |                        | Toronto Dominion Bank   | GIC                | 24-Jun-2019 | 23-Jun-2020   | \$5,367,019.58 |                | 2.140%       | \$59,787.14            | 7.88%               | 8131469-12      |
|                                    | TD Canda Trust                             |                        |                         |                        | Toronto Dominion Bank   | Term Deposit       | 23-Aug-2019 | 22-Nov-2019   | \$3,344,160.57 |                | 2.210%       | \$18,425.87            | 0.00%               | 8131469-13      |
|                                    | TD Canda Trust                             |                        | \$3,362,586.44          |                        | Toronto Dominion Bank   | Term Deposit       | 22-Nov-2019 | 23-Mar-2020   | \$3,362,586.44 |                | 2.210%       | \$7,940.31             | 4.94%               | 8131469-13      |
|                                    | TD Canda Trust                             |                        | \$3,350,946.28          |                        | Toronto Dominion Bank   | GIC                | 22-Oct-2019 | 21-Oct-2020   | \$3,350,946.28 |                | 2.240%       | \$14,395.29            | 4.92%               | 8131469-14      |
|                                    | Bank of Nova Scotia                        |                        | \$500,000.00            |                        | CIBC Wood Gundy         | GIC                | 13-May-2016 | 13-May-2020   | \$500,000.00   |                | 1.900%       | \$9,473.97             | 0.73%               | 410-3349512     |
|                                    | CIBC                                       |                        |                         |                        | CIBC Wood Gundy         | GIC                | 15-May-2018 | 15-May-2019   | \$1,000,000.00 |                | 2.180%       | \$8,003.28             | 0.00%               | 410-33495       |
|                                    | CIBC                                       |                        | \$1,000,000.00          |                        | CIBC Wood Gundy         | GIC                | 16-May-2019 | 19-May-2020   | \$1,000,000.00 |                | 2.270%       | \$14,304.12            | 1.47%               | 410-33495       |
|                                    | CIBC                                       |                        | \$1,000,000.00          |                        | CIBC Wood Gundy         | GIC                | 14-May-2018 | 15-May-2020   | \$1,000,000.00 |                | 2.400%       | \$24,000.00            | 1.47%               | 410-33495       |
|                                    | CIBC                                       |                        | \$500,000.00            |                        | CIBC Wood Gundy         | GIC                | 13-May-2016 | 13-May-2021   | \$500,000.00   |                | 2.100%       | \$10,500.00            | 0.73%               | 410-3349512     |
|                                    | CIBC                                       |                        |                         |                        | CIBC Wood Gundy         | GIC                | 10-Dec-2018 | 10-Dec-2019   | \$1,000,000.00 |                | 2.770%       | \$26,106.30            | 0.00%               | 410-33495       |
|                                    | National Trust                             |                        | \$1,000,000.00          |                        | CIBC Wood Gundy         | GIC                | 12-Dec-2019 | 12-Dec-2021   | \$1,000,000.00 |                | 2.300%       | \$1,197.26             | 1.47%               | 410-33495       |
|                                    | CIBC                                       |                        | \$2,000,000.00          |                        | CIBC Wood Gundy         | GIC                | 10-Dec-2018 | 10-Dec-2020   | \$2,000,000.00 |                | 3.070%       | \$61,400.00            | 2.94%               | 410-33495       |
|                                    | Meridian                                   |                        |                         |                        | Meridian                | Term Deposit       | 9-Aug-2018  | 9-Aug-2019    | \$1,078,911.00 |                | 2.790%       | \$17,559.27            | 0.00%               | GIC 13          |
|                                    | Meridian                                   |                        | \$1,145,261.49          |                        | Meridian                | Term Deposit       | 23-Aug-2018 | 23-Aug-2020   | \$1,145,261.49 |                | 3.050%       | \$35,285.64            | 1.68%               | GIC 14          |
|                                    | Meridian                                   |                        | \$1,109,012.92          |                        | Meridian                | Term Deposit       | 26-Aug-2019 | 9-Feb-2021    | \$1,109,012.92 |                | 2.700%       | \$12,476.40            | 1.63%               | GIC 15          |
|                                    | RBC  |                        | \$3,000,000.00          |                        | RBC Dominion Securities | Deposit Note       | 31-May-2017 | 31-May-2027   | \$3,000,000.00 |                | 2.200%       | \$66,000.00            | 4.40%               | 571-35822-1-0   |
|                                    | One Fund - Universe Corp Bond              |                        | \$1,519,858.07          |                        | MFS Invest. Man. Canada | Bond               |             |               |                | \$1,510,408.79 | 2.390%       | \$71,328.54            | 2.23%               |                 |
|                                    | One Fund - Bond Fund                       |                        | \$2,093,349.07          |                        | MFS Invest. Man. Canada | Bond               |             |               |                | \$1,968,176.43 | 0.940%       | \$50,105.88            | 3.07%               |                 |
|                                    | <b>Total Investments</b>                   |                        | <b>\$32,384,072.20</b>  | <b>\$32,384,072.20</b> |                         |                    |             |               |                |                |              | <b>\$797,611.27</b>    | <b>47.54%</b>       |                 |
|                                    | <b>TOTAL CASH HOLDINGS AND INVESTMENTS</b> |                        |                         | <b>\$68,113,798.31</b> |                         |                    |             |               |                |                |              | <b>\$1,423,987.05</b>  |                     |                 |