



**Mike Mayes, Director
Financial Services/Treasurer**

TOWN OF NEWMARKET
395 Mulock Drive
P.O. Box 328
Newmarket, ON L3Y 4X7

www.newmarket.ca
mmayes@newmarket.ca
905.953-5300 ext. 2102

May 8, 2014

CORPORATE SERVICES INFORMATION REPORT - FINANCIAL SERVICES-2014-26

TO: Mayor Tony Van Bynen and Members of Council

SUBJECT: 1st Quarter Investment Report

ORIGIN: Director, Financial Services/Treasurer

In accordance with the Procedure By-law, any Member of Council may request this Information Report be placed on an upcoming Committee of the Whole agenda for discussion.

COMMENTS

Background

In addition to the annual reporting required under the Investment Policy, the Investment Strategy proposed that for at least the first year, there should be quarterly reports. This is the first quarterly report for 2014.

Highlights

1. Term Deposit Royal Bank for \$20 million – the original intention was to earmark this money for the Region's investment portfolio management program. When it was determined that some or all of the funds might be required for the post-secondary education initiative, the funds were placed in a term deposit.

The term deposit was for 90 days at 1.40%, but has an option to hold it for 367 days at 1.43%. This was a very competitive rate at that time. We are now evaluating our options with these funds.

2. Honeywell Phase 2 Energy Retrofit Project – funding of the streetlight retrofit has begun. The interest rate for this, and all other non-traditional investments for Town capital projects, is the prime rate – currently 3%.
3. The 2014 investment revenue budget was increased by another \$75,000. As 2013 had already been increased by \$50,000, this brings the total requirement for incremental investment income to \$125,000 (\$31,250 per quarter).

As detailed in Appendix A, the return on investments for the first 3 months of 2014 was \$112,614. This is \$48,253 better than our benchmark and provides an additional \$31,250 for our operating results and \$17,003 for our reserve funds.

Follow up on next steps from previous report

The Investment Activities and Returns – Annual Report for 2013 noted that an investment program would be developed for the Museum Board. The Board is still to complete the first step – a long-term cash requirements plan.

As we finalize the Capital Financing Sustainability Strategy and initiate multi-year budgeting, which will integrate strategic land purchases; the long-term cashflow projection will be revised.

CONTACT

For more information on this report, contact: Mike Mayes at 905-953-5300, ext. 2102 or via e-mail at mmayes@newmarket.ca



Mike Mayes, CGA
Director, Financial Services /Treasurer



Anita Moore, AMCT
Commissioner, Corporate Services

MM/nh
Attachment

Appendix A

Investment Summary for the Three Months Ended March 31, 2014

Description	Principal Amount		Starting Date	Term	January 1 to March 31, 2014			
	Jan-01	Mar-31			Interest Rate	Return on Investment	Benchmark Return	Incremental Income
CIBC - GIC	\$ 5,000,000	\$ 5,000,000	2013-11-01	2 Years	2.10%	\$25,890	\$15,411	\$10,479
Term deposit - Royal Bank	\$ 20,000,000	\$ 20,000,000	2014-02-07	1 year and 2 days	1.43%	40,745	35,616	5,129
Loan - Newmarket Soccer Club Development Charges and Planning Fees	\$ 69,570	\$ 67,326	2011-09-30	10 Years	4.00%	679	212	467
Loan - Newmarket Soccer Club Indoor Facility Mortgage	\$ 2,800,000	\$ 2,800,000	2013-12-20	3 Years *	Prime Rate** +2%	34,521	8,630	25,890
Loan - Solar Panels	\$ 277,060	\$ 271,039	2013-12-01	10 Years	Prime Rate**	1,995	831	1,164
Loan - Honeywell Phase 2 Energy Retrofit Project	\$ 1,187,476	\$ 1,187,476	2013-12-10	15 years	Prime Rate**	8,784	3,660	5,124
Total	\$ 29,334,106	\$ 29,325,841				\$112,614	\$64,361	\$48,253
Incremental investment income included in 2014 Operating Budget, transferred to the Tax-Supported Operating Fund in 2014 per the Investment Strategy								31,250
Incremental investment income allocated to reserve funds in 2014 per the Investment Strategy								\$17,003

*The Town has the option to extend the loan for two additional periods of one year at the Town's discretion.

** The prime rate for this reporting period is 3%.