



**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
905.895.5193 ext. 2102

June 24, 2015

CORPORATE SERVICES INFORMATION REPORT - FINANCIAL SERVICES - 2015-36

TO: Mayor Tony Van Bynen and Members of Council
SUBJECT: Investment Activities and Returns – 1st Quarter Interim Report for 2015
ORIGIN: Director, Financial Services/Treasurer

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

COMMENTS

Background

Council approved an Investment Policy on April 16, 2012. The Policy established the format and timing for reports. Although quarterly reports are no longer required, one is being provided as there were significant changes in the investment portfolio.

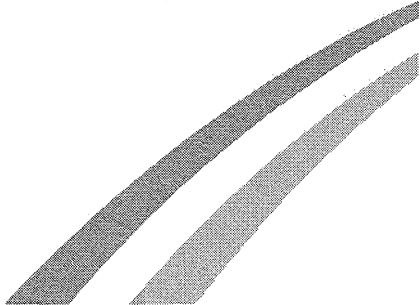
Appendix A, Investment Summary for the Three Months Ended March 31, 2015, provides the details of all investments held during the first quarter of 2015.

Treasurer's Report

Two investments were held at the end of 2014 but discontinued as of March 31, 2015:

1. The \$20 million term deposit with the Royal Bank expired on February 7, 2015.
2. The Newmarket Soccer Club's outstanding amount of \$2,293,063 for the Indoor Facility Mortgage was repaid on January 19, 2015.

To date, these funds have not been reinvested. The 2015 capital program includes further investments of \$6.7 million for water meter replacement and \$3.1 million for streetlight retrofits.



None of our investments are subject to any variance between initial cost and market value.

The average weighted yield was 2.20%. Compared to the benchmark of 1.18% (the prime rate dropped 0.15% on January 28, 2015), we earned incremental income of \$51,216. \$43,750 of this was transferred to the Tax-Supported Operating Fund, as approved by Council in the 2015 budget. The remaining \$7,466 was allocated proportionally to the Reserve Funds.

At the end of the quarter, the investment portfolio included:

- \$7,641,275 (60.1%) in "non-traditional investments"
- \$5,000,000 (39.4%) GIC with a major bank
- \$60,593 (0.5%) loan to an external party

"Non-traditional investments" are made when Council determines that there are opportunities to invest in projects that can earn a reasonable return. This return may be in the form of either increased revenues (Solar Panels) or decreased expenses (Honeywell Phase 2 Energy Retrofit Project). In such cases, the net return after recouping the initial investment must exceed the prime rate. This would typically be done through a loan from the reserve funds.

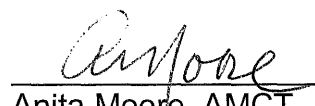
In the opinion of the Treasurer, all investments made were in line with the investment policies, strategies and goals adopted by the Town.

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, CPA, CGA
Director, Financial Services /Treasurer



Anita Moore, AMCT
Commissioner, Corporate Services

MM/nh
Attachment

- 1) Appendix A - Investment Summary for the Three Months Ended March 31, 2015
(1 pg.)

Appendix A

Investment Summary for the Three Months Ended March 31, 2015

Description	Principal Amount		Starting Date	Term	January 1 to March 31, 2015			
	2015-01-01	2015-03-31			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	\$14,178	\$11,712
Royal Bank - GIC	\$20,000,000	\$0	2014-02-07	1 year and 2 days	1.43%	\$29,775	\$26,027	\$3,748
Loan - Newmarket Soccer Club Development Charges and Planning Fees	\$60,593	\$60,593	2011-09-30	10 years	4.00%	\$590	\$170	\$420
Loan - Newmarket Soccer Club Indoor Facility Mortgage	\$2,293,063	\$0	2013-12-20	3 years *	Prime Rate** +2%	\$5,968	\$1,373	\$4,596
Internal Loan -Solar Panels (2013, Various Facilities)	\$252,703	\$250,183	2013-12-01	20 years	Prime Rate**	\$1,861	\$713	\$1,148
Internal Loan - RJT Solar Panels (2014)	\$851,861	\$845,932	2015-01-01	20 years	Prime Rate**	\$4,719	\$1,809	\$2,910
Internal Loan - Honeywell Phase 2 Energy Retrofit Project	\$5,577,795	\$6,545,160	2013-12-10	20 years	Prime Rate**	\$43,270	\$16,587	\$26,683
Total	\$34,036,015	\$12,701,868				\$112,074	\$60,858	\$51,216
Incremental investment income included in 2015 Operating Budget, transferred to the Tax-Supported Operating Fund in 2015 per the Investment Strategy								\$43,750
Incremental investment income allocated to reserve funds in 2015 per the Investment Strategy								\$7,466

*The amount was fully paid up on January 19, 2015.

** The prime rate for this reporting period is 3%. It was decreased to 2.85% at the end of January 2015.