



City of
Peterborough

To: Members of the General Committee

From: Richard Freymond, Commissioner of Corporate and Legislative Services

Meeting Date: June 6, 2022

Subject: 2021 Investment Report, Report CLSFS22-007

Purpose

A report to present the 2021 Investment Report, as required under the provisions of the **Municipal Act, 2001**, as amended, and Ontario Regulation 438/97 (8).

Recommendation

That Council approve the recommendation outlined in Report CLSFS22-007 dated June 6, 2022, of the Commissioner of Corporate and Legislative Services, as follows:

That the 2021 Investment Report, outlined in report CLSFS22-007, dated June 6, 2022, of the Commissioner of Corporate and Legislative Services, be received for information.

Budget and Financial Implications

There are no budget and financial implications to receiving this report.

Interest earned on Investments, bank accounts and in the Legacy Fund in 2021 was \$3.8 million. This is an important source of revenue, and was used as follows:

- a) \$2.2 million is general revenue which helps reduce tax requirements through the Operating Budget (budget \$1.8 million), and
- b) \$279,921 is directed to various individual Reserves in which the funds reside.
- c) \$1.35 million is interest earned on the Legacy Fund (budget \$1.5 million).

Background

Ontario Regulation 438/97(8) to the **Municipal Act, 2001**, as amended, stipulates the council of the municipality shall require the Treasurer of the municipality to prepare and provide to the council, each year or more frequently, as specified by council, an investment report which includes a number of information items, including a statement by the Treasurer as to whether or not, in his or her opinion, all investments were made in accordance with the investment policies and goals adopted by the municipality.

The City's 2021 Investment Report is presented in this report and the three attached Schedules.

General Investments

For general investments:

- Schedule A which provides a summary of key investment data by month for the year;
- Schedule B which lists all investments made or held as part of the City's investment portfolio during the year; and
- Schedule C which lists all investments outstanding at December 31, 2021.

Schedule A shows that during 2021 the average cash and investment balance was \$140.6 million (2020 - \$125 million), and that 7 separate investments were made.

Total interest earned, was \$2.48 million (2020 - \$2.75 million). The City's overall rate of return for 2021 was 1.51% (2020 - 1.74%). The Prime Interest Rate was 2.45% for entire year (2020 average Prime rate - 3.95%).

Chart 1, also attached to this report, shows the average monthly cash and investment balances ranged from a low of \$122.5 million to a high of \$161.9 million (2020 - \$107.8 million to \$145.8 million).

The interest earned on the Reserves in 2021 was less than that for 2020 due to decreased rates and lower balances in reserves. This resulted in additional interest income earned remaining in Operating in 2021 than in 2020.

Under the current agreement with CIBC, the City earns Prime less 1.75% on average monthly cash balances under \$25 million, Prime less 1.55% on balances from \$25 million to under \$50 million and Prime less 2.25% on average monthly balances \$50 million and over. From January to December 2021, this equaled 0.9%. Cash balances throughout the year remained healthy. During 2021 the purchase of investments was limited as a decision was made to remain more liquid due to the uncertainty of lost revenues due to the pandemic, and also as investments matured the investment

opportunities available were often at lower rates than could be earned on cash held in the City's general bank account due to market conditions.

Peterborough Distribution Inc. (PDI) Proceeds and Legacy Fund Investments

As reported to Council through Report CLSFS20-049 dated September 21, 2020, on August 4-5, 2020, the City had received amounts totaling \$59.7 Million related to the sale of the assets of (PDI). As indicated in the Report, further distributions were expected, and on October 14, 2021, the remaining amounts were received for a total net proceeds of \$66 Million. In addition to further receipts and direct costs, a short-term advance from the City was repaid from the proceeds. Table 1 in this report shows the reconciliation of the proceeds received and the net proceeds transferred to the Legacy Fund.

Table 1
Summary of Amounts Transferred to Legacy Fund

Total Proceeds Received	\$ 65,996,680
Properties Purchased	\$ (386,692)
Direct Costs, Including Legal Fees	\$ (1,924,197)
Repayment of Short-Term Advances	\$ (5,750,000)
Legacy Fund Principal	<u>\$ 57,935,791</u>

Council approved Report CLSFS21-020 dated May 10, 2021, establishing a Legacy Fund with the amounts available from the sale of PDI assets.

The funds were held in the City's general bank account before being transferred to ONE Fund and held in a combination of Government Bond, Corporate Bond and Equity portfolios, as well as a High Investment Savings Account (HISA). Table 2 in this report details the investments held in the Legacy Fund at the end of 2021.

With approval of Report CLSFS21-020, Council also approved this recommendation:

- e) **That up to 50% of the proceeds from the sale of assets of Peterborough Distribution Inc. be held in a High Investment Savings Account, or other highly liquid investment, until a Council decision about investing in City of Peterborough Holdings Inc. has been made.**

As a result, 50% of the Legacy Fund principal is held in the ONE Fund High Interest Savings Account (HISA) until Council provides further direction about those funds.

Table 2
Investments Held in Legacy Fund at December 31, 2021

ONE Fund HISA	\$ 29,227,625.25
ONE Fund Government Bond	\$ 7,515,461.40
ONE Fund Corporate Bond	\$ 7,515,461.40
ONE Fund Equity	\$ 15,030,922.80
	<u>\$ 59,289,470.85</u>

The HISA is a fully liquid account that earns high interest calculated daily, with no service charges or fees.

The Government Bond portfolio consists of conservatively managed short-term bonds where preservation of capital is the prime concern. This portfolio is ideal for an investment horizon of 18 months to 3 years.

The Corporate Bond portfolio provides higher rates of return with corporate and government bonds, debentures, and/or promissory notes. This portfolio is ideal for an investment horizon of more than 4 years.

The Equity portfolio consists of equity securities issued by Canadian corporations and provides long-term investment returns through capital growth and dividend yield. This portfolio is ideal for long-term investments.

Throughout 2021, the Legacy Fund investments earned \$1.35 million. The interest is being held in a Reserve. The effective overall rate of return on the Legacy Fund for 2021 is 2.3%

Summary

Overall, the City earned more in 2021 than in 2020, primarily due to the PDI Proceeds/Legacy Fund. Cash balances were higher than in 2020, however the decrease in market rates affected interest earned.

All of the investments listed in this Report have been made in accordance with the City's Investment Policies.

Submitted by,

Richard Freymond
Commissioner of Corporate and Legislative Services

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Attachments:

Schedule A – 2021 Monthly Investment Report
Schedule B – List of Investments for 2021
Schedule C – Long Term Investments Outstanding at December 31, 2021
Chart 1 – Average Cash and Investment Balances for 2021 and 2020

**City of Peterborough
2021 Monthly Investment Report Summary
Schedule A**

Description	January	February	March	April	May	June	July	August	September	October	November	December	Average	% of total
Portfolio (end of month)														
With "A" Banks (includes CIBC Investment Account)	80,029,812	79,312,076	79,320,123	76,097,914	75,448,970	73,882,271	73,886,945	83,740,305	83,747,071	83,755,149	83,762,973	83,771,064	79,729,556	73.72%
With "B" Banks	-	-	-	-	5,000,000	5,000,000	5,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	5,416,667	5.01%
With Trust	-	-	-	-	5,000,000	5,000,000	5,000,000	5,000,000	8,000,000	8,000,000	8,000,000	8,000,000	4,333,333	4.01%
With Government/Municipalities/One Fund	18,672,294	18,672,294	18,672,294	18,672,294	18,672,294	18,672,294	18,672,294	18,672,294	18,672,294	18,672,294	18,672,294	18,672,294	18,672,294	17.26%
Total	98,702,106	97,984,370	97,992,417	94,770,208	104,121,264	102,554,566	102,559,240	117,412,599	120,419,366	120,427,443	120,435,267	120,443,358	108,151,850	100.00%

of investments made during month

With CIBC (includes Investment Account)	-	-	-	-	-	-	-	3	-	-	-	-	-	
With All Other	-	-	-	-	3	-	-	-	1	-	-	-	-	
Total Inv. #	-	-	-	-	3	-	-	3	1	-	-	-	-	

Average Balances

Cash Balance held General Accounts	30,297,431	24,004,916	26,814,298	41,232,366	34,728,941	45,990,930	36,501,227	49,803,363	43,504,965	31,300,592	23,963,003	15,116,350	33,604,865	23.91%
CIBC Investment Account Balance	10,521,166	10,521,166	10,528,316	10,531,977	10,539,563	10,548,088	10,552,232	10,556,997	10,561,669	10,566,774	10,576,841	10,585,701	10,549,208	7.51%
Investments														
Investment Portfolio Balance	88,178,732	87,893,910	87,453,732	86,515,990	90,364,409	92,205,198	91,995,732	94,711,506	107,844,732	109,844,732	109,844,732	109,844,732	96,391,511	68.58%
Total cash and investments	128,997,329	122,419,991	124,796,346	138,280,333	135,632,913	148,744,216	139,049,192	155,071,866	161,911,366	151,712,098	144,384,576	135,546,783	140,545,584	100.00%

Interest earned

Cash held General Accounts	23,159	16,573	20,496	30,501	26,546	18,754	16,168	20,566	27,872	23,926	17,726	11,555	21,153	10.24%
CIBC Investment Account	8,035	7,264	8,048	7,791	8,056	4,301	4,674	4,360	6,767	8,077	7,827	8,092	6,941	3.36%
Investments:														
Investments	154,649	140,788	229,983	145,149	155,743	225,030	171,693	275,370	245,658	85,832	50,920	261,992	178,567	86.41%
Total interest earned - all sources	185,843	164,625	258,527	183,440	190,346	248,085	192,535	300,296	280,297	117,835	76,473	281,638	206,662	100.00%
Cumulative	185,843	350,468	608,995	792,436	982,781	1,230,866	1,423,401	1,723,697	2,003,994	2,121,828	2,198,301	2,479,940		

Benchmark Rates

Prime Rate End Of Month	2.45%	2.45%	2.45%	2.45%	2.45%	2.45%	2.45%	2.45%	2.45%	2.45%	2.45%	2.45%	2.45%	
CIBC - balance up to \$25 million	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	
CIBC - balance \$25 million to \$50 million	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	
CIBC - balance greater than \$50 million	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	

Actual Average Interest Rates

Overall rate - investments excluding cash	1.648%	1.504%	2.429%	1.576%	1.623%	2.232%	1.720%	2.657%	2.132%	0.780%	0.488%	2.243%	1.75%	
Overall rate of return - cash & investments	1.441%	1.345%	2.072%	1.327%	1.403%	1.668%	1.385%	1.936%	1.731%	0.777%	0.530%	2.078%	1.47%	

NOTE: These figures do not include Legacy Fund

**City of Peterborough
Details of Investments Held in 2021
Schedule B**

Purchase Date	Investment Institution Code	Investment Vehicle	Principal \$	Maturity Amount \$	Maturity Date	Rate	Terms (days)
19-Mar-13	CIBC	CIBC	3,735,250	5,000,000	07-Jan-22	3.340%	3216
18-Oct-13	CIBC	Province of New Brunswick	1,000,000	1,000,000	02-Jun-23	3.550%	3514
18-Oct-13	CIBC	Province of Alberta	2,000,000	2,000,000	01-Dec-23	3.420%	3696
24-Nov-15	CIBC	TD Bank	452,088	600,000	26-May-25	3.023%	3471
03-Oct-16	CIBC	CIBC GIC	3,230,000	3,230,000	02-Apr-25	2.457%	3103
15-Nov-16	CIBC	City of Toronto	2,000,000	2,000,000	24-Jun-26	2.400%	3508
16-Nov-16	CIBC	York Regional	2,000,000	2,000,000	02-Jun-26	2.459%	3485
24-Nov-16	CIBC	CIBC	725,000	725,000	17-Feb-25	2.250%	3007
11-Apr-17	ONE FUND	ONE FUND- Bond Fund	5,000,000	5,000,000			
12-May-17	CIBC	CIBC	657,000	657,000	04-May-26	2.200%	3279
12-Jun-17	ONE FUND	ONE FUND- EQUITY	2,000,000	2,000,000			
03-Aug-17	CIBC	Bank of Nova Scotia	3,953,500	5,000,000	20-Jun-25	3.003%	2878
30-Oct-17	CIBC	Province of New Brunswick	943,155	1,267,000	26-Sep-27	3.020%	3618
17-Jan-18	CIBC	Province of Ontario	3,002,800	4,000,000	03-Nov-27	2.950%	3577
03-Apr-18	CIBC	Bank of Nova Scotia	1,590,600	2,000,000	20-Jun-25	3.200%	2635
09-Apr-18	CIBC	Province of Newfoundland	726,339	1,021,000	17-Oct-28	3.290%	3844
07-Jun-18	CIBC	Bank of Nova Scotia	1,571,000	1,571,000	04-Jun-21	2.550%	1093
08-Jun-18	CIBC	CIBC	1,972,200	2,000,000	05-Dec-22	2.801%	1641
08-Jun-18	CIBC	Royal Bank	1,944,800	2,000,000	05-Dec-23	2.880%	2006
24-Oct-19	CIBC	Bank of Montreal	1,970,000	2,000,000	01-Jun-27	2.503%	2777
31-Oct-19	CIBC	CIBC	2,000,000	2,000,000	31-Oct-22	2.340%	1096
06-Dec-19	CIBC	CIBC	4,999,999	6,049,972	15-Nov-26	2.764%	2536
16-Apr-20	CIBC	CIBC	3,168,000	3,168,000	16-Apr-22	1.600%	730
28-Jul-20	CIBC	CIBC	2,000,000	2,000,000	27-Jul-25	2.700%	1825
31-Aug-20	CIBC	CIBC	5,000,000	5,000,000	31-Aug-30	2.450%	3652
03-Sep-20	National Bank	Bank of Montreal	5,000,000	5,000,000	03-Sep-30	1.840%	3652
21-Sep-20	CIBC	CIBC	5,000,000	5,000,000	21-Sep-30	1.750%	3652
21-Sep-20	CIBC	CIBC	5,000,000	5,000,000	21-Sep-30	2.600%	3652
23-Oct-20	CIBC	CIBC	5,000,000	5,000,000	23-Oct-30	1.760%	3652
23-Oct-20	CIBC	Toronto Dominion Bank	4,537,000	4,999,145	26-Jan-32	1.480%	4112
04-Nov-20	National Bank	Bank of Montreal	5,000,000	5,000,000	02-Nov-30	1.700%	3650
12-May-21	National Bank	Van City Credit Union	5,000,000	5,000,000	11-May-23	1.150%	729
12-May-21	CIBC	Manulife Bank	2,000,000	2,000,000	11-May-23	1.050%	729
12-May-21	CIBC	Laurentian Bank	3,000,000	3,000,000	11-May-23	1.180%	729
25-Aug-21	CIBC	Laurentian Bank	5,000,000	5,000,000	25-Aug-23	1.250%	730
25-Aug-21	CIBC	CIBC	4,905,000	4,905,000	21-Apr-31	1.960%	3526
25-Aug-21	CIBC	Bank of Montreal	4,944,000	4,944,000	22-Jul-31	1.930%	3618
19-Sep-21	National Bank	Coastal Capital	3,000,000	3,000,000	20-Sep-22	1.200%	366

NOTE: These figures do not include Legacy Fund

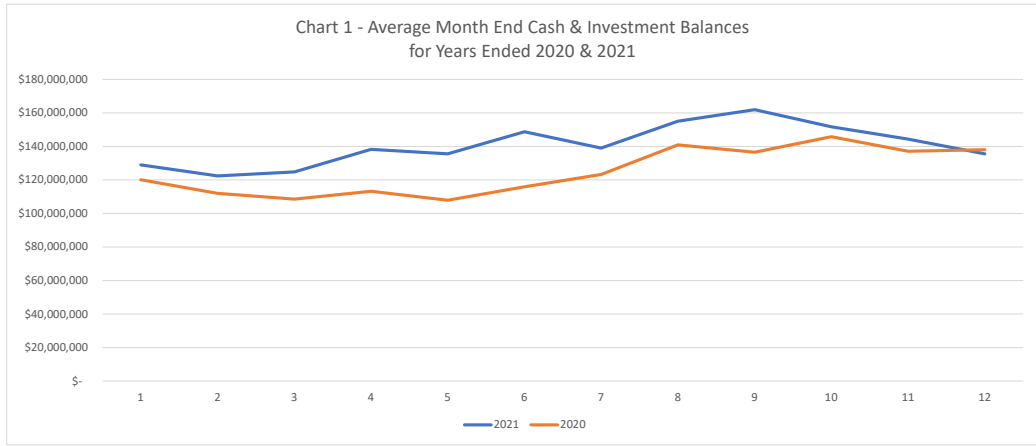
**City of Peterborough
Long Term Investments Outstanding at December 31, 2021
Schedule C**

	Principal \$	Product	Date of Purchase	Date of Maturity	Effective Rate	Term	Interest Rate Set	Investment Type	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Average	
1	3,735,250.00	CIBC	19-Mar-13	07-Jan-22	3.340%	3216	On Maturity	Sch 1 Bank	3.340%	3.340%											3.340%	
2	3,168,000.00	CIBC	16-Apr-20	16-Apr-22	1.600%	730	Annual	Sch 1 Bank	1.600%	1.600%												1.600%
3	3,000,000.00	Costal Capital Savings	20-Sep-21	22-Sep-22	1.200%	367	On Maturity	Sch 1 Bank	1.200%	1.200%												1.200%
4	2,000,000.00	CIBC	31-Oct-19	31-Oct-22	2.340%	1096	Annual	Sch 1 Bank	2.340%	2.340%												2.340%
5	1,972,200.00	CIBC	08-Jun-18	05-Dec-22	2.801%	1641	On Maturity	Sch 1 Bank	2.801%	2.801%												2.801%
6	2,000,000.00	Manulife	11-May-21	11-May-23	1.050%	730	Annual	Sch 1 Bank	1.050%	1.050%	1.050%											1.050%
7	3,000,000.00	Laurentian Bank	11-May-21	11-May-23	1.180%	730	Annual	Sch 1 Bank	1.180%	1.180%	1.180%											1.180%
8	5,000,000.00	Van City Credit Union	11-May-21	11-May-23	1.150%	730	On Maturity	Sch 1 Bank	1.150%	1.150%	1.150%											1.150%
9	1,000,000.00	Province of New Brunswick	18-Oct-13	02-Jun-23	3.550%	3514	Semi Annual	Provincial	3.550%	3.550%	3.550%											3.550%
10	5,000,000.00	Laurentian Bank	25-Aug-21	25-Aug-23	1.250%	730	Annual	Sch 1 Bank	1.250%	1.250%	1.250%											1.250%
11	2,000,000.00	Province of Alberta	18-Oct-13	01-Dec-23	3.420%	3696	Semi Annual	Provincial	3.420%	3.420%	3.420%											3.420%
12	1,944,800.00	Royal Bank	08-Jun-18	05-Dec-23	2.880%	2006	On Maturity	Sch 1 Bank	2.880%	2.880%	2.880%											2.880%
13	452,088.00	TD Bank	24-Nov-15	26-May-25	3.023%	3471	On Maturity	Sch 1 Bank	3.023%	3.023%	3.023%	3.023%	3.023%									3.023%
14	3,953,500.00	Bank of Nova Scotia	03-Aug-17	20-Jun-25	3.003%	2878	On Maturity	Sch 1 Bank	3.003%	3.003%	3.003%	3.003%	3.003%									3.003%
15	1,590,600.00	Bank of Nova Scotia	03-Apr-18	20-Jun-25	3.200%	2635	On Maturity	Sch 1 Bank	3.200%	3.200%	3.200%	3.200%	3.200%									3.200%
16	2,000,000.00	CIBC	28-Jul-20	27-Jul-25	2.700%	1825	Quarterly	Sch 1 Bank	**variable	**variable	**variable	**variable	**variable									
17	2,000,000.00	York Regional	16-Nov-16	02-Jun-26	2.459%	3485	Semi Annual	Municipal	2.459%	2.459%	2.459%	2.459%	2.459%	2.459%								2.459%
18	2,000,000.00	City of Toronto	15-Nov-16	24-Jun-26	2.400%	3508	Semi Annual	Municipal	2.400%	2.400%	2.400%	2.400%	2.400%	2.400%								2.400%
19	4,999,999.36	CIBC	06-Dec-19	15-Nov-26	2.764%	2536	On Maturity	Sch 1 Bank	2.764%	2.764%	2.764%	2.764%	2.764%	2.764%								2.764%
20	1,970,000.00	Bank of Montreal	24-Oct-19	01-Jun-27	2.503%	2777	Semi Annual	Sch 1 Bank	2.503%	2.503%	2.503%	2.503%	2.503%	2.503%	2.503%							2.503%
21	943,154.80	Province of New Brunswick	30-Oct-17	26-Sep-27	3.020%	3618	On Maturity	Provincial	3.020%	3.020%	3.020%	3.020%	3.020%	3.020%	3.020%							3.020%
22	3,002,800.00	Province of Ontario	17-Jan-18	03-Nov-27	2.950%	3577	On Maturity	Provincial	2.950%	2.950%	2.950%	2.950%	2.950%	2.950%	2.950%							2.950%
23	726,339.40	Province of Newfoundland	09-Apr-18	17-Oct-28	3.290%	3844	On Maturity	Provincial	3.290%	3.290%	3.290%	3.290%	3.290%	3.290%	3.290%	3.290%	3.290%					3.290%
24	5,000,000.00	CIBC	31-Aug-20	31-Aug-30	2.450%	3652	Quarterly	Sch 1 Bank	2.450%	2.450%	2.450%	2.450%	2.450%	2.450%	2.450%	2.450%	2.450%	2.450%				2.450%
25	5,000,000.00	Bank of Montreal	03-Sep-20	03-Sep-30	1.840%	3652	Annual	Sch 1 Bank	1.840%	1.840%	1.840%	1.840%	1.840%	1.840%	1.840%	1.840%	1.840%	1.840%	1.840%			1.840%
26	5,000,000.00	CIBC	21-Sep-20	21-Sep-30	1.750%	3652	Annual	Sch 1 Bank	1.750%	1.750%	1.750%	1.750%	1.750%	1.750%	1.750%	1.750%	1.750%	1.750%	1.750%			1.750%
27	5,000,000.00	CIBC	21-Sep-20	21-Sep-30	2.600%	3652	Quarterly	Sch 1 Bank	2.600%	2.600%	2.600%	2.600%	2.600%	2.600%	2.600%	2.600%	2.600%	2.600%	2.600%			2.600%
28	5,000,000.00	CIBC	23-Oct-20	23-Oct-30	1.760%	3652	Annual	Sch 1 Bank	1.760%	1.760%	1.760%	1.760%	1.760%	1.760%	1.760%	1.760%	1.760%	1.760%	1.760%			1.760%
29	5,000,000.00	Bank of Montreal	04-Nov-20	02-Nov-30	1.700%	3650	Annual	Sch 1 Bank	1.700%	1.700%	1.700%	1.700%	1.700%	1.700%	1.700%	1.700%	1.700%	1.700%	1.700%			1.700%
30	4,905,000.00	CIBC	26-Aug-21	21-Apr-31	1.680%	3525	Semi Annual	Sch 1 Bank	1.680%	1.680%	1.680%	1.680%	1.680%	1.680%	1.680%	1.680%	1.680%	1.680%	1.680%	1.680%		1.680%
31	4,944,000.00	Bank of Montreal	26-Aug-21	22-Jul-31	1.730%	3617	Semi Annual	Sch 1 Bank	1.730%	1.730%	1.730%	1.730%	1.730%	1.730%	1.730%	1.730%	1.730%	1.730%	1.730%	1.730%		1.730%
32	4,537,000.00	Toronto Dominion Bank	23-Oct-20	26-Jan-32	1.480%	4112	Semi Annual	Sch 1 Bank	1.480%	1.480%	1.480%	1.480%	1.480%	1.480%	1.480%	1.480%	1.480%	1.480%	1.480%	1.480%	1.480%	1.480%
33	5,000,000.00	ONE FUND- Bond Fund	11-Apr-17																			
34	2,000,000.00	ONE FUND- EQUITY	12-Jun-17																			

NOTE: These figures do not include Legacy Fund

** Year 1 = 2.7% but floating rate thereafter - resets every quarter
Qtr 1 of Year 2 = .44%

Chart 1 - Average Month End Cash & Investment Balances
for Years Ended 2020 & 2021



	1	2	3	4	5	6	7	8	9	10	11	12	Total	Average
2021 \$	\$ 128,988,349	\$ 122,456,990	\$ 124,796,346	\$ 138,280,333	\$ 135,632,913	\$ 148,744,216	\$ 139,049,191	\$ 155,071,866	\$ 161,911,366	\$ 151,712,097	\$ 144,384,576	\$ 135,546,783	\$ 1,686,575,026	\$ 140,547,918.83
2020 \$	\$ 120,155,831	\$ 112,002,312	\$ 108,607,560	\$ 113,274,709	\$ 107,866,851	\$ 115,887,105	\$ 123,255,498	\$ 140,936,737	\$ 136,536,457	\$ 145,845,326	\$ 137,090,272	\$ 138,041,984	\$ 1,499,500,642	\$ 124,958,386.83