



Meeting Date: March 1, 2023

Submitted by: Tiffany Farrell, Director of Corporate Services

Report No: CPS-15-2023

Subject: Investment Purchase 2023

Recommendation:

THAT Report CPS-15-2023, re: Investment Purchase 2023 be approved.

Purpose:

To provide Council with an investment opportunity for 2023.

Background:

This report is to obtain council approval on an investment opportunity for 2023, while staff work on updating the municipalities current investment policy.

Analysis:

Staff would like to investment \$20,000,000 of the reserve fund balance in 2023 into a locked in 6-month non-redeemable (short term investment) GIC at 5.45% rate of return.

Currently, the Municipality only has cash balances, invested with the Bank of Montreal in treasury accounts. These accounts are primarily used instead of short-term investments to enhance liquidity, while still generating a return. Since there is no liquidity risk as funds are not locked into fixed term financial instruments, this results historically in a modest rate of return.

The Municipality receives interest at a rate of the deposit reference rate (equivalent to the prime lending rate by the Bank of Canada), less 1.525% on its general and reserve account cash balances between \$0 and \$40,000,000, and interest at a rate of the deposit reference rate (equivalent to the prime lending rate by the Bank of Canada), less 1.70% on its general and reserve account cash balances between \$40,000,001-\$60,000,000. Currently, in 2023, the prime rate is 6.7%, generating a current return of 5.175% for balances \$0-\$40,000,000 and 5% on balances from \$40,000,000-\$60,000,000.

Staff have cash flow forecasted for 2023, and \$20,000,000 is a reasonable amount to have locked into a GIC without impacting the Municipality's liquidity for a 6-month period.

Staff have researched other GIC rates available and the 5.45% 6 months non redeemable rate is competitive.

Staff will be working on a new investment policy and strategy in 2023.

Financial Implications:

Increased investment income projected for our reserve funds:

\$20,000,000 @ 5.45% x 6 months = \$545,000

\$20,000,000 @ 5.0% x 6 months = \$500,000

Increased income 2023 = \$45,000

Strategic Plan:

This matter aligns with following strategic priorities:

- Responsive Municipal Government

This report responds directly to Objective 5.3– Foster a culture of innovation, continuous improvement, and cost-effective services by sharing information and gathering input, by continuing our timely and effective communication to the public.

Attachments:

N/A