



Committee of the Whole

Meeting Date: October 12, 2021

Submitted by: Cindy Howard, General Manager Finance and Community Services, County Treasurer

Subject: 2020 Investment Report

BACKGROUND:

The County's Investment Policy goal is to invest all available funds of the Corporation in a prudent manner so as to maximize the rate of return while minimizing the degree of risk and ensuring an adequate level of liquidity. The investment portfolio is with Scotia McLeod and is administered by County Finance staff.

All investments by the Municipality shall be subject to the *Municipal Act, 2001*, and Ontario Regulation 438/97, as amended.

ANALYSIS:

This report provides a summary of the status of the County's cash holdings and investment portfolio as of December 31, 2020.

Investment Cash Accounts

The County has combined investment accounts amounted to \$22,749,252 (as reported on The Corporation of the County of Middlesex Consolidated Statement of Financial Position). This investment amount has been invested with Scotia McLeod. These funds are made up of the reserve and reserve fund account balances.

The portfolio earned an average of 2.9% during 2020 compared to 3.3% in 2019 and 2.6% in 2018.

General Bank Accounts

At yearend, the County had \$31,624,561 in the general bank account with Scotiabank. The funds take advantage of the overnight rate provided by Scotiabank.

Short and Long Term Investments

The attached schedule outlines the County's investment holdings by type as well as a detailed listing of individual securities.

	Short term investments	Long term investments
Book value at December 31, 2020	\$4,007,536	\$18,808,516
% of portfolio	17.6%	82.4%
Funds invested	Short term cash requirements	Reserve and reserve funds
Investment strategy	Maturities designed to meet general cash flow requirements	Investing in longer term bonds Buying and selling bonds as appropriate to increase the rate of return

Interest income for the County is summarized below:

	2017	2018	2019	2020
	Actual	Actual	Actual	Actual
Interest Income – Operating	\$105,132	\$204,357	\$233,406	\$413,759
Interest Income – Res. Funds	\$165,173	\$195,173	\$316,760	\$185,492

Interest income in the 2020 Operating Budget was \$250,000. 2020 continued to be an environment with low interest rates. In response to COVID-19 pandemic, the Bank of Canada reduced interest rates and as a result interest income for 2020 and 2021 are impacted. The Prime rate currently is 2.45%. The daily interest income we receive from Bank of Nova Scotia is Prime minus 1.70% if bank balance greater than \$5 million (Prime minus 1.75% if bank balance lower than \$5 million). The 2021 Operating Budget maintained interest income at \$250,000. The County has a good mix of cash, short term and long-term investments. The impact on investments will occur when current investments expire and new investments are purchased. GIC rates have dropped since March 2019. Finance staff will continue to seek opportunities to maximize the portfolio's returns.

The annual investment report to Council shall contain the following:

1. A statement about the performance of the investments

It is the opinion of the Treasurer, that the rates of interest are competitive, and that the investments are secure.

2. A description of the estimated proportion of the total investments of a municipality that are invested in its own long term and short term securities.

Not applicable.

3. A statement by the Treasurer as to whether or not, in his/her opinion, all investments were made in accordance with the investment policies and goals adopted by the municipality.

It is the opinion of the Treasurer that all investments were made in accordance with the investment policies and goals of the County.

FINANCIAL IMPLICATIONS:

Financial considerations have been identified in the report.

ALIGNMENT WITH STRATEGIC FOCUS:

Strategic Focus	Goals	Objectives
Promoting Service Excellence	Innovate and transform municipal service delivery	<ul style="list-style-type: none">• Anticipate and align municipal service delivery to emerging needs and expectations• Engage, educate and inform residents, businesses, and visitors of county services and community activities• Strengthen our advocacy and lobbying efforts with other government bodies• Collaborate with strategic partners to leverage available resources and opportunities• Build organizational capacity and capabilities

RECOMMENDATION:

That the 2020 Investment Report be approved as presented.

Attachment.

**County of Middlesex
Investments
December 31, 2020**

Issuer	Maturity Date	Face Value \$	Book Value \$	Coupon Rate %
Cash		31,624,561.08	31,624,561.08	
Short Term Investments				
ScotiaMcLeod Investment Account		81,777.17	81,777	
BNS Corporate Tiered Investment Savings A/C		1,252.58	1,257	
Bank of Nova Scotia Annual Int. GIC (Non-Redeemable)	June 14, 2021	1,000,000.00	1,000,000	2.500%
Region Munc. of York-Sinking Fund Debs	June 30, 2021	495,000.00	494,351	4.000%
City of Toronto	July 26, 2021	319,000.00	391,501	6.800%
Province of Manitoba	September 5, 2021	500,000.00	488,650	1.550%
Bank of Nova Scotia Annual Int. GIC (Non-Redeemable)	October 4, 2021	150,000.00	150,000	2.800%
Bank of Nova Scotia Annual Int. GIC (Non-Redeemable)	November 1, 2021	500,000.00	500,000	2.210%
Versa Bank annual Int. GIC (Non-Redeemable)	December 14, 2021	100,000.00	100,000	2.480%
General Bank of Canada Annual Int. GIC (Non-Redeemable)	December 14, 2021	100,000.00	100,000	2.470%
Canadian Western Bank Annual Int. GIC (Non-Redeemable)	December 14, 2021	100,000.00	100,000	2.470%
B2B Bank Annual Int. GIC (Non-Redeemable)	December 14, 2021	100,000.00	100,000	2.470%
Royal Bank of Canada Annual Int. GIC (Non-Redeemable)	December 20, 2021	500,000.00	500,000	2.300%
Total Short Term Investments		3,947,029.75	4,007,536.17	17.6%
Long Term Investments				
Bank of Nova Scotia Annual Int. GIC (Non-Redeemable)	June 13, 2022	1,000,000.00	1,000,000	2.600%
National Bank of Canada	June 30, 2022	90,000.00	87,045	1.957%
Bank of Nova Scotia Annual Int. GIC (Non-Redeemable)	September 12, 2022	250,000.00	250,000	2.100%
Bank of Nova Scotia Annual Int. GIC (Non-Redeemable)	October 3, 2022	150,000.00	150,000	3.000%
Bank of Montreal Annual Int. GIC (Non-Redeemable)	November 1, 2022	500,000.00	500,000	2.250%
Royal Bank of Canada	December 5, 2022	200,000.00	195,422	2.360%
Presidents Choice Bank Annual Int. GIC (Non-Redeemable)	December 14, 2022	100,000.00	100,000	2.760%
Homequity Bank Annual Int. GIC (Non-Redeemable)	December 14, 2022	100,000.00	100,000	2.760%
Concentra Bank Annual Int. GIC (Non-Redeemable)	December 14, 2022	100,000.00	100,000	2.750%
Equitable Bank Annual Int. GIC (Non-Redeemable)	December 14, 2022	100,000.00	100,000	2.750%
Bank of Nova Scotia Annual Int. GIC (Non-Redeemable)	December 20, 2022	500,000.00	500,000	2.300%
CIBC Annual Int. GIC (Non-Redeemable)	June 6, 2023	600,000.00	600,000	2.300%
Canadian Tire Bank Annual Int. GIC (Non-Redeemable)	June 12, 2023	100,000.00	100,000	3.150%
Manulife Trust Annual Int. GIC (Non-Redeemable)	June 12, 2023	100,000.00	100,000	3.050%
Manulife Bank Annual Int. GIC (Non-Redeemable)	June 12, 2023	100,000.00	100,000	3.050%
CIBC Annual Int. GIC (Non-Redeemable)	June 12, 2023	200,000.00	200,000	1.360%
Toronto Dominion Bank (Callable)	July 18, 2023	100,000.00	99,753	1.909%
Federation Des Caisses	September 11, 2023	100,000.00	99,811	3.056%
Bank of Nova Scotia Annual Int. GIC (Non-Redeemable)	September 11, 2023	300,000.00	300,000	2.110%
Bank of Nova Scotia Annual Int. GIC (Non-Redeemable)	October 3, 2023	200,000.00	200,000	3.060%
Bank of Montreal Annual Int. GIC (Non-Redeemable)	November 1, 2023	500,000.00	500,000	2.270%
Bank of Nova Scotia Annual Int. GIC (Non-Redeemable)	December 14, 2023	237,000.00	237,000	3.250%
Bank of Nova Scotia Annual Int. GIC (Non-Redeemable)	December 18, 2023	500,000.00	500,000	0.800%
Bank of Nova Scotia Annual Int. GIC (Non-Redeemable)	December 20, 2023	1,000,000.00	1,000,000	2.350%
CIBC Annual Int. GIC (Non-Redeemable)	January 10, 2024	70,000.00	70,000	3.350%
Bank of Nova Scotia Cashable Annual Int. GIC	January 31, 2024	100,000.00	100,000	3.500%
CIBC Annual Int. GIC (Non-Redeemable)	March 26, 2024	360,000.00	360,000	2.550%
CIBC Annual Int. GIC (Non-Redeemable)	June 6, 2024	600,000.00	600,000	2.350%
Bank of Montreal (Annual Interest GIC - Non Redeemable)	June 11, 2024	400,000.00	400,000	1.510%
Bank of Nova Scotia Annual Int. GIC (Non-Redeemable)	August 9, 2024	112,000.00	112,000	2.120%
Canadian Western Bank (Senior Deposit Nts)	September 6, 2024	100,000.00	100,047	2.597%
Canadian Western Bank (Callable)	September 6, 2024	100,000.00	100,430	2.597%
Bank of Nova Scotia Annual Int. GIC (Non-Redeemable)	September 11, 2024	750,000.00	750,000	2.180%
Bank of Nova Scotia Annual Int. GIC (Non-Redeemable)	November 1, 2024	820,000.00	820,000	2.430%
Bank of Nova Scotia Annual Int. GIC (Non-Redeemable)	December 16, 2024	1,000,000.00	1,000,000	0.950%
Royal Bank of Canada Annual Int. GIC (Non-Redeemable)	December 20, 2024	1,000,000.00	1,000,000	2.500%
Bank of Nova Scotia (Annual Interest GIC)	January 2, 2025	35,870.00	35,870	2.370%
Bank of Montreal Annual Int. GIC (Non-Redeemable)	February 7, 2025	533,000.00	533,000	2.120%
CIBC Annual Int. GIC (Non-Redeemable)	June 11, 2025	482,000.00	482,000	1.610%
CIBC Annual Int. GIC (Non-Redeemable)	June 16, 2025	573,000.00	573,000	1.500%
TransCanada Pipelines Ltd. (Callable)	July 17, 2025	105,000.00	104,391	3.300%
Bank of Nova Scotia Annual Int. GIC (Non-Redeemable)	September 30, 2025	66,000.00	66,000	0.950%
New Brunswick Municipal - Finance Corp. Serial Debs.	December 8, 2025	285,000.00	301,687	3.250%
Regional Munc. Of York (Sinking Fund Debs)	December 15, 2025	600,000.00	587,880	2.600%
ICI/CI Bank Canada Annual Int. GIC (Non-Redeemable)	December 15, 2025	100,000.00	100,000	1.550%
Home Trust Annual Int. GIC (Non-Redeemable)	December 15, 2025	100,000.00	100,000	1.580%
Bank of Nova Scotia Annual Int. GIC (Non-Redeemable)	December 16, 2025	1,500,000.00	1,500,000	1.100%
Bank of Nova Scotia Annual Int. GIC (Non-Redeemable)	December 22, 2025	639,600.00	639,600	1.100%
Enbridge gas Distribution (Callable)	August 5, 2026	100,000.00	101,944	2.500%
Bank of Montreal	December 9, 2026	100,000.00	103,089	2.700%
Bank of Nova Scotia NVCC Fix to Floater Bonds	July 3, 2029	100,000.00	100,582	2.836%
TransCanada Pipelines Ltd. (Callable)	September 18, 2029	100,000.00	101,390	3.000%
Toronto Hydro Corporation (Callable)	December 11, 2029	100,000.00	100,919	2.430%
Gov't of Canada-SER YK42 Real Return Bonds	December 1, 2041	411,000.00	408,359	2.000%
Gov't of Canada-SER YK42 Real Return Bonds	December 1, 2041	23,000.00	22,300	2.000%
Gov't of Canada-SER YK42 Real Return Bonds	December 1, 2041	73,000.00	75,292	2.000%
Gov't of Canada-SER YK42 Real Return Bonds	December 1, 2041	209,000.00	239,704	2.000%
Total Long Term Investments		18,774,470.00	18,808,515.87	82.4%
Total Investments		22,721,499.75	22,816,052.04	
Total Cash and Investments		54,346,060.83	54,440,613.12	
Average Portfolio Earned		2020	2.9%	