



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

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May 29, 2015

## **CORPORATE SERVICES INFORMATION REPORT - FINANCIAL SERVICES - 2015-17**

TO: Mayor Tony Van Bynen and Members of Council  
SUBJECT: Investment Activities and Returns – Annual Report for 2014  
ORIGIN: Director, Financial Services/Treasurer

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***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**

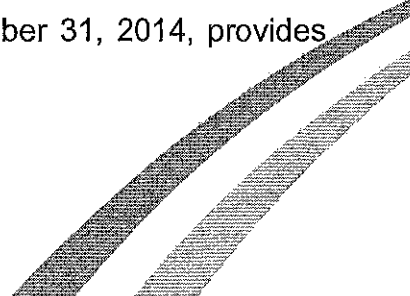
#### **Background**

Council approved an Investment Policy on April 16, 2012. In terms of reporting, it states:

*The Treasurer shall submit a report to Council on investment activities and returns at least annually, including but not limited to, the following:*

- *List of individual securities held at the end of the reporting period;*
- *Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over a one-year duration that are not intended to be held until maturity;*
- *Average weighted yield to maturity on investments as compared to applicable benchmarks;*
- *Percentage of total portfolio which each type of investment represents;*
- *A statement by the Treasurer as to whether or not, in his or her opinion, all investments made were in line with the investment policies and goals adopted by the Town; and*
- *Such other information that the Council may require or that, in the opinion of the Treasurer, should be included.*

Appendix A, Investment Summary for the Twelve Months Ended December 31, 2014, provides the details of all investments made during 2014.



## Treasurer's Report

All investments that were made in 2014 were still held at the end of the year. The loan to the Newmarket Soccer Club for their Indoor Facility Mortgage was repaid on January 19, 2015.

The investments made are not subject to any variance between initial cost and market value. Interest has been accrued up to the end of the year.

The average weighted yield is 1.84%. Compared to the benchmark of 1.25%, this allowed for an incremental income of \$221,951. \$125,000 of this was transferred to the Tax-Supported Operating Fund, as approved by Council in the 2014 budget. The remaining \$96,951 was allocated proportionality to the Reserve Funds.

At year end, the investment portfolio included:

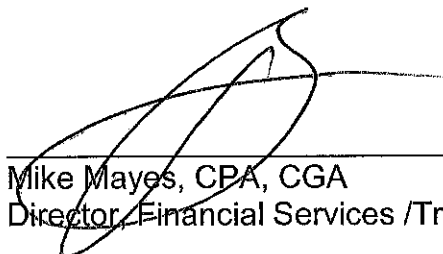
- \$25,000,000 (75.3%) in GICs and term deposits with major banks
- \$5,830,498 (17.6%) in "non-traditional investments"
- \$2,353,656 (7.1%) in loans to external parties

"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 either be 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](mailto:mmayes@newmarket.ca)



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Mike Mayes, CPA, CGA  
Director, Financial Services /Treasurer



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Anita Moore, AMCT  
Commissioner, Corporate Services

MM/nh  
Attachment

- 1) Appendix A - Investment Summary for the Twelve Months Ended December 31, 2014  
(1 pg.)

## Appendix A

### Investment Summary for the Twelve Months Ended December 31, 2014

Description	Principal Amount		Starting Date	Term	January 1 to December 31, 2014			
	2014-01-01	2014-12-31			Interest Rate	Return on Investment	Benchmark Return	Incremental Income
CIBC - GIC	\$5,000,000	\$5,000,000	2013-11-01	2 Years	2.10%	\$105,000	\$62,500	\$42,500
Term deposit - Royal Bank	\$20,000,000	\$20,000,000	2014-02-07	1 year and 2 days	1.43%	\$256,225	\$223,973	\$32,252
Loan - Newmarket Soccer Club Development Charges and Planning Fees	\$69,570	\$60,593	2011-09-30	10 Years	4.00%	\$2,167	\$818	\$1,349
Loan - Newmarket Soccer Club Indoor Facility Mortgage	\$2,800,000	\$2,293,063	2013-12-20	3 Years *	Prime Rate** +2%	\$131,264	\$32,816	\$98,448
Loan - Solar Panels	\$277,060	\$252,703	2013-12-01	10 Years	Prime Rate**	\$7,979	\$3,325	\$4,654
Loan - Honeywell Phase 2 Energy Retrofit Project	\$1,187,476	\$5,577,795	2013-12-10	15 years	Prime Rate**	\$73,283	\$30,535	\$42,748
<b>Total</b>	<b>\$29,334,106</b>	<b>\$33,184,154</b>				<b>\$575,918</b>	<b>\$353,967</b>	<b>\$221,951</b>
							Incremental investment income included in 2014 Operating Budget, transferred to the Tax-Supported Operating Fund in 2014 per the Investment Strategy	<b>\$125,000</b>
							Incremental investment income allocated to reserve funds in 2014 per the Investment Strategy	<b>\$96,951</b>

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

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