

**TO: MEMBERS OF FINANCE & CORPORATE SERVICES COMMITTEE**

**FROM: P. ELLIOTT-SPENCER, MBA, CPA, CMA  
GENERAL MANAGER OF COMMUNITY & CORPORATE SERVICES**

**NOTED: C. LADD, CHIEF ADMINISTRATIVE OFFICE**

**RE: 2014 INVESTMENT STRATEGY**

**DATE: MARCH 25, 2015**




Members of the Finance & Corporate Services Committee requested "that staff prepare a memo on the strategy to close the \$200,000 gap for investment income related to tax capital reserve transfers."

Staff applied a stop-gap strategy in an effort to meet the 2014 investment revenue target. The strategy consisted primarily of utilizing a High Yield Savings Account (HYSA) product offered by the City's current banking services provider in combination with actively maintaining minimum cash levels in the City's Operating Account. This approach allowed the City to maintain full liquidity while providing for an increased return of investment.

Staff did have some concern regarding whether the investment revenue target could be achieved in 2014. However, the 2014 target was successfully met through the effective implementation of the stop-gap strategy noted above. The 2014 year-end results are as follows:

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Interest on Temporary Investment (HYSA)	\$ 200,000	\$ 739,821	\$ 539,821
Investment Income	\$ 1,116,000	\$ 1,116,000	\$ -
Interest on bank account (Operating Account)	\$ 1,100,000	\$ 757,537	\$ (342,463)
Interest transferred to reserve funds (e.g. DCs)	\$ (800,000)	\$ (968,514)	\$ (168,514)
<b>Total</b>	<b>\$ 1,616,000</b>	<b>\$ 1,644,844</b>	<b>\$ 28,844</b>

The HYSA was instrumental in meeting the 2014 investment revenue target. However, it is not a long-term solution on its own for optimizing returns for the City. Staff will be examining both short and long term planning elements of a comprehensive Investment Strategy in concert with the Long Range Financial Plan update scheduled for 2015.