



City of Moose Jaw

COMMUNICATION # CC-2020-0301

TITLE: 2021 Investment Portfolio Drawdown

TO: City Council

FROM: Department of Financial Services

DATE: November 21, 2020

PUBLIC: PUBLIC DOCUMENT

RECOMMENDATION

THAT City Council approve the drawdown of the Investment Portfolio in the amount of \$6,078,174 for 2021.

TOPIC AND PURPOSE

The purpose of this report is to provide an outline of the proposed 2021 drawdown of Investment funds for use in the City's 2021 Budgets.

BACKGROUND

The City of Moose Jaw has approximately \$100 million dollars managed by professional portfolio managers. The expected return of the City's Long-Term Investment Portfolio is 6%; the year to date return is currently 7.31%. The expected return of the Moderate Term Investment Portfolio is 4.25%; the year to date return is currently 4.70%. Inflation is estimated to be 2%.

The City utilizes the investment income from these invested funds to fund a variety of programs and services. As a result, it is necessary each year to estimate the required drawdowns and incorporate them in the proposed budgets.

The drawdown of funds is subject to City Council approval as outlined in the Investment Committee Bylaw No. 5558:

"5(7) Annually determine the sustainable amount of Investment Portfolio funds that will be drawn down to support City Operations and submit this recommendation to City Council for approval."

DISCUSSION

The City of Moose Jaw utilizes investment earnings to provide funding for a variety of programs and services. The chart below outlines the 2021 proposed drawdown of those investment earnings:

	Estimated 2020	Drawdowns	Estimated Drawdown
<u>Long Term Funds</u>			
Capital Expenditure Fund Equity	\$ 38,226,085	Investment Earnings in excess of inflation - 4%	\$ 1,529,043
Equipment Reserve Fund LT Portion	\$ 20,290,462	Reinvest	\$ -
Portion of Land Development Funds	\$ 10,974,417	All Investment Earnings - 6%	\$ 658,465
Snowbird's Scholarship Fund	\$ 8,435	75% of Investment Earnings - 75% of 6%	\$ 380
Columbarium Perpetual Care	\$ 92,681	Periodic - reinvest	\$ -
Perpetual Care Fund	<u>\$ 2,034,200</u>	Investment Earnings - 6%	\$ 122,052
Total Funds	\$ 71,626,280		
<u>Medium Term Funds</u>			
Cemetery Deferred Revenue Fund	\$ 1,270,092	Periodic - 4.25%	\$ 53,979
Housing Reserve	\$ 1,006,590	Annual Investment earnings after inflation - 2.25%	\$ 22,648
Police Accumulated Surplus	\$ 570,132	Periodic - reinvest	\$ 698,375
City Accumulated Surplus	\$ 1,448,711	Currently overdrawn - Target 5% Op Budget - reinvest	\$ 177,754
Landfill Closure	\$ 5,064,849	Utilized when landfill closes 2021 to 2061 - reinvest	\$ -
Solid Waste Reserve	\$ 4,702,390	Periodic - Reinvest	
Mosaic Place & Yara Centre	\$ 570,760	Utilized for major expense - reinvest	\$ -
Supp Pension Reserve	\$ 10,002	Paid out when employees leave City - reinvest	\$ -
Outdoor Columbarium Reserve	\$ 24,293	Periodically to fund new niches	\$ -
Crematorium Bld Reserve	\$ 31,863	Periodic - reinvest	\$ -
Emp Disability and Death fund	\$ 1,141,491	reinvest	\$ -
Contaminated Site Reserve	\$ 256,586	reinvest	\$ -
Portion of Land Dev funds	\$ 9,901,779	Drawdown \$2,700,000 SE; less Cdn Tire net proceeds \$600k; plus Westpark \$342,700 = \$2,442,700; 4.25% remaining balance	\$ 2,759,711
Other Funds held in Trust	\$ 407,220	drawdown investment earnings of 4.25%	\$ 17,307
Parking Reserve	<u>\$ 1,709,395</u>	Annual Investment earnings after inflation - 2.25%	<u>\$ 38,460</u>
	\$ 28,116,153		\$ 6,078,174

The funds indicated for drawdowns will be utilized in the City's budgets to fund programs and services. For example, \$2,510,000 of earnings from Capital Expenditure Fund Equity and Land Development Funds is utilized in the General Capital Budget to fund Transportation and Parks & Recreation Capital projects. Likewise, \$122,052 in earnings on Perpetual Care funds is utilized in the General Operating Budget to fund cemetery maintenance.

Any shortfalls arising from the 2021 drawdowns will be adjusted for in the 2022 drawdown request. So, if investment portfolio performance does not meet the targeted amounts, then the adjustment will be made in the next budget drawdown.

OPTIONS TO RECOMMENDATION

- City Council provide alternative direction.

STRATEGIC PLAN

A sound Investment Policy supports the City's Strategic Plan by providing an ongoing renewable source of funding for the objectives and actions of that plan.

FINANCIAL IMPLICATIONS

The drawdown of investment earnings will allow the City to provide funding for a number of Operating and Capital programs contained in the 2022 budget.

PRESENTATION

Mr. Brian Acker, Director of Financial Services, will provide a verbal overview of the report.

REPORT APPROVAL

Written by: Brian Acker, B.Comm., CPA, CMA, Director of Financial Services
Reviewed by: Tracy Wittke, Assistant City Clerk
Approved by: Jim Puffalt, City Manager
Approved by: Fraser Tolmie, Mayor

To be completed by the Clerk's Department only.

Presented to Regular Council or Executive Committee on _____.

No. _____ Resolution No. _____

Report Approval Details

Document Title:	2021 Investment Drawdowns - CC-2020-0301.docx
Attachments:	
Final Approval Date:	Nov 25, 2020

This report and all of its attachments were approved and signed as outlined below:



Tracy Wittke



Jim Puffalt

**No Signature - Task assigned to Fraser Tolmie was completed by assistant
Caroline Dreger**

Fraser Tolmie