



City of Moose Jaw

COMMUNICATION # CC-2019-0245

TITLE: 2020 Investment Portfolio Drawdown

TO: City Council

FROM: Department of Financial Services

DATE: November 18, 2019

PUBLIC: PUBLIC DOCUMENT

RECOMMENDATION

THAT City Council approve the drawdown of the investment portfolio in the amount of \$3,067,341 for 2020.

TOPIC AND PURPOSE

The purpose of this report is to provide an outline of the proposed 2020 drawdown of Investment funds for use in the City's 2020 Budgets.

BACKGROUND

The City of Moose Jaw has approximately \$100 million dollars managed by professional portfolio managers. The expected returns of the City's Long Term Investment Portfolio is 6%; the expected return of the Moderate Term Investment Portfolio is 4.25%; 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 2020 proposed drawdown of those investment earnings:

	Estimated 2019 Balance	Drawdowns	Estimated Drawdown
<u>Long Term Funds</u>			
Capital Expenditure Fund Equity	\$ 37,661,167	Investment Earnings in excess of inflation - 4%	\$ 1,506,447
Equipment Reserve Fund LT Portion	\$ 20,000,000	Reinvest	\$ -
Portion of Land Development Funds	\$ 10,974,417	All Investment Earnings - 6%	\$ 658,465
Snowbird's Scholarship Fund	\$ 9,643	75% of Investment Earnings - 75% of 6%	\$ 434
Columbarium Perpetual Care	\$ 92,677	Periodic - reinvest	\$ -
Perpetual Care Fund	\$ 2,164,435	Investment Earnings - 6%	\$ 130,000
Total Funds	\$ 70,902,339		
<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	\$ 1,268,507	Periodic - reinvest	\$ -
City Accumulated Surplus	\$ 1,626,465	Currently overdrawn - Target 5% Op Budget - reinvest	\$ -
Landfill Closure	\$ 9,767,239	Utilized when landfill closes 2021 to 2061 - reinvest	\$ -
Mosaic Place & Yara Centre	\$ 557,127	Utilized for major expense - reinvest	\$ -
Supp Pension Reserve	\$ 2,431	Paid out when employees leave City - reinvest	\$ -
Outdoor Columbarium Reserve	\$ 49,512	Periodically to fund new niches - \$20,000 drawdown	\$ 20,000
Crematorium Bld reserve	\$ 126,493	Periodic - reinvest	\$ -
Emp Disability and Death fund	\$ 1,113,925	reinvest	\$ -
Contaminated Site Reserve	\$ 235,293	reinvest	\$ -
Portion of Land Dev funds	\$ 10,974,147	Drawdown \$161,300 SE Industrial Subdivision; 4.25% remaining balance	\$ 620,846
Other Funds held in Trust	\$ 407,220	drawdown investment earnings of 4.25%	\$ 17,307
Parking Reserve	\$ 1,654,035	Annual Investment earnings after inflation - 2.25%	\$ 37,215
	\$ 30,059,076		\$ 3,067,341

The funds indicated for drawdowns will be utilized in the City's budgets to fund programs and services. For example, \$2,610,000 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, \$130,000 in earnings on Perpetual Care funds is utilized in the General Operating Budget to fund cemetery maintenance.

Any shortfalls arising from the 2020 drawdowns will be adjusted for in the 2021 drawdown request. So, if investment portfolio performance does not meet the targeted amounts, then the adjustment will be made in the next budget drawdown. These proposed drawdowns have been discussed with the City's Investment Committee.

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 2020 budget.

PRESENTATION

VERBAL: 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. _____

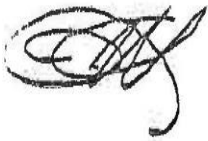
Report Approval Details

Document Title:	2020 Investment Portfolio Drawdown - CC-2019-0245.docx
Attachments:	
Final Approval Date:	Nov 22, 2019

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

No Signature - Task assigned to Tracy Wittke was completed by assistant Maureen Latta

Tracy Wittke

A handwritten signature in black ink, appearing to be 'JP' or similar initials, with a stylized flourish.

Jim Puffalt

A handwritten signature in black ink, appearing to be 'Fraser Tolmie', written in a cursive style.

Fraser Tolmie