

NO: R086

COUNCIL DATE: April 18, 2016

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **April 11, 2016**

FROM: **General Manager, Finance & Technology**

FILE: **1880-20**

SUBJECT: **Quarterly Financial Report - First Quarter - 2016**

RECOMMENDATION

The Finance and Technology Department recommends that Council:

1. Receive this report as information.

INTENT

The purpose of this report is to provide Council with an update on the City's financial activity for the first quarter of 2016 and to compare this activity with the 2016 Financial Plan and the same period in 2015.

DISCUSSION

The Five Year (2016-2020) Financial Plan was adopted by Council on March 7th, 2016.

The following discussion provides a summary of current global, national, and local economic conditions followed by an outline of Surrey's financial performance for the first quarter of 2016. It also includes an overview of the City's investment portfolio performance.

International Overview

The global economy is forecasted to grow by 3% this year. Tumbling commodity prices and a slowdown in economic growth has caused volatility across world financial markets. Central banks in the world's major economies continue with accommodative monetary policies due to weak global demand and low inflation.

Oil prices have fallen 75% below their peak levels since June 2014 due to oversupply and subdued demand. Additionally, weak economic data from China precipitates concerns that energy demand will further decrease.

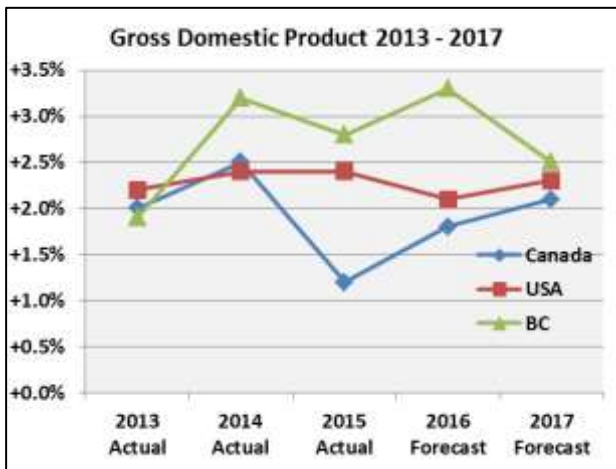
OPEC nations continue to stand firm on their production levels and attempts to squeeze out high-cost producers are not yielding the desired results. They are set to meet in the middle of April to discuss production levels. It remains to be seen if any agreements will be reached amongst participating nations to decrease supply.

The Eurozone economy is expected to grow by 1.4% in 2016. High unemployment, weak investments, and low inflation continue to plague the region. The slowdown in emerging markets and China will place a drag on growth as these regions account for 25% of the Eurozone's export business.

The European Central Bank (ECB) announced that it will increase monthly bond purchases under its Quantitative Easing program to \$80 billion euros starting in April 2016. For the first time, corporate bonds are to be included in the bank's planned purchases. To further encourage credit availability, the ECB has introduced loans available to European banks where funds can be borrowed at negative interest rates. The ECB hopes that negative interest rates on deposits and loans will fuel business and consumer consumption.

Despite the ECB's interventions, the Eurozone inflation rate has been stuck near or below zero for more than a year. February's inflation rate was -0.2%. Low inflation leads to stagnant wages and reduced consumption as businesses and consumers delay investments and spending in hopes of even lower prices in the future. Eurozone inflation is forecasted to hover close to 0.1% for 2016. The ECB has stated that monetary policy alone is not enough to propel the Eurozone's economic recovery.

China's economy is expected to grow by 6.5% this year. The attempt to shift its economy towards services and consumption will face many domestic and international challenges. Reforms in pension, healthcare, and social services are needed to further modify consumer behavior. Many of China's state-owned enterprises, including coal, steel and shipping, are operating over capacity. Attempts are being made to move workers into other industries. The Central government announced that it will set aside 100 billion Yuan (\$15.34 billion USD) to help laid-off workers find new jobs.



Graph 1 Source: BMO Economics



Graph 2 Source: BMO Economics

United States Overview

US GDP came in at 2.4% for 2015 and is expected grow by 2.2% this year. Over 600,000 new jobs were added in the first quarter and the unemployment rate fell to 4.9% in March. Further improvement is expected with the unemployment rate forecasted at 4.5% by the end of this year.

Strong advances in employment were driven by growth in the retail, hospitality and health care sectors. Wages rose by 2.3% year-over-year in March. To reach the US Federal Reserve's (Fed) target inflation rate, economists predict that wage gains in the range of 3% to 3.5% are required.

Core inflation rose to 1.7% year-over-year in February. The inflation rate could move towards the Fed's target of 2% as the US dollar's rise has leveled off and oil prices have stabilized over recent weeks. The effects of currency levels and commodity prices on inflation should be dissipating.

US labour market conditions and inflation are heading in a direction that would justify further increases to the Fed's key interest rate. However, continued financial market volatility, weak global growth and low commodity prices have caused the Fed to temper their approach. The Fed has signalled that there may be two rate hikes this year followed by four rate hikes next year.

As the US economy gains momentum and interest rates increase, the US dollar will appreciate. Investors are watching interest rate movements in the US closely as rate increases pose major risks of worldwide corporate and sovereign debt defaults which could derail the global economic recovery.

Canadian Overview

Oil, gas and mining account for 25% of Canada's GDP. Depressed commodity prices are hampering economic growth. The Canadian dollar has lost 28% of its value over the last two years. Analysts expect that weak global demand will keep the Loonie trading around the 75 cent range for some time. Improvements in the currency's value are not expected until commodity prices and global demand gain momentum. The inflation rate rose to 2% in January due to higher costs for food and other imported goods.

The Bank of Canada (BOC) forecasts 2016 GDP to come in at 1.4% due to low commodity prices, slow business investment, and weak global demand. BC and Ontario are the only two regions where economic growth is expected to be higher than 2%. The February unemployment rate rose to 7.3% with the biggest losses in the natural resource and manufacturing sectors. Some job gains were realized in the health care and cultural and recreational sectors.

The Federal budget announced additional funding for social housing and infrastructure, new funding for aboriginal people and a revamping of child benefits. The government is forecasting a \$29.4 billion budget deficit for 2016. The actual deficit may be much less if Canada's GDP growth comes in stronger than the 1.4% estimate used for budget projections.

January's GDP came in at 0.6%, the strongest monthly GDP growth since July 2013. The January figure was twice as much as what many economists expected. GDP has now grown for four consecutive months starting in October of last year. The strong start to the year coupled with fiscal stimulus through increased government spending has analysts predicting that GDP growth will surpass the government's estimates.

The BOC has stated that they view fiscal stimulus as more effective in encouraging economic activity than monetary policy. The Bank appears prepared to hold firm on their key interest rate. Some analysts believe a further rate cut could be possible this year depending on how quickly federal stimulus is deployed.

The BOC continues to caution Canadian households on being over-leveraged and is concerned as further interest rate cuts, if required, would spur on additional borrowing. Canada's household debt was \$1.9 trillion at the end of last year with consumer debt at \$574 billion and mortgage debt at \$1.3

trillion. The Bank sees eventual interest rate normalization from historical lows as having a significant impact on households' debt servicing costs.

British Columbia Overview

The BC government forecasts GDP growth to come in at 2.4% this year. The construction, manufacturing, tourism, and film sectors are expected to experience strong gains. BC's unemployment rate in February was 6.6%, however, there are large regional disparities. Northern BC's unemployment rate climbed to 9.2%, making this region eligible for the extended unemployment insurance benefits introduced in the recent Federal budget. BC residents continue to face increasing costs of living with MSP premiums, auto insurance rates and electricity costs going up in 2016.

The housing market remains strong due to a limited supply of homes. The Canadian Real Estate Association predicts prices in BC will rise by 10% and housing sales will increase by 11.8% this year. New home construction has remained stable for the last 15 years and supply is not keeping pace with population growth. The BC government introduced a tax break in their 2016 budget whereby newly constructed homes valued up to \$750,000 are exempt from property transfer tax. This measure could save buyers up to \$13,000 on their home purchase. The intention of the tax break is to assist with housing affordability and provide a boost to the supply of new homes.

As outlined in the Federal budget, Metro Vancouver is slated to receive \$370 million in transit related funding over three years. The allocation of those funds will be decided by regional authorities. The funding will presumably go towards increasing bus service in the region and the ongoing design of rapid transit expansions in Vancouver and Surrey.

The Federal government has also announced changes to their infrastructure funding model with Federal contributions now capped at 50% of project costs, up from the current maximum of one-third. The majority of Federal infrastructure spending is not expected to begin until 2020.

Surrey's Financial Performance

Results for the first three months of the year indicate that overall development activity is continuing on a relatively robust pace, continuing the trend seen in 2015. It is the residential sector, both single family and multifamily that is leading the way with strong activity in relation to new starts relative to the same period last year.

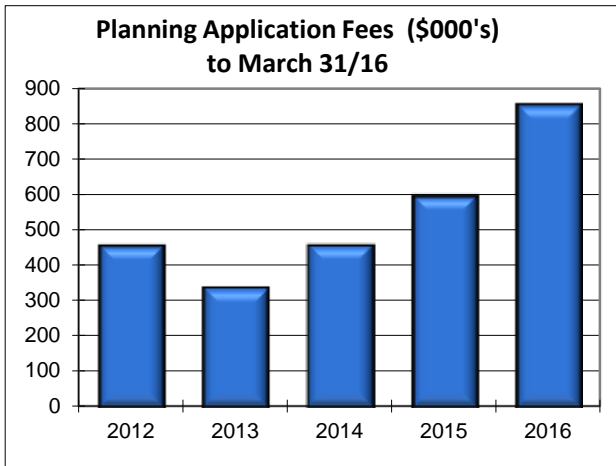
Although, the value of commercial permits for the first three months of the year is slightly lower than the same time period last year, it is noted that the value of permits related to tenant improvements for commercial permits is notably higher than the same period last year. A similar trend is noted for institutional permits, that is the value of institutional permits are lower compared to the same period as last year, however the value of tenant improvements is higher.

Real Estate prices continue to spiral upward for the Lower Mainland, including Surrey, although relatively speaking Surrey continues to provide greater value for the end consumer compared to other large regional cities. In addition, with new amenities such as the Guildford and Grandview Pools now open to the public, it is anticipated that Surrey will continue to attract more young families for the foreseeable future.

The graphs on the following page display actual key revenues and fees collected by the City in the

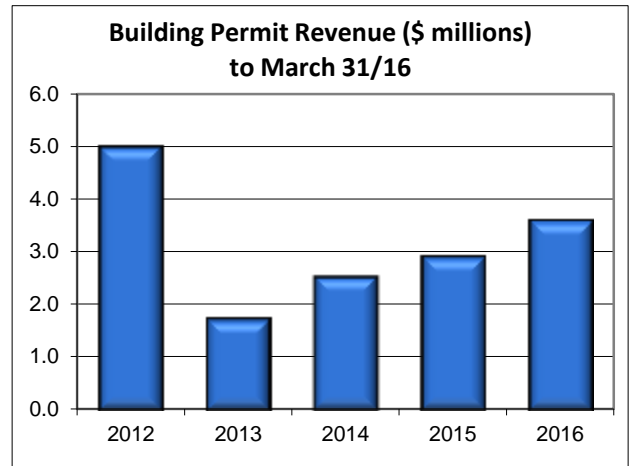
first three months of 2016 compared to previous years; in addition graph 5 and 6 summarize the value of new Commercial/Industrial Construction and total Building Construction respectively.

It is important to note that the City is governed by accounting principles that require that development-related revenues be distributed over time to match the timing of the related expenses incurred by the City. Accordingly, the financial impact of any significant reduction or increase in development related revenue may not be seen until sometime into the future.



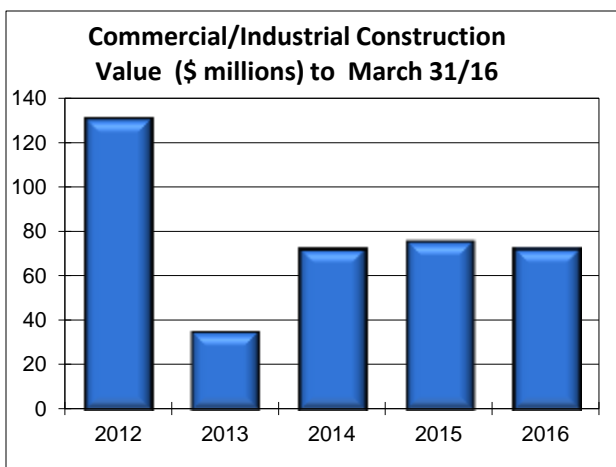
Graph 3

Application fees collected in the first quarter of the year are 42% higher than those collected for the same period last year, overall it is expected that Planning Application fee revenue will meet target.



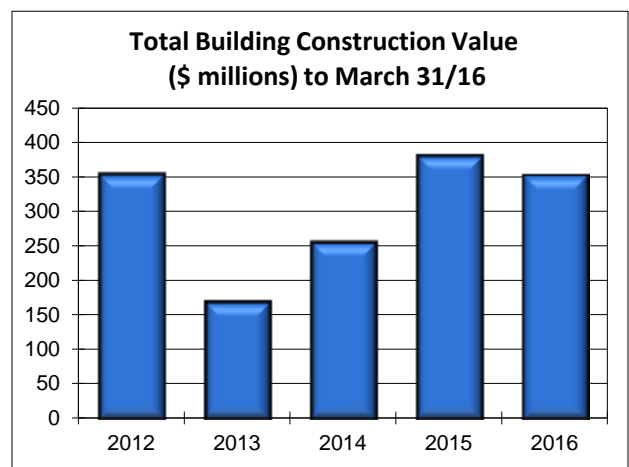
Graph 4

Building permit fees collected for the first three months of this year are 23% higher than those collected in the same period last year.



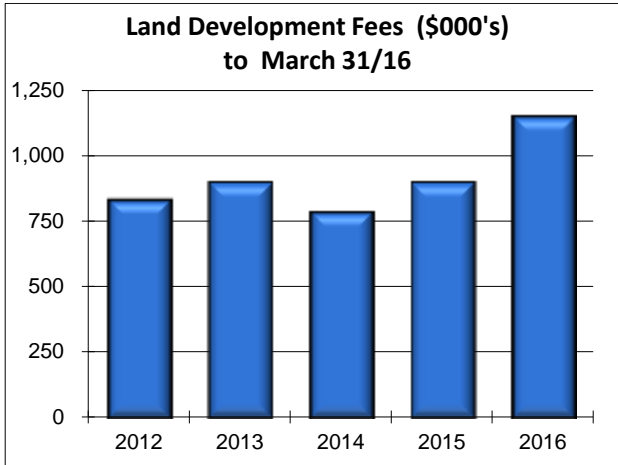
Graph 5

Construction value of commercial and industrial building permits for the first quarter of 2016 is 3% lower compared to the same period in 2015.



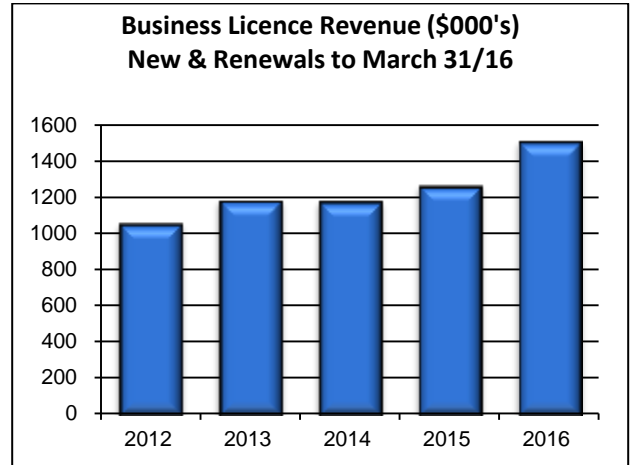
Graph 6

Overall, the value of new construction in the City for the first three months of the year is lower by 7% compared to the same time period last year.



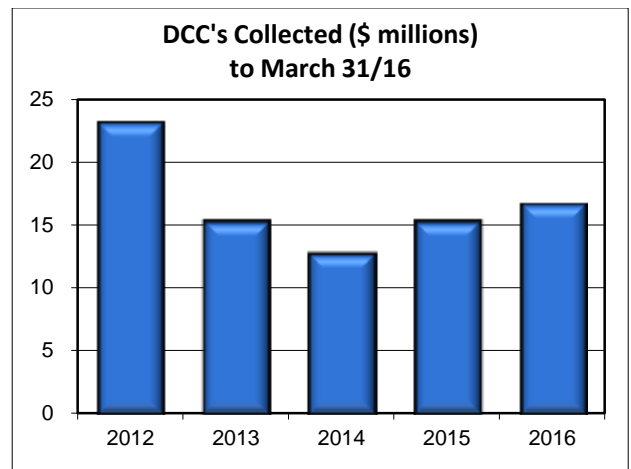
Graph 7

Engineering Land Development fees collected in the first three months of the year are 28 % higher than the same period in 2015.



Graph 8

Business license revenue in the first quarter of 2016 is approximately 19% higher than same period in 2015.

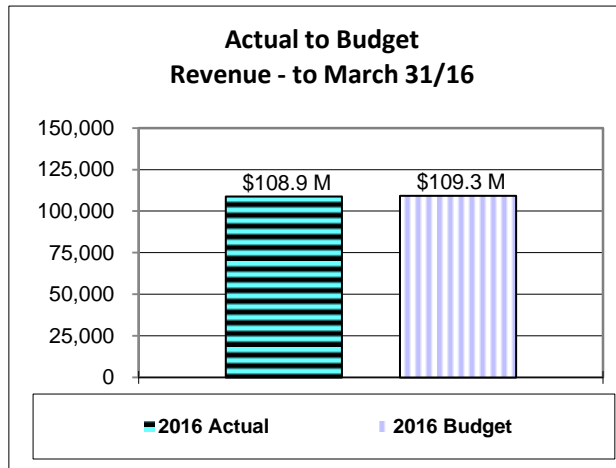


Graph 9

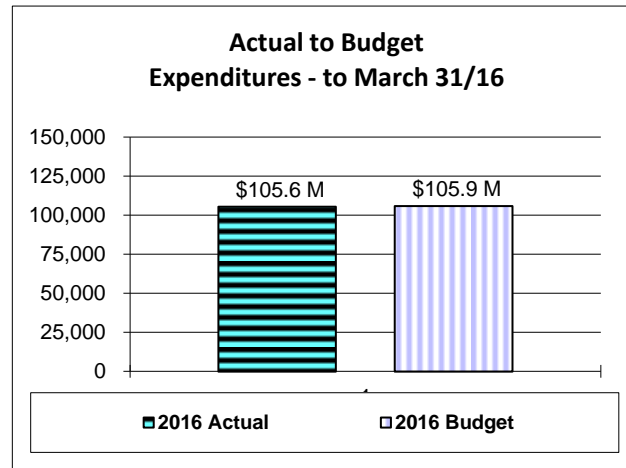
Development Cost Charges that have been collected in the first three months of the year are 9% higher than those collected in the same period of 2015.

Actual Revenues and Expenditures Relative to the 2016 Budget (Financial Plan)

The following graphs illustrate the variances between the actual and the budgeted operating revenues and expenditures respectively, for the first quarter of 2016.



Graph 10



Graph 11

Staff will continue to closely monitor all areas to ensure that immediate action is taken to address negative variances as appropriate. It is noted that for 2016 there is no budgeted transfer from surplus, target savings for each department are now embedded in each areas respective budget, thus by collectively meeting the budget the City will have met it's 2016 target savings.

Appendix "I" documents the General Operating Fund's revenues and expenditures for the first quarter of 2016 at a more detailed level. Departments are proactively monitoring their actual results on a monthly basis. The following section provides an explanation on a Department-by-Department basis of year to date variances in relation to the 2016 Financial Plan:

RCMP currently shows a favorable variance of \$45,000, due primarily to the timing of expenditures relative to budget.

Fire Services is meeting budget.

Engineering Services currently has a favourable variance of \$28,000 which is due primarily to staff vacancies and the timing of expenditures.

Parks, Recreation & Culture Department is showing a favourable departmental variance of \$48,000, which is primarily due to the timing of revenue received for programming and the timing of various expenditures.

Library Services currently has a favorable variance of \$63,000, due predominately to the timing of expenditures relative to budget.

Planning and Development Department, which also includes Civic Facilities, is reporting a positive variance of \$89,000 due to staff vacancies and the timing of maintenance costs for civic facilities.

Mayor and Council is currently on budget.

City Grants currently has a \$186,000 positive variance, this is due to timing of expenditures.

City Manager's Department is currently showing a \$29,000 favorable variance; this is due primarily to staff vacancies and the timing of expenditures.

Finance & Technology Department currently has a favourable variance of \$31,000. This is primarily due to the timing of the payments on IT maintenance contracts and staff vacancies.

Human Resources Department has a favourable variance of \$18,000 due to timing differences with various expenses.

City Investment Portfolio

The Schedules in **Appendix “II”** include a summary of the City’s investment portfolio. **Schedule 1** is a summary of investments by issuer type with comparative totals for each month-end from January through March 2016. **Schedule 2** is a detailed listing of securities as at March 31, 2016 sub-totalled by issuer type.

It is important to note that although the investment portfolio is currently valued at \$668 million, most of these funds have either been committed to specific capital projects or are funds that have been invested until they are needed to pay current operating expenses. Some of the funds that are not required for immediate expenditure have been internally loaned to various projects outlined in the Capital Funding section below.

The City’s investment portfolio is currently earning a combined rate of approximately 2.22%, while maintaining investment security as outlined in the City’s investment policy. This includes the internal borrowing pay back. Interest revenue is expected to meet budget by year end.

CONCLUSION

Development activity in the first quarter of 2016 continues with the strong trend set in 2015. In relation to the 2016 adopted budget, all departments are currently on budget. Staff will continue to closely monitor all areas to ensure that immediate action is taken to address any negative variances.

Vivienne Wilke, CPA, CGA
General Manager,
Finance & Technology

Appendix “I”: 2016 First Quarter Council Report
Appendix “II”: First Quarter Investment Summary
Appendix “III”: City of Surrey Investment Policy

**2016 1st QUARTER COUNCIL REPORT
EXECUTIVE SUMMARY - REVENUES & EXPENDITURES
\$ 000's**

	2015: 1st Qtr YTD ACTUAL	2016: 1st Qtr YTD Actual	2016 YTD BUDGET	2016 ANNUAL BUDGET
REVENUE SUMMARY				
Net Taxation	68,581	77,284	77,401	309,643
Investment Interest	3,972	2,835	2,821	13,769
Secondary Suite Infrastructure Fee	3,845	4,264	4,404	17,617
Contribution from SCDC	1,125	1,125	1,125	4,500
Provincial Casino Revenue Sharing	43	800	800	3,200
Penalties & Interest on Taxes	(674)	802	802	4,100
Corporate Leases	1,185	1,455	1,483	5,930
Carbon Tax Rebate	5	100	100	400
Other Revenues	485	277	269	1,075
Non-Tax Revenues	9,986	11,658	11,804	50,591
Program Revenues	18,989	19,957	20,099	79,411
TOTAL REVENUES	97,556	108,899	109,304	439,645
EXPENDITURE SUMMARY				
Program Expenditures	79,692	94,990	95,670	398,384
Utility Recoveries	(2,504)	-	-	-
Council Priorities	(135)	63	63	250
Build Surrey Program	(2,009)	-	-	-
Fiscal Services	201	204	197	789
MFA Principal	4,016	3,194	3,194	12,779
Other	39	-	-	-
TOTAL EXPENDITURES	79,300	98,451	99,124	412,202
TRANSFER SUMMARY				
Carbon Emission Offsets	(370)	100	100	400
Transfer to Capital Program	112	3,375	3,375	13,500
Contributions to Road & Trans. Fund	3,408	4,148	4,148	16,592
Transfers To(From) Own Sources	4,428	(472)	(761)	(3,049)
TOTAL TRANSFERS	7,578	7,151	6,862	27,443

APPENDIX I-2

2016 1st QUARTER COUNCIL REPORT
DEPARTMENTAL DETAIL
\$ 000's

	2015: 1st Qtr YTD ACTUAL	2016: 1st Qtr YTD ACTUAL	2016 YTD BUDGET	2016 ANNUAL BUDGET
PROGRAM REVENUES				
R.C.M.P.	2,016	2,031	2,020	8,081
Fire	77	115	53	1,663
Engineering Services	1,814	1,426	1,496	6,222
Parks, Recreation & Culture	7,677	8,423	8,705	31,943
Surrey Public Library	403	381	379	1,513
Planning & Development	4,829	5,127	5,018	20,071
Mayor & Council	-	-	-	-
City Grants	-	-	-	-
City Manager	1,933	2,162	2,180	8,626
Finance & Technology	240	292	248	1,292
Human Resources	-	-	-	-
TOTAL PROGRAM REVENUES	18,989	19,957	20,099	79,411

	2015: 1st Qtr YTD ACTUAL	2016: 1st Qtr YTD ACTUAL	2016 YTD BUDGET	2016 ANNUAL BUDGET
PROGRAM EXPENDITURES NET OF INTERNAL TRANSFERS				
R.C.M.P.	32,545	36,149	36,183	146,850
Fire	13,531	13,634	13,572	59,293
Engineering Services	844	1,329	1,427	7,658
Parks, Recreation & Culture	15,345	20,190	20,520	86,198
Surrey Public Library	429	4,055	4,116	16,322
Planning & Development	5,765	7,081	7,061	29,870
Mayor & Council	365	316	317	1,361
City Grants	256	230	416	1,662
City Manager	3,072	3,566	3,613	14,925
Finance & Technology	6,723	7,596	7,583	30,534
Human Resources	817	844	862	3,711
Operating Contingency	-	-	-	-
TOTAL PROGRAM EXPENDITURES	79,692	94,990	95,670	398,384

	2015: 1st Qtr YTD ACTUAL	2016: 1st Qtr YTD ACTUAL	2016 YTD BUDGET	2016 ANNUAL BUDGET
NET PROGRAM				
R.C.M.P.	30,529	34,118	34,163	138,769
Fire	13,454	13,519	13,519	57,630
Engineering Services	(970)	(97)	(69)	1,436
Parks, Recreation & Culture	7,668	11,767	11,815	54,255
Surrey Public Library	26	3,674	3,737	14,809
Planning & Development	936	1,954	2,043	9,799
Mayor & Council	365	316	317	1,361
City Grants	256	230	416	1,662
City Manager	1,139	1,404	1,433	6,299
Finance & Technology	6,483	7,304	7,335	29,242
Human Resources	817	844	862	3,711
Operating Contingency	-	-	-	-
NET PROGRAM TOTAL	60,703	75,033	75,571	318,973

FIRST QUARTER INVESTMENT SUMMARY

SCHEDULE 1

DESCRIPTION	INVESTMENT (MILLIONS) JANUARY/16	INVESTMENT (MILLIONS) FEBRUARY/16	INVESTMENT (MILLIONS) MARCH/16
<i>RBC Month End Balance</i>	33.9	23.1	29.0
<i>RBC USD Month End Balance (CAD\$)</i>	2.7	2.1	1.9
MAJOR BANKS - SCHEDULE I			
Bank of Montreal	48.8	48.8	48.7
Bank of Nova Scotia	27.5	27.5	27.5
Canadian Imperial Bank of Commerce	16.8	16.8	16.8
Canadian Western Bank	45.8	45.8	45.8
Laurentian Bank of Canada	55.5	55.5	55.5
Manulife Bank of Canada	22.0	22.0	22.0
National Bank of Canada	80.1	80.1	80.1
Royal Bank of Canada	15.1	15.1	15.1
Toronto-Dominion Bank	19.3	19.3	19.3
SUB TOTAL - SCHEDULE I BANKS	330.9	330.8	330.7
MAJOR BANKS - SCHEDULE II			
HSBC Bank Canada	7.7	7.6	5.9
SUB TOTAL - SCHEDULE II BANKS	7.7	7.6	5.9
CREDIT UNIONS			
BlueShore Financial	24.4	24.4	24.4
Coast Capital Savings Credit Union	75.0	75.0	75.0
Envision Financial	40.0	40.0	32.5
G&F Financial Group	12.7	12.7	12.7
Khalsa Credit Union	3.2	3.2	3.2
Prospera Credit Union	26.4	26.4	26.4
Vancity Credit Union	75.0	75.0	75.0
Westminster Savings Credit Union	25.1	25.1	10.2
SUB TOTAL - CREDIT UNIONS	281.9	281.9	259.5
PROVINCES			
Province - BC	0.0	0.0	0.0
Province - ON	0.0	0.0	0.0
Province - QC	0.0	0.0	0.0
SUB TOTAL - PROVINCES	0.0	0.0	0.0
OTHER			
MFA	41.0	41.0	41.0
SUB TOTAL - OTHER	41.0	41.0	41.0
TOTAL PORTFOLIO	698.1	686.5	668.1

SCHEDULE 2 - 1

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
ROYAL BANK MONTH END BALANCE					
31-Mar-16		Royal Bank		29,005,941.76	
31-Mar-16		Royal Bank USD Account (CAD\$)		1,894,649.58	
					30,900,591.34
CALL LOAN					
03-Nov-16	03-Nov-15	Coast Capital 1 year cashable term deposit	366	5,000,000.00	20,000,000.00
03-Nov-16	03-Nov-15	Coast Capital 1 year cashable term deposit	366	5,000,000.00	
03-Nov-16	03-Nov-15	Coast Capital 1 year cashable term deposit	366	5,000,000.00	
03-Nov-16	03-Nov-15	Coast Capital 1 year cashable term deposit	366	5,000,000.00	
MAJOR BANKS - SCHEDULE I					
21-Apr-16	15-Jan-10	Bank of Montreal Zero Coupon	2288	4,675,938.00	
08-Jul-16	24-Aug-11	Bank of Montreal Fixed Floater	1780	2,758,327.25	
08-Jul-16	15-Oct-13	Bank of Montreal Fixed Floater	997	15,062,515.55	
23-Sep-16	23-Sep-14	Bank of Montreal GIC	731	5,000,000.00	
26-Sep-17	14-Jan-10	Bank of Montreal Fixed Floater	2812	10,194,954.77	
26-Sep-17	26-Jan-10	Bank of Montreal Fixed Floater	2800	5,109,860.54	
28-Mar-18	15-Mar-12	Bank of Montreal Zero Coupon	2204	2,509,500.00	
28-Mar-18	17-Oct-12	Bank of Montreal Zero Coupon	1988	3,407,086.73	
		*** BANK OF MONTREAL			48,718,182.82
03-Aug-17	05-Sep-12	Bank of Nova Scotia Fixed Floater	1793	3,009,409.09	
18-Oct-19	29-Sep-15	Bank of Nova Scotia Fixed Floater	1480	10,337,487.50	
18-Oct-19	26-Oct-15	Bank of Nova Scotia Fixed Floater	1453	6,158,323.04	
21-Aug-20	21-Aug-15	Bank of Nova Scotia GIC	1827	8,000,000.00	
		*** BANK OF NOVA SCOTIA			27,505,219.63
06-Jun-18	26-Jan-10	Canadian Imperial Bank of Commerce Zero Coupon	3053	2,122,890.00	
06-Jun-18	26-Oct-15	Canadian Imperial Bank of Commerce Zero Coupon	954	4,744,500.00	
19-Feb-25	19-Feb-15	Canadian Imperial Bank of Commerce Step Up	3653	9,964,456.61	
		*** CIBC			16,831,846.61
11-Oct-16	10-Oct-14	Canadian Western Bank GIC	732	5,000,000.00	
26-Jun-17	02-Nov-15	Canadian Western Bank Deposit Note	602	5,003,745.85	
17-Dec-19	22-May-15	Canadian Western Bank Fixed Floater	1670	5,100,570.21	
17-Dec-19	08-Apr-15	Canadian Western Bank Fixed Floater	1714	10,302,859.10	
17-Dec-19	03-Jul-15	Canadian Western Bank Fixed Floater	1628	5,139,536.70	
17-Dec-19	16-Sep-15	Canadian Western Bank Fixed Floater	1553	5,081,142.95	
17-Dec-19	26-Nov-15	Canadian Western Bank Fixed Floater	1482	2,024,686.23	
17-Dec-19	19-Oct-15	Canadian Western Bank Fixed Floater	1520	5,065,031.09	
17-Dec-19	28-Apr-14	Canadian Western Bank Fixed Floater	2059	3,054,272.39	
		*** CANADIAN WESTERN BANK			45,771,844.52
19-Oct-17	19-Oct-15	Laurentian Bank of Canada Fixed Floater	731	2,025,349.99	
19-Oct-17	25-Aug-15	Laurentian Bank of Canada Fixed Floater	786	4,074,372.11	
19-Oct-17	02-Nov-15	Laurentian Bank of Canada Fixed Floater	717	5,078,631.41	
19-Oct-17	25-Aug-15	Laurentian Bank of Canada Fixed Floater	786	8,144,020.36	
26-Mar-18	02-Nov-15	Laurentian Bank of Canada Deposit Note	875	1,005,957.49	
15-Oct-18	09-Jul-14	Laurentian Bank of Canada Deposit Note	1559	10,171,426.62	
23-Jan-20	16-Sep-15	Laurentian Bank of Canada Deposit Note	1590	10,063,471.70	
23-Jan-20	19-Oct-15	Laurentian Bank of Canada Deposit Note	1557	4,967,412.72	
23-Jan-20	26-Nov-15	Laurentian Bank of Canada Deposit Note	1519	9,950,514.81	
		*** LAURENTIAN BANK OF CANADA			55,481,157.19
24-Mar-17	23-Sep-13	Manulife Bank of Canada GIC	1278	5,000,000.00	
03-Apr-17	01-Oct-13	Manulife Bank of Canada GIC	1280	10,000,000.00	
16-Oct-17	15-Oct-12	Manulife Bank of Canada GIC	1827	5,000,000.00	
21-Aug-20	21-Aug-15	Manulife Bank of Canada GIC	1827	2,000,000.00	
		*** MANULIFE BANK OF CANADA			22,000,000.00

SCHEDULE 2 - 2

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
11-Apr-17	11-Apr-12	National Bank of Canada Fixed Floater	1826	1,001,067.91	
11-Apr-17	01-May-12	National Bank of Canada Fixed Floater	1806	3,001,108.80	
11-Apr-17	18-Sep-12	National Bank of Canada Fixed Floater	1666	5,025,491.45	
11-Apr-17	17-Oct-12	National Bank of Canada Fixed Floater	1637	6,038,759.93	
11-Sep-17	09-Sep-13	National Bank of Canada GIC	1463	12,500,000.00	
16-Aug-18	16-Aug-13	National Bank of Canada GIC	1826	5,000,000.00	
10-Sep-18	09-Sep-13	National Bank of Canada GIC	1827	12,500,000.00	
24-Sep-18	23-Sep-13	National Bank of Canada GIC	1827	5,000,000.00	
01-May-20	01-May-15	National Bank of Canada GIC	1827	20,000,000.00	
24-Jul-25	24-Jul-15	National Bank of Canada Step Up	3653	10,000,410.96	
*** NATIONAL BANK OF CANADA					80,066,839.05
03-Oct-16	02-Oct-13	Royal Bank of Canada GIC	1097	5,000,000.00	
14-Nov-16	13-Nov-14	Royal Bank of Canada GIC	732	5,000,000.00	
11-Oct-18	28-Apr-14	Royal Bank of Canada Deposit Note	1627	5,068,643.52	
*** ROYAL BANK OF CANADA					15,068,643.52
09-Jul-18	27-Jun-11	Toronto-Dominion Bank Fixed Floater	2569	5,210,880.30	
09-Jul-18	26-Jan-10	Toronto-Dominion Bank Zero Coupon	3086	2,114,700.00	
19-Nov-23	19-Nov-13	Toronto-Dominion Bank Step Up	3652	6,978,624.32	
04-Dec-24	04-Dec-14	Toronto-Dominion Bank Step Up	3653	4,971,806.05	
*** TORONTO-DOMINION BANK					19,276,010.67
MAJOR BANKS - SCHEDULE II					
10-Apr-17	05-Sep-12	HSBC Bank Canada Fixed Floater	1678	785,651.41	
14-Jan-20	29-Sep-15	HSBC Bank Canada Deposit Note	1568	5,156,557.72	
*** HSBC BANK CANADA					5,942,209.12
CREDIT UNIONS					
21-Apr-16	22-Apr-15	BlueShore Financial Term Deposit	365	5,000,000.00	
24-Jun-16	25-Jun-15	BlueShore Financial Term Deposit	365	19,421,500.00	
07-Apr-16	09-Apr-15	Coast Capital Savings Credit Union Term Deposit	364	10,000,000.00	
04-May-16	05-May-15	Coast Capital Savings Credit Union Term Deposit	365	10,000,000.00	
16-Feb-17	16-Feb-16	Coast Capital Savings Credit Union Term Deposit	366	1,516.16	
14-Mar-17	14-Mar-16	Coast Capital Savings Credit Union Term Deposit	365	12,500,000.00	
29-Mar-17	29-Mar-16	Coast Capital Savings Credit Union Term Deposit	365	10,000,000.00	
14-Mar-18	14-Mar-16	Coast Capital Savings Credit Union Term Deposit	730	12,500,000.00	
06-Apr-16	07-Mar-16	Envision Financial Term Deposit	30	22,500,000.00	
06-Feb-17	05-Feb-16	Envision Financial Term Deposit	367	10,000,000.00	
08-Jun-16	09-Jun-15	G&F Financial Group Term Deposit	365	1,639,000.00	
15-Jun-16	16-Jun-15	G&F Financial Group Term Deposit	365	1,100,000.00	
04-Mar-19	03-Mar-16	G&F Financial Group Term Deposit	1096	10,000,000.00	
15-Jun-16	16-Jun-15	Khalsa Credit Union Term Deposit	365	3,216,500.00	
17-Apr-16	18-Dec-15	Prospera Credit Union Term Deposit	121	7,500,000.00	
20-Apr-16	21-Mar-16	Prospera Credit Union Term Deposit	30	10,000,000.00	
25-Apr-16	24-Mar-16	Prospera Credit Union Term Deposit	32	8,936,500.00	
13-May-16	17-Aug-15	Vancity Credit Union Term Deposit	270	20,000,000.00	
06-Jun-16	05-Jun-15	Vancity Credit Union Term Deposit	367	30,000,000.00	
14-Dec-16	14-Dec-15	Vancity Credit Union Term Deposit	366	22,500,000.00	
28-Dec-16	29-Mar-16	Vancity Credit Union Term Deposit	274	2,500,000.00	
12-Oct-18	13-Oct-15	Westminster Savings Credit Union Term Deposit	1095	5,205,000.00	
13-Oct-20	13-Oct-15	Westminster Savings Credit Union Term Deposit	1827	5,000,000.00	
*** CREDIT UNIONS					239,520,016.16

SCHEDULE 2 - 3

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
PROVINCIAL GUARANTEED PAPER					
		*** BRITISH COLUMBIA			-
		*** ONTARIO			-
		*** QUEBEC			-
Open	14-Sep-12	BCMFA Investment Pool-money Market Fund		1,000,000.00	
Open	10-Jun-13	BCMFA Investment Pool-money Market Fund		40,000,000.00	
		*** BC MUNICIPAL FINANCE AUTHORITY			41,000,000.00
TOTAL PORTFOLIO					<u>668,082,560.64</u>