

NO: R079

COUNCIL DATE: April 24, 2017

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **April 12, 2017**

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

FILE: **1880-20**

SUBJECT: **Quarterly Financial Report - First Quarter - 2017**

RECOMMENDATION

The Finance & Technology Department recommends that Council 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 2017 and to compare this activity with the 2017 Financial Plan and the same period in 2016.

DISCUSSION

The Five Year (2017-2021) Financial Plan was adopted by Council on December 21, 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 2017. It also includes an overview of the City's investment portfolio performance.

International Overview

Global economic growth is forecasted at 3.3% for 2017. Terrorism, sluggish economic activity, and weak global demand continue to pose challenges. During a recent meeting of Finance Ministers from G20 Nations, pushback from the United States ("US") resulted in two commitments being dropped from the group's official priorities. Pledges to keep global trade free and open, and to finance efforts against climate change were set aside. Although the outcome of this meeting is non-binding, it appears that the US is defining its position on trade protectionism and global warming.

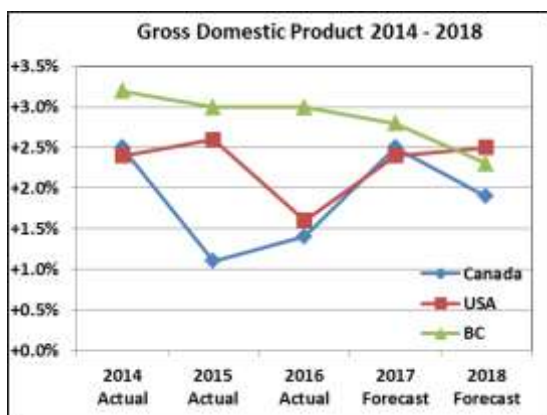
Central banks around the world, with the exception of the US Federal Reserve, continue to maintain accommodative monetary policies through low interest rates. Expectations of interest rate hikes and fiscal stimulus in the US will provide a lift to their currency. Emerging markets around the globe will face increasing challenges in servicing their US dollar-denominated debt as the currency appreciates. Emerging markets are also at risk of losing competitiveness if the US is successful in introducing a Border Adjustment Tax ("BAT"), intended to drive up the cost of imports as part of the "America First" policies of President Trump.

Oil prices are forecasted to hover around \$50 to \$60 per barrel this year despite production cuts of 1.8 million barrels per day (“bpd”) by major oil producers. OPEC will meet with participating non-OPEC nations to decide whether the global pact to reduce supplies should be extended beyond June 2017. To date, there has been compliance with the planned reduction of outputs.

The United Kingdom (“UK”) has triggered Article 50 of the Lisbon Treaty, formally serving notification to the European Union (“EU”) of its intention to leave. The two sides will now begin the lengthy process of negotiating the terms of the UK’s separation. The UK wishes to have free movement of goods and exercise control over immigration. The EU insists that free movement of goods must include the free movement of people. Despite uncertainties surrounding “Brexit”, the UK’s economy is expected to grow by 1.6% this year due to resilient consumer spending.

The European Central Bank (“ECB”) forecasts Eurozone GDP to grow by 1.6% in 2017. High debt loads, banking sector vulnerabilities and high unemployment continue to plague the region. The Eurozone has a series of important elections on the horizon with France, Germany, and Italy all heading to the polls. The upcoming votes will be closely watched by financial markets given the rise of populist parties throughout Europe. Increasing protectionist sentiments from some political factions raise the possibility that more countries may choose to leave the EU.

China’s GDP is forecasted to grow at 6.5% this year. The government continues to work on transitioning the economy towards domestic consumption and away from manufacturing, government investments and exports. Consumer consumption now accounts for 65% of GDP, up from 42% a decade ago. The service, leisure, entertainment, travel and healthcare sectors are expected to experience large gains in the future.



Graph 1 Source: BMO Economics



Graph 2 Source: BMO Economics

United States Overview

Sustained job and income growth, along with anticipated fiscal stimulus, are expected to help fuel the US economy. GDP is forecasted to grow at 2.3% this year. Unemployment came in at 4.7% in February and is expected to drop to 4.5% by the end of the year. January inflation came in at 1.9%, close to the Federal Reserve’s target rate.

The Federal Reserve raised its key interest rate by 0.25% in March and has signalled that at least two more rate increases are possible this year. The Federal Reserve will monitor the rates of inflation and unemployment and undertake further monetary policy tightening, as long as economic performance meets expectations. The US dollar is expected to appreciate against other currencies as the interest rate disparity widens.

US stock markets have performed well since the Presidential election due to expectations of large infrastructure spending, tax reforms and pro-business policies. To lend credibility to the new administration and provide assurance to financial markets who have already priced in these expectations, legislative action is now needed. The Trump administration announced its intention to implement tax reforms before Congress breaks in August 2017.

It remains to be seen whether the administration's strong position on trade actually materializes into actual policy. There has been talk of a tax on foreign imports (BAT) with the justification for such a plan based on the belief that it will generate significant revenues and reduce trade deficits with other nations. Any attempts to introduce an import tax in the US will likely result in similar tariffs by other nations. President Trump has sent a draft to Congress outlining a list of the administration's priorities on NAFTA renegotiations. Talks are slated to commence in the second half of this year. It is hoped that the new administration will clarify its economic and foreign policies in the near future as many international firms are holding back on investments due to the uncertain landscape.

With recent increases in oil prices, US shale producers have increased production to 9.1 million bpd, up from 8.5 million bpd. US oil drillers are protecting themselves against falling oil prices by increasing their hedge positions on future deliveries of oil, such that production could continue even if oil prices fall once again.

Canadian Overview

The Bank of Canada ("BoC") is forecasting GDP growth of 2.1% for the country in 2017. Canada's unemployment rate came in at 6.6% in February, the best result since January 2015. Wage growth remains sluggish with hourly rates increasing by 1.3% over last year while actual hours worked declined by 0.3% year-over-year.

January's Consumer Price Index came in at 2.1% due to higher energy prices. The BoC expects the spike in energy prices to be temporary and inflation to remain around 2% for the year. The BoC's key interest rate remains at 0.5% with analysts not expecting any increases until the second half of 2018. The Canadian dollar is forecasted to trade around 75 cents US. Analysts predict the Loonie could fall to 72 cents US by the end of the year if the US Federal Reserve moves ahead with additional interest rate increases.

The BoC continues to cite weak business investment and high consumer indebtedness as risks to the economy. Business capital investments have fallen for eleven quarters in a row. In a Statistics Canada survey, businesses indicated a planned reduction in capital investments this year despite rising corporate profits.

The BoC anticipates US fiscal initiatives, such as corporate and personal tax cuts, to provide incentives for US companies to switch some of their business operations from Canada to the US. It is estimated that US fiscal policies will add 0.1% to Canadian GDP by 2018 due to increased US consumption, offset by decreased US business investments in Canada. In January, Canada posted its third consecutive trade surplus. Growth was due to increased exports of canola, motor vehicles and auto parts.

The European Parliament voted in February to proceed with provisional application of the Canada-European Union Comprehensive Economic and Trade Agreement ("CETA"). The Canadian government is expected to implement a provisional application by July 1 of this year. Once provisionally implemented, CETA will result in 98% of duties on both sides of the Atlantic being

removed. Non-tariff barriers will be eliminated, quotas for certain agricultural products will be increased, and labour mobility will be enhanced.

The housing market in Toronto continues to strengthen with six consecutive months of 20% or greater price growth. There are increased calls on the Ontario government to introduce a tax on foreign buyers, similar to BC's initiative. The 2017 Federal budget is committing \$40 million to Statistics Canada to collect nationwide data on housing, including degree of foreign ownership, homeowner demographics and financing characteristics. To clamp down on tax evasion, the Department of Finance now requires all property sales to be reported on federal income tax returns. Profits on the sales of properties that do not qualify as principal residences will be subject to the capital gains tax.

British Columbia Overview

After three years of leading all provinces, BC will give up some of its momentum in 2017 with GDP growth forecasted at a below average pace of 1.9% this year. A key contributor to the slowdown is reduced real estate and housing activity in Metro Vancouver.

BC's unemployment rate fell to 5.1% in February and is expected to hover around 5% during 2017. Last year, BC saw the strongest job growth since 1994 with total employment up by 73,000 jobs. However, almost half of the new positions were part-time and unevenly distributed across the province, with a heavy concentration in the Lower Mainland. In all other regions of BC, employment fell last year. For 2017, analysts expect employment growth to decelerate to less than half of last year's pace as real estate activity, consumer spending and the forest sector face challenges.

The outlook for BC's wood product exports is uncertain as a return of the Canada-US lumber trade dispute appears imminent. Experts predict that the US will introduce duties, perhaps as high as 40%, on all Canadian softwood products in the near future. Additionally, the forestry sector faces supply challenges due to large swaths of forest being devastated by the pine beetle. With lumber accounting for 17% of BC's merchandise exports last year, the negative outlook will produce a drag on the province's growth in 2017.

The BC Real Estate Association is forecasting the number of residential home sales and average sale prices to fall this year by 14% and 5%, respectively. Tighter federal mortgage rules and the province's foreign home buyer's tax are seen as some of the factors resulting in reduced housing activity. The provincial government is projecting property transfer tax revenues to fall 24% in 2017 for a \$483 million reduction over the prior year. Reduced momentum in the real estate sector will have ripple effects throughout the services, retail and construction sectors.

The weak Canadian dollar has bolstered tourism, film and television production, manufacturing and some segments of the high technology sector. Business services, such as, engineering, finance, and architectural services have also received a boost as a result of the competitive exchange rate. Export industries will continue to benefit from the weak loonie; however, analysts predict the large gains seen over the last few years will not be matched in 2017 as the previous pace of growth is not sustainable throughout this year.

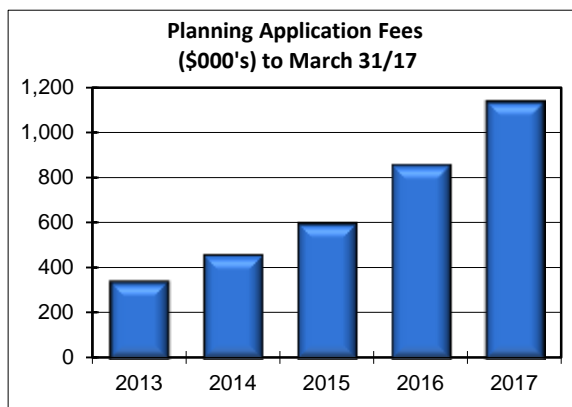
Surrey's Financial Performance

Results for the first three months of the year indicate that overall residential sales activity is continuing with a cooling trend that was noted in the last half of 2016 for most of the GVRD, in part this is likely due to the Foreign Buyers Tax of 15% that the Province introduced last August and also in part due to tougher Federal mortgage qualification rules. Residential sales activity has cooled in relation to sales volume and prices; however the number of applications for new single family building permits, are still on par with the same period last year. At this point it is appropriate to have a cautious approach regarding the residential market and not assume any long term trends have materialized.

Activity for the commercial, industrial and institutional sector for the first three months of the year is following a similar pattern to the residential market, in that the volume of new applications is relatively the same as the same period last year however, the value of these permits is lower than last year. This is not unusual as the scale and complexity of each application can vary quite drastically and relative to the number of residential permit applications, these types of applications are far lower in volume, and applications outside of the average scope would have a greater impact to the overall figures.

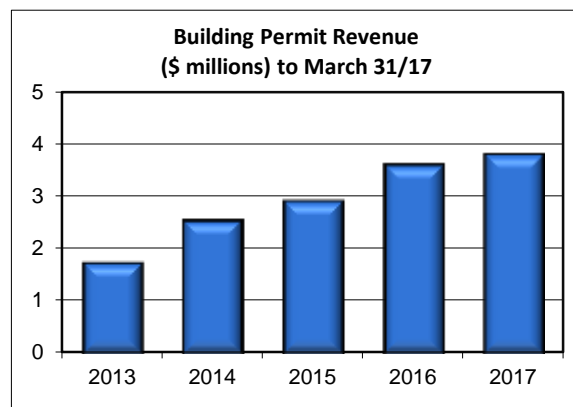
The following graphs display actual key revenues and fees collected by the City in the first three months of 2017 compared to previous years; in addition graph 5 and 6 summarize the value of new Commercial/Industrial Construction and total Building Construction respectively.

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.



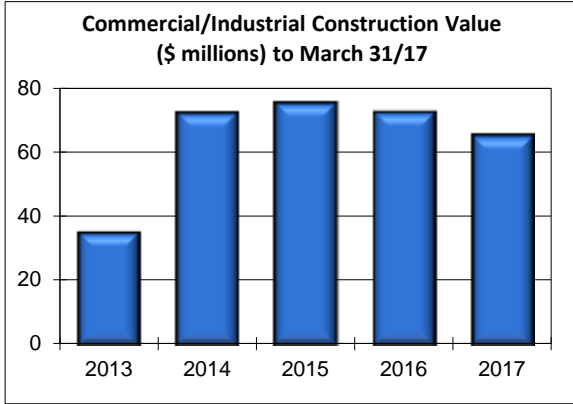
Graph 3

Application fees collected in the first quarter of the year are 32% higher than those collected for the same period last year, overall it is expected that Planning Application fee revenue will meet target. It is important to note that these revenues are not necessarily correlated to residential sales activity in the marketplace, as these revenues are indicative of various applications made to the City, including applications to build new homes.



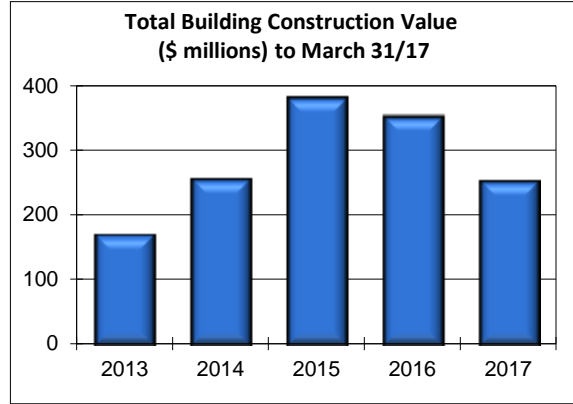
Graph 4

Building permit fees collected for the first three months of this year are 5% higher than those collected in the same period last year. It is noted, that similar to Planning Application fees, Building Permit fees are not necessarily correlated to sales activity in the marketplace, these fees are indicative of Building Permits issued by the City for new build projects.



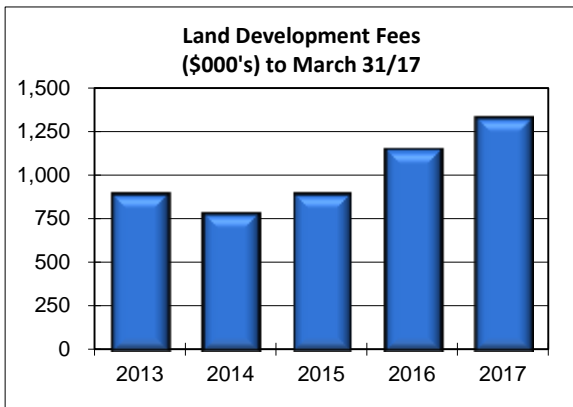
Graph 5

Construction value of commercial and industrial building permits for the first quarter of 2017 is 10% lower compared to the same period in 2016.



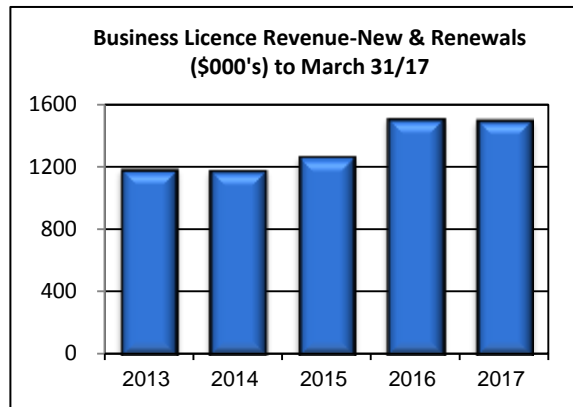
Graph 6

Overall, the value of new construction in the City for the first three months of the year is 28% lower when compared to the same time period last year.



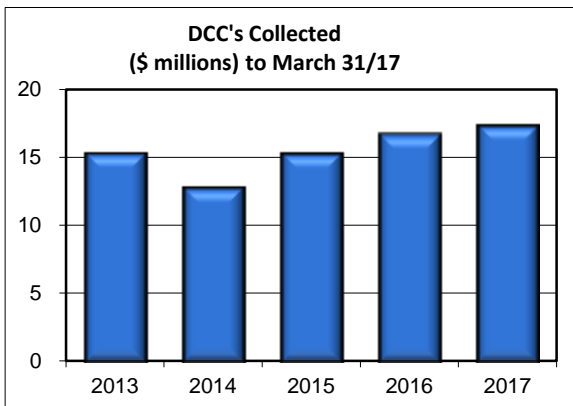
Graph 7

Engineering Land Development fees collected in the first three months of the year are 15 % higher than the same period in 2016.



Graph 8

Business license revenue in the first quarter of 2017 is approximately the same as the same period in 2016.

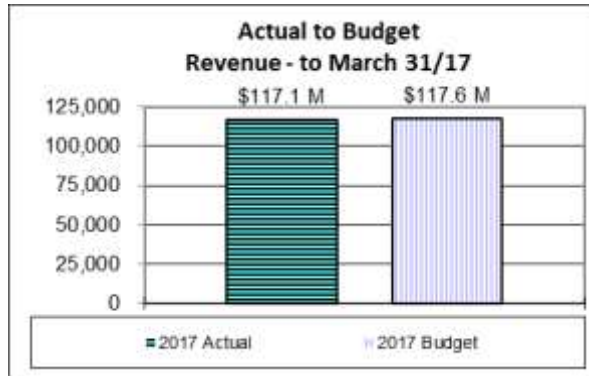


Graph 9

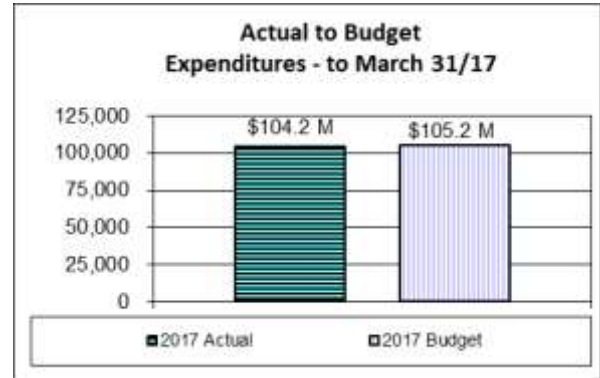
Development Cost Charges that have been collected in the first three months of the year are 3% higher than those collected in the same period of 2016.

Actual Revenues and Expenditures Relative to the 2017 Budget (Financial Plan)

The following graphs illustrate the variances between the actual and the budgeted operating revenues and expenditures respectively, excluding transfers to reserves, for the first quarter of 2017.



Graph 10



Graph 11

Appendix “I” documents the General Operating Fund’s revenues and expenditures for the first quarter of 2017 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 2017 Financial Plan:

RCMP currently is currently meeting budget.

Fire Services has a favourable variance of \$56,000, resulting from vacancies and timing of expenditures.

Engineering Services currently has a favourable variance of \$19,000 which is due primarily to staff vacancies and the timing of expenditures.

Parks, Recreation & Culture Department is showing a favourable departmental variance of \$50,000, 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 \$26,000, 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 \$161,000 due to staff vacancies and the timing of maintenance costs for civic facilities.

Mayor and Council currently has a small favorable variance of \$8,000.

City Grants is currently on budget.

City Manager’s Department is currently showing a \$100,000 favorable variance; this is due primarily to staff vacancies and timing of expenditures.

Public Safety is currently showing an unfavorable variance of \$237,000, this is due to the timing of Bylaw revenue receipts and increases in part-time salaries as a result of staff vacancies. It is anticipated that Public Safety will meet their budget target by year-end.

Investment & Intergovernmental Relations currently has a favorable variance of \$139,000, primarily due to the timing of expenditures and staff vacancies.

Finance & Technology Department currently has a favourable variance of \$179,000. 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 \$7,000 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 2017. Schedule 2 is a detailed listing of securities as at March 31, 2017 sub-totalled by issuer type.

It is important to note that although the investment portfolio is currently valued at \$790 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 2.05%, 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

Overall, in relation to the 2017 adopted budget, there has been no material concerns noted for the first quarter of 2017. The development sector, although somewhat cool relative to the same period last year, is still strong in relation to new applications, in particular the single and multi-family market.

Staff will continue to closely monitor all areas to ensure that any variances from the 2017-2021 adopted budget are recognized in a timely fashion and appropriate mitigating action is taken.

Suzanne Fillion, CPA, CGA
Acting General Manager,
Finance & Technology

Appendix “I”: 2017 First Quarter Council Report
Appendix “II”: First Quarter Investment Summary

2017 1st QUARTER COUNCIL REPORT
EXECUTIVE SUMMARY - REVENUES & EXPENDITURES
\$ 000's

	2016: 1st Qtr YTD ACTUAL	2017: 1st Qtr YTD Actual	2017 YTD BUDGET	2017 ANNUAL BUDGET
REVENUE SUMMARY				
Net Taxation	77,284	82,115	82,188	328,802
Investment Interest	2,835	3,996	4,045	16,518
Secondary Suite Infrastructure Fee	4,264	4,426	4,571	18,284
Contribution from SCDC	1,125	1,125	1,125	4,500
Provincial Casino Revenue Sharing	800	888	950	3,800
Penalties & Interest on Taxes	802	862	894	4,400
Corporate Leases	1,455	1,790	1,677	6,710
Carbon Tax Rebate	100	100	100	400
Other Revenues	277	313	631	2,525
Non-Tax Revenues	11,658	13,500	13,993	57,137
Program Revenues	19,957	21,444	21,460	82,643
TOTAL REVENUES	108,899	117,059	117,641	468,582
EXPENDITURE SUMMARY				
Program Expenditures	94,990	100,891	101,416	409,891
Council Priorities	63	63	63	250
Fiscal Services	204	86	204	817
MFA Principal	3,194	3,177	3,194	12,779
Other	-	20	330	1,319
TOTAL EXPENDITURES	98,451	104,237	105,207	425,056
TRANSFER SUMMARY				
Carbon Emission Offsets	100	100	100	400
Transfer to Capital Program	3,375	3,863	3,925	15,700
Contributions to Road & Trans. Fund	4,148	4,148	4,148	16,592
Transfers To(From) Own Sources	(472)	(1,387)	(1,231)	10,834
TOTAL TRANSFERS	7,151	6,724	6,942	43,526

2017 1st QUARTER COUNCIL REPORT
DEPARTMENTAL DETAIL
\$ 000's

	2016: 1st Qtr YTD ACTUAL	2017: 1st Qtr YTD ACTUAL	2017 YTD BUDGET	2017 ANNUAL BUDGET
PROGRAM REVENUES				
R.C.M.P.	2,031	1,960	2,030	8,121
Fire	115	83	54	1,706
Engineering Services	1,426	1,868	1,835	6,652
Parks, Recreation & Culture	8,423	9,316	9,360	33,541
Surrey Public Library	381	410	389	1,520
Planning & Development	5,127	5,441	5,213	20,854
Mayor & Council	-	-	-	-
City Grants	-	-	-	-
City Manager	2,162	3	1	5
Public Safety	-	2,066	2,243	8,903
Invest. & Intergovernmental Relations	-	47	-	-
Finance & Technology	292	250	335	1,341
Human Resources	-	-	-	-
TOTAL PROGRAM REVENUES	19,957	21,444	21,460	82,643

	2016: 1st Qtr YTD ACTUAL	2017: 1st Qtr YTD ACTUAL	2017 YTD BUDGET	2017 ANNUAL BUDGET
PROGRAM EXPENDITURES NET OF INTERNAL TRANSFERS				
R.C.M.P.	36,149	38,896	38,967	158,339
Fire	13,634	14,116	14,143	61,821
Engineering Services	1,329	1,873	1,859	8,591
Parks, Recreation & Culture	20,190	20,938	21,032	92,282
Surrey Public Library	4,055	4,308	4,313	17,278
Planning & Development	7,081	7,372	7,305	30,539
Mayor & Council	316	331	339	1,433
City Grants	230	420	420	1,682
City Manager	3,566	1,572	1,670	6,636
Public Safety	-	2,050	1,990	8,314
Invest. & Intergovernmental Relations	-	261	353	1,484
Finance & Technology	7,596	7,780	8,044	33,074
Human Resources	844	974	981	4,176
TOTAL PROGRAM EXPENDITURES	94,990	100,891	101,416	425,649

	2016: 1st Qtr YTD ACTUAL	2017: 1st Qtr YTD ACTUAL	2017 YTD BUDGET	2017 ANNUAL BUDGET
NET PROGRAM				
R.C.M.P.	34,118	36,936	36,937	150,218
Fire	13,519	14,033	14,089	60,115
Engineering Services	(97)	5	24	1,939
Parks, Recreation & Culture	11,767	11,622	11,672	58,741
Surrey Public Library	3,674	3,898	3,924	15,758
Planning & Development	1,954	1,931	2,092	9,685
Mayor & Council	316	331	339	1,433
City Grants	230	420	420	1,682
City Manager	1,404	1,569	1,669	6,631
Public Safety	-	(16)	(253)	(589)
Invest. & Intergovernmental Relations	-	214	353	1,484
Finance & Technology	7,304	7,530	7,709	31,733
Human Resources	844	974	981	4,176
NET PROGRAM TOTAL	75,033	79,447	79,956	343,006

FIRST QUARTER INVESTMENT SUMMARY

SCHEDULE 1

DESCRIPTION	INVESTMENT (MILLIONS) JANUARY/17	INVESTMENT (MILLIONS) FEBRUARY/17	INVESTMENT (MILLIONS) MARCH/17
<i>RBC Month End Balance</i>	14.6	42.4	13.9
<i>RBC USD Month End Balance (CAD\$)</i>	1.2	1.1	1.0
MAJOR BANKS - SCHEDULE I			
Bank of Montreal	31.0	31.0	40.9
Bank of Nova Scotia	46.9	46.8	46.8
Canadian Imperial Bank of Commerce	16.8	16.8	16.8
Canadian Western Bank	74.9	74.9	74.8
Laurentian Bank of Canada	70.4	70.4	70.4
Manulife Bank of Canada	22.0	22.0	17.0
National Bank of Canada	80.0	80.0	80.0
Royal Bank of Canada	29.6	29.6	29.6
Toronto-Dominion Bank	12.2	12.2	12.2
SUB TOTAL - SCHEDULE I BANKS	383.9	383.8	388.6
MAJOR BANKS - SCHEDULE II			
HSBC Bank Canada	10.9	10.9	10.9
SUB TOTAL - SCHEDULE II BANKS	10.9	10.9	10.9
CREDIT UNIONS			
BlueShore Financial	31.2	31.2	31.2
Central 1 Credit Union (CUCBC)	10.0	10.0	10.0
Coast Capital Savings Credit Union	75.0	75.0	62.5
Envision Financial	50.0	40.0	40.0
G&F Financial Group	14.0	14.0	14.0
Khalsa Credit Union	3.5	3.5	3.5
Prospera Credit Union	28.8	28.8	28.8
Vancity Credit Union	75.0	65.0	65.0
Westminster Savings Credit Union	27.2	20.2	20.2
SUB TOTAL - CREDIT UNIONS	314.7	287.7	275.2
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	100.0	100.0	100.0
SUB TOTAL - OTHER	100.0	100.0	100.0
TOTAL PORTFOLIO	825.3	825.8	789.6

APPENDIX "II-2"

SCHEDULE 2 - 1

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
ROYAL BANK MONTH END BALANCE					
31-Mar-17		Royal Bank		13,931,916.05	
31-Mar-17		Royal Bank USD Account (CAD\$)		980,878.85	
					14,912,794.90
CALL LOAN					
14-Dec-17	14-Dec-16	Vancity Credit Union 1 year cashable term deposit	365	5,000,000.00	20,000,000.00
29-Mar-18	29-Mar-17	Prospera Credit Union 1 year cashable term deposit	365	5,000,000.00	
29-Mar-18	29-Mar-17	Prospera Credit Union 1 year cashable term deposit	365	5,000,000.00	
29-Mar-18	29-Mar-17	Prospera Credit Union 1 year cashable term deposit	365	5,000,000.00	
MAJOR BANKS - SCHEDULE I					
26-Sep-17	14-Jan-10	Bank of Montreal Fixed Floater	2812	10,063,907.82	
26-Sep-17	26-Jan-10	Bank of Montreal Fixed Floater	2800	5,036,013.21	
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	
22-Mar-24	22-Mar-17	Bank of Montreal Step Up	2557	9,965,136.88	
16-Dec-26	16-Dec-16	Bank of Montreal Step Up	3652	9,951,451.26	
		*** BANK OF MONTREAL			40,933,095.91
03-Aug-17	05-Sep-12	Bank of Nova Scotia Fixed Floater	1793	3,002,385.95	
18-Oct-19	29-Sep-15	Bank of Nova Scotia Fixed Floater	1480	10,242,365.54	
18-Oct-19	26-Oct-15	Bank of Nova Scotia Fixed Floater	1453	6,110,831.93	
18-Oct-19	13-Apr-16	Bank of Nova Scotia Fixed Floater	1283	5,105,757.60	
18-Oct-19	27-Apr-16	Bank of Nova Scotia Zero Coupon	1269	9,248,000.00	
18-Oct-19	01-Jun-16	Bank of Nova Scotia Fixed Floater	1234	5,105,510.53	
21-Aug-20	21-Aug-15	Bank of Nova Scotia GIC	1827	8,000,000.00	
		*** BANK OF NOVA SCOTIA			46,814,851.55
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	9,968,453.33	
		*** CIBC			16,835,843.33
26-Jun-17	02-Nov-15	Canadian Western Bank Deposit Note	602	5,000,714.29	
22-Mar-18	20-Sep-16	Canadian Western Bank Deposit Note	548	5,028,568.43	
17-Dec-19	28-Apr-14	Canadian Western Bank Fixed Floater	2059	3,039,652.89	
17-Dec-19	22-May-15	Canadian Western Bank Fixed Floater	1670	5,073,479.34	
17-Dec-19	08-Apr-15	Canadian Western Bank Fixed Floater	1714	10,221,277.13	
17-Dec-19	03-Jul-15	Canadian Western Bank Fixed Floater	1628	5,101,949.32	
17-Dec-19	16-Sep-15	Canadian Western Bank Fixed Floater	1553	5,059,285.25	
17-Dec-19	26-Nov-15	Canadian Western Bank Fixed Floater	1482	2,018,036.44	
17-Dec-19	19-Oct-15	Canadian Western Bank Fixed Floater	1520	5,047,513.49	
17-Dec-19	20-May-16	Canadian Western Bank Fixed Floater	1306	6,021,831.55	
29-Jun-20	13-Apr-16	Canadian Western Bank Deposit Note	1538	10,073,272.76	
29-Jun-20	20-May-16	Canadian Western Bank Deposit Note	1501	3,012,126.32	
29-Jun-20	11-Oct-16	Canadian Western Bank Deposit Note	1357	5,066,366.99	
13-Sep-21	02-Nov-16	Canadian Western Bank Deposit Note	1776	5,048,065.88	
		*** CANADIAN WESTERN BANK			74,812,140.06
19-Oct-17	25-Aug-15	Laurentian Bank of Canada Fixed Floater	786	4,026,411.30	
19-Oct-17	02-Nov-15	Laurentian Bank of Canada Fixed Floater	717	5,025,790.79	
19-Oct-17	25-Aug-15	Laurentian Bank of Canada Fixed Floater	786	8,051,145.04	
19-Oct-17	19-Oct-15	Laurentian Bank of Canada Fixed Floater	731	2,009,002.38	
19-Oct-17	11-Oct-16	Laurentian Bank of Canada Fixed Floater	373	6,032,946.76	
26-Mar-18	02-Nov-15	Laurentian Bank of Canada Deposit Note	875	1,002,954.06	
15-Oct-18	09-Jul-14	Laurentian Bank of Canada Deposit Note	1559	10,103,928.54	
23-Jan-20	19-Oct-15	Laurentian Bank of Canada Deposit Note	1557	4,975,957.51	
23-Jan-20	26-Nov-15	Laurentian Bank of Canada Deposit Note	1519	9,963,490.45	
23-Jan-20	16-Sep-15	Laurentian Bank of Canada Deposit Note	1590	10,046,828.62	
22-Apr-21	01-Jun-16	Laurentian Bank of Canada Deposit Note	1786	4,034,851.06	
22-Apr-21	02-Nov-16	Laurentian Bank of Canada Deposit Note	1632	5,111,298.25	
		*** LAURENTIAN BANK OF CANADA			70,384,604.77
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			17,000,000.00

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	1,000,028.48	
11-Apr-17	01-May-12	National Bank of Canada Fixed Floater	1806	3,000,029.57	
11-Apr-17	18-Sep-12	National Bank of Canada Fixed Floater	1666	5,000,679.77	
11-Apr-17	17-Oct-12	National Bank of Canada Fixed Floater	1637	6,001,033.60	
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					80,002,182.38
11-Oct-18	28-Apr-14	Royal Bank of Canada Deposit Note	1627	5,041,498.46	
06-Dec-19	13-Apr-16	Royal Bank of Canada Fixed Floater	1332	5,105,213.10	
06-Dec-19	27-Apr-16	Royal Bank of Canada Fixed Floater	1318	10,184,583.84	
06-Dec-19	01-Jun-16	Royal Bank of Canada Zero Coupon	1283	9,266,400.00	
*** ROYAL BANK OF CANADA					29,597,695.40
09-Jul-18	27-Jun-11	Toronto-Dominion Bank Fixed Floater	2569	5,118,031.92	
09-Jul-18	26-Jan-10	Toronto-Dominion Bank Zero Coupon	3086	2,114,700.00	
04-Dec-24	04-Dec-14	Toronto-Dominion Bank Step Up	3653	4,975,053.38	
*** TORONTO-DOMINION BANK					12,207,785.30
MAJOR BANKS - SCHEDULE II					
10-Apr-17	05-Sep-12	HSBC Bank Canada Fixed Floater	1678	771,352.57	
10-Apr-17	09-Aug-16	HSBC Bank Canada Fixed Floater	244	5,003,292.01	
14-Jan-20	29-Sep-15	HSBC Bank Canada Deposit Note	1568	5,115,239.16	
*** HSBC BANK CANADA					10,889,883.74
CREDIT UNIONS					
11-Sep-17	14-Dec-16	Vancity Credit Union Term Deposit	271	17,500,000.00	
25-Sep-17	28-Dec-16	Vancity Credit Union Term Deposit	271	2,500,000.00	
07-Feb-18	07-Feb-17	Vancity Credit Union Term Deposit	365	10,000,000.00	
05-Mar-18	03-Mar-17	Vancity Credit Union Term Deposit	367	30,000,000.00	
04-May-17	04-May-16	Coast Capital Savings Credit Union Term Deposit	365	10,000,000.00	
03-Nov-17	03-Nov-16	Coast Capital Savings Credit Union Term Deposit	365	5,000,000.00	
16-Feb-18	16-Feb-17	Coast Capital Savings Credit Union Term Deposit	365	1,535.16	
14-Mar-18	14-Mar-16	Coast Capital Savings Credit Union Term Deposit	730	12,500,000.00	
14-Mar-18	14-Mar-17	Coast Capital Savings Credit Union Term Deposit	365	10,000,000.00	
20-Jun-18	20-Jun-16	Coast Capital Savings Credit Union Term Deposit	730	7,500,000.00	
08-Apr-19	07-Apr-16	Coast Capital Savings Credit Union Term Deposit	1096	10,000,000.00	
20-Jun-19	20-Jun-16	Coast Capital Savings Credit Union Term Deposit	1095	7,500,000.00	
06-Apr-17	06-Apr-16	Envision Financial Term Deposit	365	22,500,000.00	
18-Apr-17	14-Apr-16	Envision Financial Term Deposit	369	17,500,000.00	
12-Dec-17	12-Dec-16	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	
05-Dec-19	05-Dec-16	G&F Financial Group Term Deposit	1095	1,639,000.00	
06-Apr-21	07-Apr-16	G&F Financial Group Term Deposit	1825	1,291,600.00	
27-Apr-17	27-Apr-16	Khalsa Credit Union Term Deposit	365	266,000.00	
15-Jun-17	15-Jun-16	Khalsa Credit Union Term Deposit	365	3,216,500.00	
19-Apr-17	19-Apr-16	BlueShore Financial Term Deposit	365	6,750,500.00	
21-Apr-17	21-Apr-16	BlueShore Financial Term Deposit	365	5,000,000.00	
27-Dec-17	24-Jun-16	BlueShore Financial Term Deposit	551	19,421,500.00	
26-Oct-17	26-Oct-16	Westminster Savings Credit Union Term Deposit	365	10,000,000.00	
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	
17-Apr-17	17-Apr-16	Prospera Credit Union Term Deposit	365	7,500,000.00	
29-Oct-18	27-Oct-16	Prospera Credit Union Term Deposit	732	6,292,100.00	
25-Apr-19	29-Aug-16	Central 1 Credit Union (CUCBC) Fixed Floater	969	10,031,513.93	
*** CREDIT UNIONS					255,215,249.09

SCHEDULE 2 - 3

MATURITY PURCHASE			# OF		
DATE	DATE	SECURITY	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	
Open	25-Jul-16	BCMFA Investment Pool-money Market Fund		19,000,000.00	
Open	10-Aug-16	BCMFA Investment Pool-money Market Fund		20,000,000.00	
Open	23-Aug-16	BCMFA Investment Pool-money Market Fund		20,000,000.00	
		*** BC MUNICIPAL FINANCE AUTHORITY			100,000,000.00
TOTAL PORTFOLIO					789,606,126.43