



CORPORATE REPORT

NO: R163

COUNCIL DATE: July 24, 2017

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **July 17, 2017**

FROM: **General Manager, Finance**

FILE: **1880-20**

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

RECOMMENDATION

The Finance Department recommend 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 second 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 second quarter of 2017. It also includes an overview of the City's investment portfolio performance.

International Overview

The Bank for International Settlements ("BIS"), a financial organization owned by leading central banks, is recommending that its members around the world press ahead with the unwinding of record low interest rates and quantitative easing programs. The BIS is forecasting that global economic growth will soon return to long-term average levels. The organization is cautioning central banks against waiting too long to rein in accommodative monetary policies, citing the threat of diminished policy power in the event of a future economic downturn. Many central banks set their inflation target at 2%, which the BIS argue, may be too high. As technologies and working practices improve, unemployment may increase, putting downward pressure on wages and inflation.

The European Central Bank ("ECB") is forecasting the Eurozone Gross Domestic Product to grow at 1.9% in 2017. Unemployment fell to 9.3% in April, the lowest level in eight years. Improved economic growth and employment has not resulted in higher incomes within member states. Wages grew by just 1.4% in the first quarter compared to a year ago. A weak Euro accompanied by subdued oil prices kept inflation at 1.4% in May, with the forecast for 2017 currently at 1.5%.

The ECB signalled that it will hold its key interest rate at 0% and stands ready to extend its quantitative easing program if necessary. The economies of Germany and The Netherlands have performed well. Both nations are exerting pressure on the ECB to unwind its bond-buying program as depressed interest rates hurt investors in their countries through low returns. Weak wage growth and inflation have constrained the ECB from undertaking interest rate increases.

The recent Dutch and French elections yielded favourable outcomes as anti-European Union parties were defeated. Crucial elections in Germany and Italy within the next year will be closely watched as the Eurozone economy cannot afford any potential fractures in its membership. Financial markets perceive the rise of populist parties in Europe as a threat with the potential risks reflected accordingly through increased volatility.

A plan by the United Kingdom's ("UK") Prime Minister to increase her party's majority backfired in the June snap election. The Conservative Party lost its majority status and entered Brexit negotiations with the European Union ("EU") in a weaker position than previously expected. The UK's opening offer on EU citizens' rights were quickly dismissed by Europe's leaders as inadequate protection and the two sides appear to have a significant gap to bridge. Despite uncertainties surrounding Brexit, the UK's economy has fared surprisingly well. Annual Gross Domestic Product ("GDP") is forecasted to come in at 1.7% this year. Inflation reached a thirty year high in May, coming in at 2.9%.

The Organization of the Petroleum Exporting Countries ("OPEC") and participating non-OPEC nations have extended their agreement on production-cuts until March 2018. Oil prices have fallen to \$43 per barrel despite output reductions of 1.8 million barrels of oil a day. Increased efficiencies by US shale oil producers have changed the energy market over the last few years. US production has increased by 10% from a year ago and is forecasted to increase by another 10% by the end of 2017. Analysts are predicting that oil prices will stay in the \$45 to \$60 per barrel range for a number of years to come.

United States Overview

US GDP came in at an annualized rate of 1.2% in the first quarter. The Federal Reserve is forecasting the 2017 GDP to come in at 2.1% - 2.2%. The unemployment rate fell to 4.3% in May and is expected to hover around 4.0% during 2017. Core inflation was 1.7% in May and forecasts show a trend towards 2.0% inflation over the medium term, as a tightening labour market brings about higher wages.

The Federal Reserve raised its key interest rate to 1.25% in June, the second increase this year, citing improved household spending and business investments. An additional rate hike is expected before the end of 2017. The Federal Reserve also announced that it will start to unwind \$4.5 trillion in bond purchases it amassed after the financial crisis, in an effort to keep interest rates low. As the bonds reach their maturity dates, the Federal Reserve will gradually allow portions of the securities to mature without reinvestment, effectively decreasing money supply in the economy and putting upward pressure on interest rates.

The US dollar is expected to further appreciate, albeit at a slower pace, as the Federal Reserve continues to tighten monetary policy. The greenback could see a temporary move upwards if the Federal Reserve raises interest rates again this September, as this hike is not yet priced in by foreign exchange markets. The US currency outlook after that point isn't favorable as the lack of inflation pressure and the unloading of bonds by the Federal Reserve could reduce the need for interest rate increases over the next several years.

Ongoing probes into the alleged collusion between President Trump's campaign and Russian operatives to influence the 2016 election, along with the controversial firing of FBI Director Comey, has overshadowed the administration's agenda. The Senate vote to repeal Obamacare was pushed to July due to a lack of support to pass the bill. The US equity market shed some momentum as friction within the Republican Party is casting doubts on whether proposed infrastructure spending, tax cuts and regulatory cutbacks will materialize this year.

The US is expected to publish its NAFTA re-negotiation objectives in the middle of July. Talks are slated to begin in mid-August with observers keeping an eye on whether the US's intention is modernization of the trade deal or more drastic revisions including a border adjustment tax.

Canadian Overview

Canada's GDP grew at an annualized rate of 3.7% during the first quarter of this year. The 2017 GDP is forecasted to come in at 2.6%. Poor performance in the export sector was offset by a strong housing market, consumer spending and a rebound in business investment. The unemployment rate was 6.6% in May. Job growth more than tripled economists' estimates with 55,000 net positions created. Job gains were concentrated in the service and goods producing sectors. Hourly wages grew 1.3% year-over-year and May's inflation rate came in at 1.3%.

The Bank of Canada ("BOC") continues to hold its key interest rate at 0.5%. However, the chances for a rate hike at the BOC's July meeting have increased markedly in the last few weeks. The BOC's deputy governor signalled that the central bank is giving more consideration to raising interest rates and acknowledged that the economy is gaining momentum with growth reported in 70% of all industries. Governor Poloz further stated that historically low interest rates had "done their job" after the oil price slump which began in late 2014. The Governor confirmed that improved economic conditions now warrant the removal of monetary stimulus in the near future.

The Canadian dollar hit a four month high of 76 cents per US dollar due to the BOC's signalling of possible interest rate increases. Analysts are optimistic about the loonie's near-term performance as investors increase their demand for the currency on the prospect of one to two rate hikes in the last half of this year. Forecasts call for a trading range of 75 to 80 cents per US dollar if interest rate increases materialize in 2017.

The Ontario government has introduced several measures to address housing affordability. The province introduced the non-residential real estate tax to curb foreign investments, which some believe to be partially responsible for skyrocketing home prices. More comprehensive rental rules and the introduction of a home vacancy tax were introduced to try and ease the housing crunch in the rental market. It remains to be seen if the various measures introduced in BC and Ontario will have the desired effect of slowing down real estate appreciation.

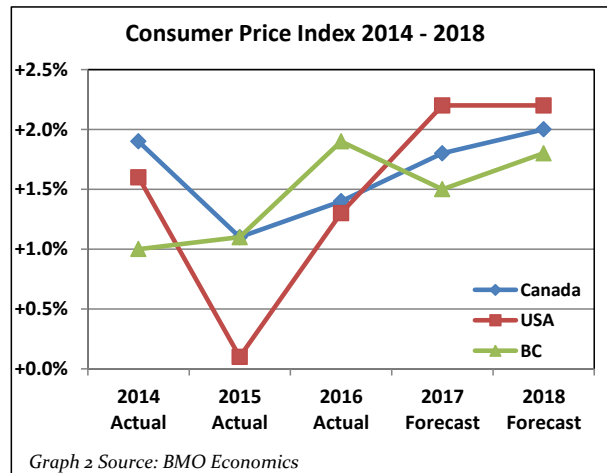
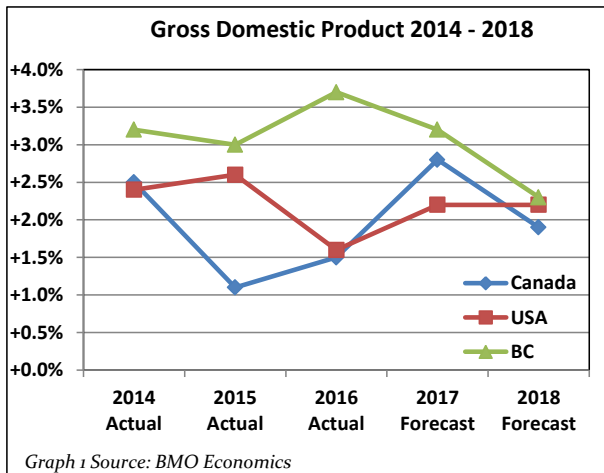
The US Department of Commerce imposed anti-dumping duties on Canada's softwood lumber exports for what it deemed as unfair government subsidies for Canadian companies. Since the imposition of duties, averaging 23% across all producers, Canada's share of the US softwood lumber market has fallen 4% year-over-year in May. The duties are expected to cost producers \$1.7 billion per year. The federal government announced that it will make an \$867 million aid package available to the forestry sector to mitigate impacts of the duties. Market rate loans, programs to support expansion of overseas markets, and upgrading of workers' skills for new job opportunities will be part of the assistance offered by Ottawa.

British Columbia Overview

BC's unemployment rate came in at 5.6% in May with 12,000 jobs added. The unemployment rate edged up due to population growth, currently at a 7 year high due to an influx of migrants from across Canada and abroad, and an increase in the labour participation rate. The ongoing softwood lumber dispute poses a threat to BC's economy. Lumber producers will put off business investments in light of uncertainties ahead and jobs will be at risk the longer the dispute takes to resolve.

BC's forecasted GDP growth in 2017 has been increased to 3% as the slow-down in the housing market is having less of an impact than initially forecasted. The BC Real Estate Association reported home sales were down 11.5% in June compared to the same period last year. Prices rose 7.9% and listings went up by 9.0%. Sales of detached homes have eased to more typical levels while the condominium market is seeing large demand and upward pressure on prices through multiple-offer scenarios. Tighter mortgage rules and the foreign buyers' tax are having less of an impact than anticipated.

The impact of the recent provincial election on the economy remains unclear. Uncertainties remain on the future of two major projects in the province; the \$8.3 billion Site C dam and the \$7.4 billion Trans Mountain Pipeline expansion. The NDP-Green Alliance is vowing to stop the expansion of the pipeline and send the Site C Project to the BC Utilities Commission for review. It remains to be seen how the effectiveness and longevity of the coalition government will play out.



Surrey's Financial Performance

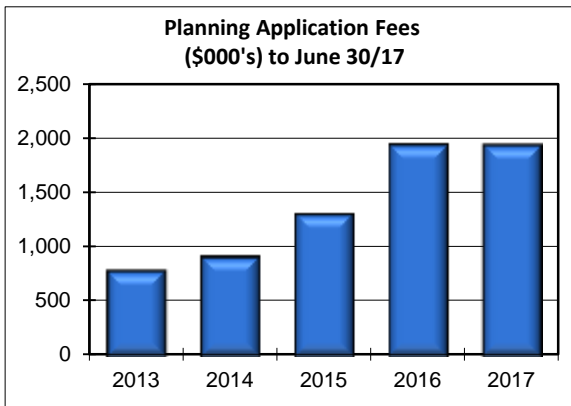
The development activity for the first six months of this year has been relatively stable when compared to the same period last year, with the noticeable exception being the growth in the institutional building category; this is due primarily to a few large school permits.

The activity in the residential sector remains similar to last year, including the trend of increased multi-family applications versus single family homes; this seems intuitively logical given the relative cost for single family homes in the Metro-Vancouver Region. The City's downtown core continues to grow and attract new residents and businesses; this will be further facilitated by key future projects including the planned YMCA that will be constructed within the City Centre area.

The commercial sector also remains quite stable compared to the same period last year, whereas the industrial sector has shown relative strength, with the value of building permits issued for the first six months of the year being approximately 40% higher than the same period last year.

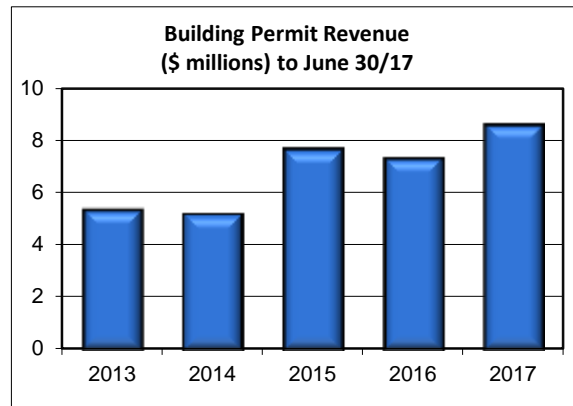
The following graphs display actual key revenues and fees collected by the City in the first six months of 2017 compared to previous years; in addition graph 5 and 6 summarize the value of new commercial/industrial construction and total building construction respectively.

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.



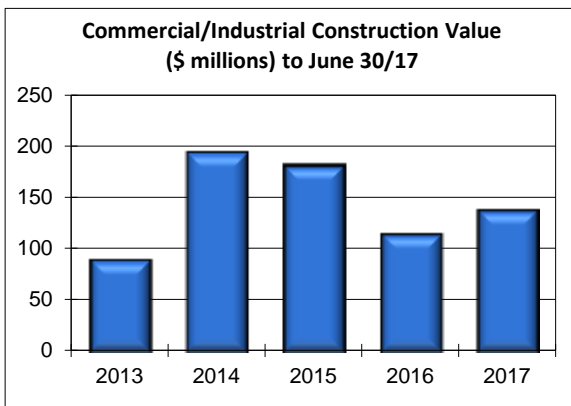
Graph 3

Application fees collected in the first half of the year are at the same level as 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.



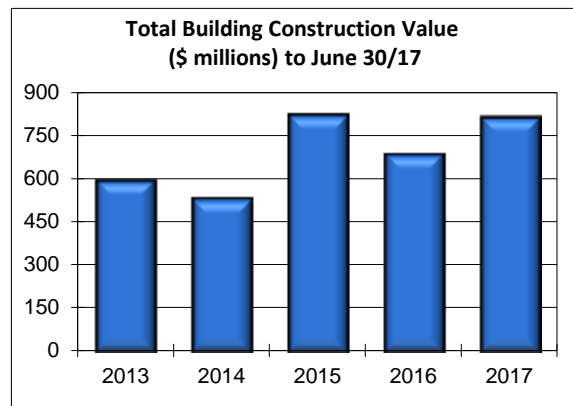
Graph 4

Building Permit fees collected for the first six months of this year are 17% 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.



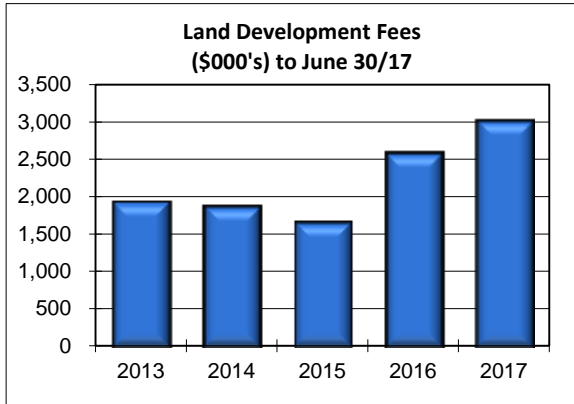
Graph 5

Construction value of commercial and industrial building permits for the first half of 2017 is 20% higher compared to the same period in 2016.



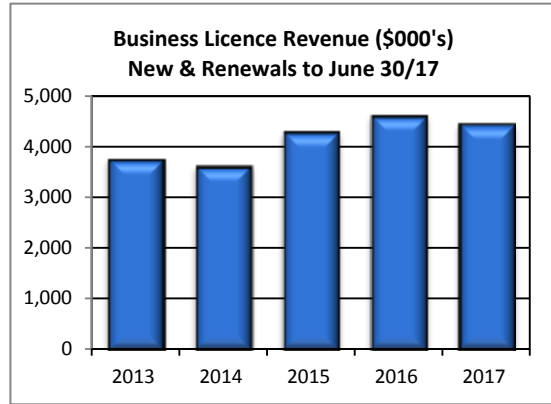
Graph 6

Overall, the value of new construction in the City for the first half of the year is 19% higher compared to the same time period last year.



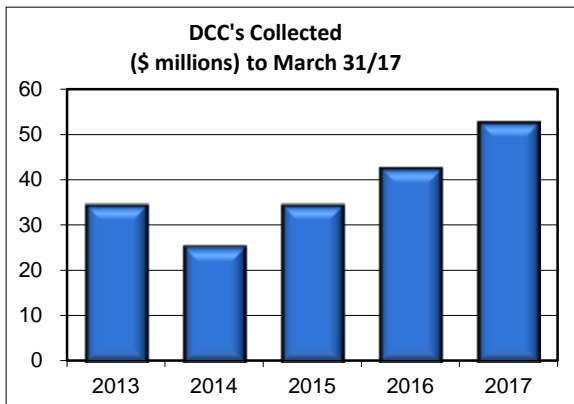
Graph 7

Engineering Land Development fees collected in the first six months of the year are 17 % higher than the same period in 2016.



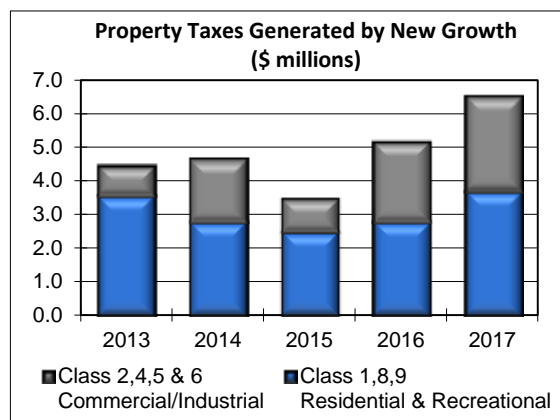
Graph 8

Business license revenue in the second quarter of 2017 has slipped slightly resulting in a 3.8% decrease versus the same period in 2016.



Graph 9

Development Cost Charges that have been collected in the first six months of the year are 23% higher than those collected in the same period of 2016.

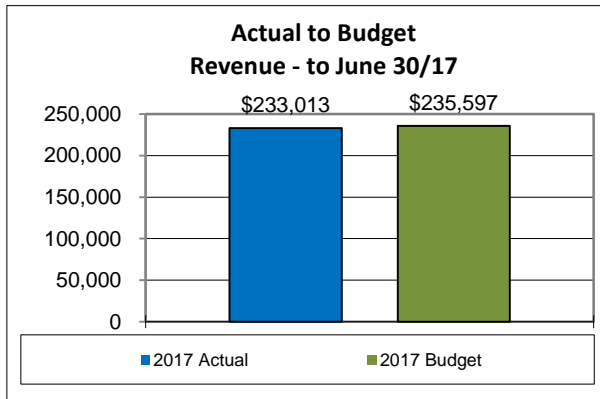


Graph 10

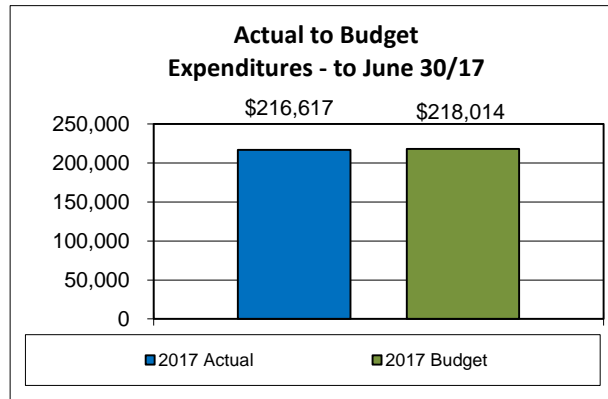
The property taxes generated by new growth for 2017 are higher for both the Residential and Recreational classes and the Commercial and Industrial categories.

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

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



Graph 11



Graph 12

Appendix "I" documents the General Operating Fund's revenues and expenditures for the second 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 is currently meeting budget and is forecasted to have a small favorable variance at year end.

Fire Services has a favourable variance of \$92,000 for the first six months of the year, resulting from vacancies and timing of expenditures. It is forecasted that Fire Services will have a favorable variance at year end of approximately \$179,000.

Engineering Services currently has a favourable variance of \$369,000 which is due primarily to staff vacancies and the timing of expenditures; Engineering Services are forecasted to have a favorable variance by year end of approximately \$249,000.

Parks, Recreation & Culture Department is showing a small favourable departmental variance of \$3,000, however is forecasted to have an unfavorable variance for year-end of approximately \$435,000.

Library Services currently has a favorable variance of \$49,000, due predominately to the timing of expenditures relative to budget and is forecasted to meet budget by year-end.

Planning and Development Department, which also includes Civic Facilities, is reporting a positive variance of \$606,000 due to staff vacancies and the timing of maintenance costs for civic facilities, and higher than budgeted revenues. Planning and Development is forecasted to have a favorable variance by year-end of \$877,000.

Mayor and Council is currently meeting budget and are forecast to meet budget by year-end.

City Grants is currently on budget and are forecast to meet budget by year-end.

City Manager's Department is currently showing a \$20,000 favorable variance; this is due primarily to the timing of expenditures, and is forecasted to meet budget by year-end.

Public Safety is currently showing an unfavorable variance of \$26,000, this is due to the timing of Bylaw revenue receipts. It is forecast that Public Safety will have an unfavorable variance at year-end of \$456,000; this is due primarily to increased staffing costs.

Investment & Intergovernmental Relations currently has a favorable variance of \$2,000, due to the timing of expenditures, it is forecast that this department will meet budget at year end.

Finance & Technology Department currently has a favourable variance of \$54,000. This is primarily due to the timing of the payments on IT maintenance contracts and staff vacancies. It is forecast that Finance & Technology will have a favorable variance at year end of approximately \$100,000.

Human Resources Department currently has an unfavourable variance of \$148,000 due primarily to increased staffing requirements and operational expenditures related to significant recruitment activity. It is forecasted that HR will have an unfavorable variance at year-end of approximately \$122,000.

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 April through June 2017. Schedule 2 is a detailed listing of securities as at June 30, 2017 sub-totalled by issuer type.

The investment portfolio is currently valued at \$1.062 billion, the City's investment portfolio is currently earning a combined rate of approximately 1.97%, while maintaining investment security as outlined in the City's investment policy.

SUSTAINABILITY CONSIDERATIONS

The 2017 Quarterly Finance Report supports the objectives of the City's Sustainability Charter, specifically with the following Charter action item:

- Corporate SO8: Work towards corporate financial sustainability, including financial reporting.

CONCLUSION

Overall, in relation to the 2017 adopted budget, there has been no material concerns noted for the second quarter of 2017.

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.



Kam Grewal, CPA
General Manager, Finance

KG: llh

2017 2nd QUARTER COUNCIL REPORT
EXECUTIVE SUMMARY - REVENUES & EXPENDITURES
\$ 000's

	2017: 2nd Qtr YTD Actual	2017 YTD BUDGET	2017: 2nd Qtr YTD Variance	2017 ANNUAL FORECAST	2017 ANNUAL BUDGET	2017 Projected Variance
REVENUE SUMMARY						
Net Taxation	163,830	164,380	550	328,293	328,802	509
Investment Interest	7,047	7,976	929	15,227	16,518	1,291
Secondary Suite Infrastructure Fee	8,811	9,142	331	17,953	18,284	331
Contribution from SCDC	2,250	2,250	-	4,500	4,500	-
Provincial Casino Revenue Sharing	1,900	1,900	-	3,800	3,800	-
Penalties & Interest on Taxes	1,804	1,869	65	4,335	4,400	65
Corporate Leases	3,108	3,355	247	6,193	6,710	517
Carbon Tax Rebate	200	200	-	400	400	-
Other Revenues	630	1,263	633	1,893	2,525	632
Non-Tax Revenues	25,750	27,955	2,205	54,301	57,137	2,836
Program Revenues	43,433	43,262	(171)	81,810	82,643	833
TOTAL REVENUES	233,013	235,597	2,584	464,404	468,582	4,178
EXPENDITURE SUMMARY						
Program Expenditures	209,561	210,411	850	423,881	425,568	1,687
Council Priorities	69	125	56	250	250	-
Fiscal Services	302	408	106	710	817	107
MFA Principal	6,435	6,390	(45)	12,824	12,779	(45)
Other	250	680	430	909	1,399	490
TOTAL EXPENDITURES	216,617	218,014	1,397	438,574	440,813	2,239
TRANSFER SUMMARY						
Carbon Emission Offsets	200	200	-	400	400	-
Transfer to Capital Program	7,850	7,850	-	15,700	15,700	-
Contributions to Road & Trans. Fund	8,296	8,296	-	16,592	16,592	-
Transfers To(From) Own Sources	(2,805)	(2,462)	343	(5,264)	(4,924)	340
TOTAL TRANSFERS	13,541	13,884	343	27,428	27,768	340
Surplus (Deficit)	2,855	3,699	844	(1,598)		1,599
Transfer (To)From Surplus	(2,855)	(3,699)	(844)	1,598	0	(1,599)
BALANCED BUDGET			0	-		
PROJECTED SURPLUS (DEFICIT)						\$ (1,599)
BUDGETED TRANSFER FROM SURPLUS						
ANTICIPATED SURPLUS (DEFICIT) AT YEAR END						\$ (1,599)

APPENDIX "I-2"

2017 2nd QUARTER COUNCIL REPORT
DEPARTMENTAL DETAIL
\$ 000's

	2016 YTD ACTUAL	2017: 2nd Qtr YTD ACTUAL	2017 YTD BUDGET	2017: 2nd Qtr YTD Variance	2017 Projected ACTUAL	2017 ANNUAL BUDGET	2017 Projected Variance
PROGRAM REVENUES							
R.C.M.P.	4,008	3,999	4,061	62	8,059	8,121	62
Fire	1,727	1,645	1,597	(48)	1,844	1,706	(138)
Engineering Services	3,263	3,677	3,439	(238)	6,876	6,652	(224)
Parks, Recreation & Culture	15,868	17,345	17,854	509	31,055	33,541	2,486
Surrey Public Library	793	812	771	(41)	1,520	1,520	-
Planning & Development	10,074	10,947	10,427	(520)	21,996	20,854	(1,142)
Mayor & Council	3	-	-	-	-	-	-
City Grants	-	-	-	-	-	-	-
City Manager	3	9	2	(7)	11	5	(6)
Public Safety	4,112	4,293	4,441	148	8,873	8,903	30
Invest. & Intergovernmental Relations	32	47	-	(47)	47	-	(47)
Finance & Technology	712	659	670	11	1,329	1,341	12
Human Resources	-	-	-	-	-	-	-
TOTAL PROGRAM REVENUES	40,595	43,433	43,262	(171)	81,610	82,643	1,033
PROGRAM EXPENDITURES NET OF INTERNAL TRANSFERS							
R.C.M.P.	72,839	78,929	78,991	62	158,268	158,339	71
Fire	27,427	30,412	30,456	44	61,780	61,821	41
Engineering Services	4,270	4,571	4,702	131	8,566	8,591	25
Parks, Recreation & Culture	39,499	43,092	43,604	512	90,231	92,282	2,051
Surrey Public Library	7,854	8,837	8,845	8	17,278	17,278	-
Planning & Development	14,258	15,067	15,153	86	30,252	29,987	(265)
Mayor & Council	679	719	719	-	1,433	1,433	-
City Grants	831	841	841	-	1,682	1,682	-
City Manager	3,098	3,376	3,389	13	6,642	6,636	(6)
Public Safety	3,699	4,192	4,314	122	9,211	8,785	(426)
Invest. & Intergovernmental Relations	346	791	746	(45)	1,529	1,484	(45)
Finance & Technology	15,397	16,493	16,558	65	32,961	33,074	113
Human Resources	1,835	2,241	2,093	(148)	4,298	4,176	(122)
TOTAL PROGRAM EXPENDITURES	192,032	209,561	210,411	850	424,131	425,568	1,437
NET PROGRAM							
R.C.M.P.	68,831	74,930	74,930	-	150,209	150,218	9
Fire	25,700	28,767	28,859	92	59,936	60,115	179
Engineering Services	1,007	894	1,263	369	1,690	1,939	249
Parks, Recreation & Culture	23,631	25,747	25,750	3	59,176	58,741	(435)
Surrey Public Library	7,061	8,025	8,074	49	15,758	15,758	-
Planning & Development	4,184	4,120	4,726	606	8,256	9,133	877
Mayor & Council	676	719	719	-	1,433	1,433	-
City Grants	831	841	841	-	1,682	1,682	-
City Manager	3,095	3,367	3,387	20	6,631	6,631	-
Public Safety	(413)	(101)	(127)	(26)	338	(118)	(456)
Invest. & Intergovernmental Relations	346	744	746	2	1,482	1,484	2
Finance & Technology	14,685	15,834	15,888	54	31,632	31,733	101
Human Resources	1,835	2,241	2,093	(148)	4,298	4,176	(122)
NET PROGRAM TOTAL	151,472	166,128	167,149	1,021	342,521	342,925	404

SECOND QUARTER INVESTMENT SUMMARY

SCHEDULE 1

DESCRIPTION	INVESTMENT (MILLIONS) APRIL/17	INVESTMENT (MILLIONS) MAY/17	INVESTMENT (MILLIONS) JUNE/17
RBC Month End Balance	30.9	13.8	213.6
RBC USD Month End Balance (CAD\$)	0.9	0.7	0.5
MAJOR BANKS - SCHEDULE I			
Bank of Montreal	40.9	40.9	40.9
Bank of Nova Scotia	46.8	46.8	46.8
Canadian Imperial Bank of Commerce	16.8	16.8	16.8
Canadian Western Bank	94.8	83.1	98.0
Laurentian Bank of Canada	70.4	78.3	80.3
Manulife Bank of Canada	7.0	7.0	7.0
National Bank of Canada	65.0	65.0	65.0
Royal Bank of Canada	29.6	29.6	29.6
Toronto-Dominion Bank	12.2	12.2	7.2
SUB TOTAL - SCHEDULE I BANKS	383.5	379.7	391.6
MAJOR BANKS - SCHEDULE II			
HSBC Bank Canada	5.1	5.1	5.1
SUB TOTAL - SCHEDULE II BANKS	5.1	5.1	5.1
CREDIT UNIONS			
BlueShore Financial	23.4	23.4	35.2
Central 1 Credit Union (CUCBC)	10.0	10.0	10.0
Coast Capital Savings Credit Union	62.5	75.0	75.0
Coastal Community Credit Union	0.0	0.0	21.5
Community Savings Credit Union	0.0	0.0	5.2
Envision Financial	40.0	40.0	50.0
G&F Financial Group	14.0	14.0	17.1
Khalsa Credit Union	4.1	4.1	4.1
Prospera Credit Union	30.0	30.0	30.0
Vancity Credit Union	65.0	65.0	75.0
Westminster Savings Credit Union	27.2	27.2	28.1
SUB TOTAL - CREDIT UNIONS	276.3	288.8	351.2
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	796.6	788.1	1,062.0

APPENDIX “II-2”

SCHEDULE 2 - 1

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
ROYAL BANK MONTH END BALANCE					
30-Jun-17		Royal Bank		213,589,556.18	
30-Jun-17		Royal Bank USD Account (CAD\$)		470,869.47	
					214,060,425.65
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	10,031,235.85	
26-Sep-17	26-Jan-10	Bank of Montreal Fixed Floater	2800	5,017,601.96	
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	9,966,382.48	
16-Dec-26	16-Dec-16	Bank of Montreal Step Up	3652	9,952,697.15	
		*** BANK OF MONTREAL			40,884,504.17
03-Aug-17	05-Sep-12	Bank of Nova Scotia Fixed Floater	1793	3,000,634.97	
18-Oct-19	29-Sep-15	Bank of Nova Scotia Fixed Floater	1480	10,218,650.20	
18-Oct-19	26-Oct-15	Bank of Nova Scotia Fixed Floater	1453	6,099,987.09	
18-Oct-19	13-Apr-16	Bank of Nova Scotia Fixed Floater	1283	5,095,409.28	
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	5,095,186.39	
21-Aug-20	21-Aug-15	Bank of Nova Scotia GIC	1827	8,000,000.00	
		*** BANK OF NOVA SCOTIA			46,757,867.92
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	9,969,449.77	
		*** CANADIAN IMPERIAL BANK OF COMMERCE			16,836,839.77
01-Jan-18	23-Jun-17	Canadian Western Bank Savings Account	192	20,000,000.00	
22-Mar-18	20-Sep-16	Canadian Western Bank Deposit Note	548	5,021,245.26	
19-Feb-19	19-May-17	Canadian Western Bank GIC	641	5,000,000.00	
17-Dec-19	28-Apr-14	Canadian Western Bank Fixed Floater	2059	3,036,008.03	
17-Dec-19	22-May-15	Canadian Western Bank Fixed Floater	1670	5,066,725.18	
17-Dec-19	08-Apr-15	Canadian Western Bank Fixed Floater	1714	10,200,937.51	
17-Dec-19	03-Jul-15	Canadian Western Bank Fixed Floater	1628	5,092,578.22	
17-Dec-19	16-Sep-15	Canadian Western Bank Fixed Floater	1553	5,053,835.80	
17-Dec-19	26-Nov-15	Canadian Western Bank Fixed Floater	1482	2,016,378.54	
17-Dec-19	19-Oct-15	Canadian Western Bank Fixed Floater	1520	5,043,146.09	
17-Dec-19	20-May-16	Canadian Western Bank Fixed Floater	1306	6,019,824.81	
17-Dec-19	17-May-17	Canadian Western Bank Fixed Floater	944	3,283,774.61	
29-Jun-20	13-Apr-16	Canadian Western Bank Deposit Note	1538	10,067,645.90	
29-Jun-20	20-May-16	Canadian Western Bank Deposit Note	1501	3,011,195.10	
29-Jun-20	11-Oct-16	Canadian Western Bank Deposit Note	1357	5,061,270.45	
13-Sep-21	02-Nov-16	Canadian Western Bank Deposit Note	1776	5,045,375.84	
		*** CANADIAN WESTERN BANK			98,019,941.35
19-Oct-17	25-Aug-15	Laurentian Bank of Canada Fixed Floater	786	4,014,453.94	
19-Oct-17	02-Nov-15	Laurentian Bank of Canada Fixed Floater	717	5,014,114.37	
19-Oct-17	25-Aug-15	Laurentian Bank of Canada Fixed Floater	786	8,027,989.82	
19-Oct-17	19-Oct-15	Laurentian Bank of Canada Fixed Floater	731	2,004,926.68	
19-Oct-17	11-Oct-16	Laurentian Bank of Canada Fixed Floater	373	6,018,030.56	
19-Oct-17	05-Jun-17	Laurentian Bank of Canada Fixed Floater	136	2,017,593.91	
26-Mar-18	02-Nov-15	Laurentian Bank of Canada Deposit Note	875	1,002,205.26	
15-Oct-18	09-Jul-14	Laurentian Bank of Canada Deposit Note	1559	10,087,100.26	
31-May-19	31-May-17	Laurentian Bank of Canada GIC	730	8,000,000.00	
23-Jan-20	19-Oct-15	Laurentian Bank of Canada Deposit Note	1557	4,978,087.86	
23-Jan-20	26-Nov-15	Laurentian Bank of Canada Deposit Note	1519	9,966,725.48	
23-Jan-20	16-Sep-15	Laurentian Bank of Canada Deposit Note	1590	10,042,679.25	
22-Apr-21	01-Jun-16	Laurentian Bank of Canada Deposit Note	1786	4,032,711.09	
22-Apr-21	02-Nov-16	Laurentian Bank of Canada Deposit Note	1632	5,100,574.75	
		*** LAURENTIAN BANK OF CANADA			80,307,193.22
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			7,000,000.00

APPENDIX "II-3"

SCHEDULE 2 - 2

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
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					65,000,410.96
11-Oct-18	28-Apr-14	Royal Bank of Canada Deposit Note	1627	5,034,730.79	
06-Dec-19	13-Apr-16	Royal Bank of Canada Fixed Floater	1332	5,095,433.33	
06-Dec-19	27-Apr-16	Royal Bank of Canada Fixed Floater	1318	10,167,426.40	
06-Dec-19	01-Jun-16	Royal Bank of Canada Zero Coupon	1283	9,266,400.00	
*** ROYAL BANK OF CANADA					29,563,990.53
09-Jul-18	27-Jun-11	Toronto-Dominion Bank Fixed Floater	2569	5,094,883.42	
09-Jul-18	26-Jan-10	Toronto-Dominion Bank Zero Coupon	3086	2,114,700.00	
*** TORONTO-DOMINION BANK					7,209,583.42
MAJOR BANKS - SCHEDULE II					
14-Jan-20	29-Sep-15	HSBC Bank Canada Deposit Note	1568	5,104,937.82	
*** HSBC BANK CANADA					5,104,937.82
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	
29-Nov-17	02-Jun-17	Vancity Credit Union Term Deposit	180	7,500,000.00	
04-Dec-17	05-Jun-17	Vancity Credit Union Term Deposit	182	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	
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	
04-May-18	04-May-17	Coast Capital Savings Credit Union Term Deposit	365	10,000,000.00	
07-May-18	05-May-17	Coast Capital Savings Credit Union Term Deposit	367	12,500,000.00	
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	
19-Jun-18	19-Jun-17	Envision Financial Term Deposit	365	10,000,000.00	
12-Dec-17	12-Dec-16	G&F Financial Group Term Deposit	365	1,100,000.00	
06-Jun-18	06-Jun-17	G&F Financial Group Term Deposit	365	3,025,500.00	
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-18	27-Apr-17	Khalsa Credit Union Term Deposit	365	883,500.00	
15-Jun-18	15-Jun-17	Khalsa Credit Union Term Deposit	365	3,216,500.00	
27-Dec-17	24-Jun-16	BlueShore Financial Term Deposit	551	19,421,500.00	
08-Jun-18	08-Jun-17	BlueShore Financial Term Deposit	365	11,750,700.00	
04-Apr-19	04-Apr-17	BlueShore Financial Term Deposit	730	4,000,000.00	
26-Oct-17	26-Oct-16	Westminster Savings Credit Union Term Deposit	365	10,000,000.00	
29-Nov-17	02-Jun-17	Westminster Savings Credit Union Term Deposit	180	7,890,000.00	
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	
29-Nov-17	02-Jun-17	Prospera Credit Union Term Deposit	180	8,707,900.00	
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	10,027,710.53	
11-Dec-17	13-Jun-17	Community Savings Credit Union Term Deposit	181	5,248,400.00	
12-Dec-17	15-Jun-17	Coastal Community Credit Union Term Deposit	180	7,500,000.00	
18-Dec-17	21-Jun-17	Coastal Community Credit Union Term Deposit	180	4,032,000.00	
21-Jun-18	21-Jun-17	Coastal Community Credit Union Term Deposit	365	10,000,000.00	
*** CREDIT UNIONS					331,232,945.69

APPENDIX "II-4"

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	
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					<u>1,061,978,640.49</u>