

---

City of Kelowna

MEMORANDUM

---

Date: March 27, 2007  
File No.: 1860-01  
To: City Manager  
From: Financial Systems and Investments Manager  
Subject: Investment of City of Kelowna Surplus Funds for 2006

---

**RECOMMENDATION:**

THAT Council receive the attached 2006 Compliance and Benchmark Report for the City of Kelowna Investment Portfolio

**BACKGROUND:**

As per Council Policy No. 316, Investment of City of Kelowna Surplus Funds, the 2006 Compliance and Benchmark Report is attached for your information. As at December 31, 2006 the City of Kelowna Investment Portfolio had an average term to maturity of two and one-half years and the average investment quality rating of AAA.

The fixed income yield curve continues to be flat from the two year point straight out to thirty years. This means that interest rates are higher for short term investment periods of 30 days to one year and for this reason there are funds invested in the current account where we have favourable pre-negotiated interest rates.

What's predicted ahead in 2007 is a slowdown of the economy. The main risk to Canada continues to come from the U.S. where slowdowns in the housing market that is evidenced recently with several sub-prime mortgage lenders floundering to stay afloat. While there are indicators of a slowdown in the Canadian housing market, Canadian consumers are not as over-leveraged as their U.S counterparts reducing our potential for the domino effect on other markets such as manufacturing and sales.

With these projections in mind and while adhering to our investment policy we continue to ladder our investments straight out to 2017.

Considerations that were not applicable to this report:

INTERNAL CIRCULATION TO:  
LEGAL/STATUTORY AUTHORITY:  
LEGAL/STATUTORY PROCEDURAL REQUIREMENTS:  
EXISTING POLICY:  
FINANCIAL/BUDGETARY CONSIDERATIONS:

PERSONNEL IMPLICATIONS:  
TECHNICAL REQUIREMENTS:  
EXTERNAL AGENCY/PUBLIC COMMENTS:  
ALTERNATE RECOMMENDATION:

Submitted by:

---

G. Davidson, Financial Systems and Investments Manager

Approved for inclusion

☐

Attachments