



*An ocean of opportunity*

## STAFF REPORT

SUBMITTED BY: Leah d'Eon

DATE: April 13, 2023

SUBJECT: GIC

### ORIGIN

The Municipality of the District of Barrington has recently received a grant from the Province of Nova Scotia for the construction of new recreation centre. This grant creates a surplus of cash in the municipality's operating account.

### BACKGROUND

The municipality has received \$ 6,000,000 from the province of Nova Scotia for the construction of a new recreation centre. The tender documents are expected to be ready in May, with a deadline for bids by the end of June/ mid July. Construction would likely not begin before the fall due to availability of contractors and materials.

The grant is now currently in the municipality's operating account. All the municipalities bank accounts earn an interest rate of prime minus 1.65% which currently is  $6.70 - 1.65 = 5.05\%$ . This is great interest rate however there is an opportunity to earn additional interest on the funds while they are not being used.

Guaranteed Investment Certificates (GICs) is a secure investment that guarantees 100% of your original investment, while earning interest at a fixed rate.

### DISCUSSION

We are exploring the option of putting the funds into a 6 month GIC to earn additional interest while waiting to the project to start.

The best rate we have been able to source is 6.05% for a 6 month period with the funds locked in. This would generate an additional \$ 30,000 in interest.

## BUDGET IMPLICATIONS

This would generate an additional \$ 30,000 for the general operating fund that has not been budgeted for.

## LEGAL IMPLICATIONS

We are currently discussing GIC's with several banking institution. We would select the bank with the best rate. This may not be with our current banking provider.

## PUBLIC CONSULTATION/COMMUNICATIONS

N/A

## RECOMMENDATION

It is recommended that staff proceed with placing the funds into a GIC for a 6 month period.

## ATTACHMENTS