



**INVESTMENT POLICY ADVISORY COMMITTEE
MINUTES
December 7, 2017**

PRESENT: Renée Towns, Deputy Treasurer, Co-Chair
Councillor Russell, Walker, Co-Chair
Scarlett Kelly
Kim Houston
Daniel Hudgin
Dorothy McCurdy

STAFF: Sheilagh Edmonds, Legislative Assistant
Jerry Blackwood, Treasurer, Manager of Revenue, & Acting Director of
Finance

The following does not represent a verbatim record of the proceedings of this meeting.

The agenda is available online: www.halifax.ca

The meeting was called to order at 12:05 p.m. and adjourned at 12:22 p.m.

1. CALL TO ORDER

Renée Towns called the meeting to order at 12 05 p. m.

2. APPROVAL OF MINUTES – September 26, 2017

MOVED by Scarlett Kelly, seconded by Kim Houston

THAT the minutes of September 26, 2017 be approved.

MOTION PUT AND PASSED.

3. APPROVAL OF THE ORDER OF BUSINESS AND APPROVAL OF ADDITIONS AND DELETIONS

MOVED by Kim Houston, seconded by Dorothy McCurdy

THAT the agenda be approved as presented.

MOTION PUT AND PASSED.

4. BUSINESS ARISING OUT OF THE MINUTES

5. NEW BUSINESS

5.1 Treasurer's Report –Quarter Ending September 30, 2017

The following was before the Committee:

- A memorandum dated December 7, 2017 from Renée Towns, Deputy Treasurer, Finance & ICT

Renée Towns provided an overview of the Treasurer's Report. The following points were noted:

- This quarter there were 18 investments at a cost of \$158,429,971, compared to last year when there were 33 investments at a cost of \$186,459,226;
- The decrease in investments continues to reflect the strategy change of rebalancing the portfolio weights monthly instead of daily. This makes the administration more efficient and saves on transaction fees, and enables the buying of bigger blocks of investments. The Municipality is saving approximately \$400 per month in wire fees. The Treasurer expressed confidence in this strategy.
- The rebalancing frequency brings HRM more in line with other municipalities; it was noted that most municipalities are rebalancing quarterly and perhaps that is something in the future for HRM to consider, as there would be efficiencies in doing so.
- Past strategy has been to allocate what we can to investment accounts in cash, and then to manage the government weights with short term paper—a cross-jurisdictional scan shows that our municipal peers have been going longer and that is why they have been able to get more yield; the Treasurer will be looking for opportunities in the longer term market, and from a short term perspective, the Treasurer has been using the investment accounts to manage more of the short term and trying to go out a bit longer.
- The investment accounts earned approximately \$79,000 over what they would have made with Banker's Acceptances
- Investment income was underbudget but this was due to lower than forecasted cash flows; the actual rate of return was higher than our budgeted rate
- There were no additions or maturities in the bond portfolio this quarter; the Treasurer will be looking for opportunities in that market to buy and hold at varying lengths

- Overall, the cash flow was lower than the previous quarter – part of this is due to more being allocated to Reserves than the Treasurer forecasted, and then there were a few timing differences. Operating cash flows are down \$49 million but when comparing the portfolios to the previous year, the overall portfolio is down about \$18 million.

At 12:14 p.m. Councillor Walker entered the meeting.

- Using the RBC Money Market Survey, the Municipality's three-month return was 0.29% which was above the 5th percentile and the one-year rate of return was above the 1st quartile
- Have maintained the objective of a competitive rate of return; HRM's rates of return is still lower than our peers, and this is because other municipalities have a larger portion in equities and they are longer in government bonds.
- It is expected that there will be two rate hikes in the Market in 2018, each of 0.25%

5.2 Draft Investment Policy Advisory Committee Report to Audit & Finance Committee for Quarter Ending September 30, 2017

The following was before the Committee:

- A draft (unsigned) report dated December 7, 2017 from the Co-Chairs of the Investment Policy Advisory Committee

MOVED by Dorothy McCurdy, seconded by Kim Houston

THAT the Investment Policy Advisory Committee recommend the Audit & Finance Standing Committee forward the report RE Quarter Ending September 30, 2017 to Regional Council as an information item.

MOTION PUT AND PASSED.

6. INFORMATION ITEMS / OPTIONAL READING

6.1 The Canadian Press: RBC Joins List of Banks Deemed 'too big to fail' (November 21, 2017)

The following was before the Committee:

- An article by Armina Ligaya, The Canadian Press, entitled, *RBC Joins List of Banks Deemed 'too big to fail'*

6.2 Scotiabank Economics – BoC Adopts a more Cautious Tone (October 25, 2017)

The following was before the Committee:

- An article from the October 25, 2017 issue of Scotiabank Economics – *BoC Adopts a more Cautious Tone*

7. NEXT MEETING DATE: March 22, 2017

8. ADJOURNMENT

The meeting adjourned at 12:22 p.m.

Sheilagh Edmonds
Legislative Assistant