



**INVESTMENT POLICY ADVISORY COMMITTEE
MINUTES
September 26, 2017**

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

REGRETS: Daniel Hudgin

STAFF: Sheilagh Edmonds, Legislative Assistant
Jerry Blackwood, Manager of Revenue

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

The agenda is available online: <https://www.halifax.ca/city-hall/boards-committees-commissions/september-26-2017-investment-policy-advisory-committee>

The meeting was called to order at 12:06 p.m. and adjourned at 12:30 p.m.

1. CALL TO ORDER

Renée Towns called the meeting to order at 12:06 p.m. in the Barrington Room, City Hall.

2. APPROVAL OF MINUTES – June 27, 2017

MOVED by Councillor Walker, seconded by Kim Houston

THAT the minutes of June 27, 2017 be approved.

MOTION PUT AND PASSED.

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

Additions:

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 June 30, 2017

The following was before the Committee:

- A memorandum dated September 26, 2017 from Renée Towns, Deputy Treasurer, Finance & Asset Management

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

- This quarter there were 7 investments at approximately \$162 million; vs. 47 investments the previous year at a cost of approximately \$215 million.
- The decrease in investments reflects the strategy change of rebalancing the portfolio weights monthly instead of daily; this makes the administration more efficient and saves on transaction fees because it enables the purchase of bigger blocks of investments instead of buying 1 and 2 million each day. There are savings on wire fees, and this brings HRM more in line with how other municipalities are performing their portfolio management. Most municipalities are rebalancing quarterly; we are now doing it monthly.
- Municipal peers are using longer term government bonds to manage their government sector weights vs the short term promissory notes; this is something that staff will be looking at; as well as looking at more opportunities in the longer term bond market. This will bring HRM more in line with best practices of other municipalities.
- HRM is now involved in a municipal benchmarking initiative, where the municipality is benchmarking different processes and there is an investment portion of that. The rates that our municipal peers are seeing are about 1 percent higher than the rates HRM has been getting in our portfolio. One reason for this is that they are going longer term with their government portion. Staff will be investigating this further.
- Other municipalities have equities, and this also explains why their yields are a little higher than HRM's. HRM is not ready for this yet—investment policy would have to be changed in order to get into equities.

- Investment accounts continue to be a good bonus – earned \$145,000 over what the municipality would have made with BA's or BDN's. Staff will continue to monitor this to ensure that they are maximizing return in the most risk adverse way possible.
- Investment income is slightly over budget. It was noted that that two rate increases are not reflected in this report; with the rate increase, expect the investment income to be about \$700,000 higher than the Treasurer's original forecast.
- Operating balances were about \$27 million lower than the previous year but, overall, the total portfolio cash was flat, because more was allocated to the Reserves.
- Using the Royal Bank Money Market Survey, the 3 month return was 0.23% which was above the first quartile for that return, and the one year return was 0.89% which was just below the first quartile

A brief discussion ensued with Renee Towns and Jerry Blackwood responding to questions.

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

The following was before the Committee:

- A draft (unsigned) report dated September 26, 2017 from the Co-Chairs of the Investment Policy Advisory Committee

MOVED by Dorothy MacCurdy, seconded by Kim Houston

THAT the Investment Policy Advisory Committee recommends the Audit and Finance Standing Committee forward the report to Regional Council as an information Item.

MOTION PUT AND PASSED.

6. INFORMATION ITEMS / OPTIONAL READING

6.1 NBF – Public Sector Research: Foreign investors bail out of Canada in record numbers (August 17, 2017)

The following was before the Committee:

- An article from the August 17, 2017 issue of National Bank of Canada – Public Sector Research, entitled, *Foreign investors bail out of Canada in record numbers* by Warren Lovely.

6.2 NBF – Public Sector Research: Why bond investors should care about the current account (August 30, 2017)

The following was before the Committee:

- An article from the August 30, 2017 issue of National Bank of Canada – Public Sector Research entitled, *Why bond investors should care about the current account* by Warren Lovely.

7. NEXT MEETING DATE: Have a December meeting September results.

The Committee agreed to schedule the next meeting for Thursday, December 7, 2017.

8. ADJOURNMENT

The meeting adjourned at 12:30 p.m.

Sheilagh Edmonds
Legislative Assistant