



**INVESTMENT POLICY ADVISORY COMMITTEE
MINUTES
March 22, 2018**

PRESENT: Renée Towns, Deputy Treasurer, Co-Chair
Kim Houston
Daniel Hudgin

REGRETS: Councillor Russell Walker, Co-Chair
Scarlett Kelly
Dorothy McCurdy
Jerry Blackwood, Treasurer, Manager of Revenue, & Acting Director of Finance

STAFF: Sheilagh Edmonds, Legislative Assistant

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

The agenda, reports, supporting documents, and information items circulated are online at halifax.ca.

The meeting was called to order at 12:07 p.m. adjourned at 12:40 p.m.

1. CALL TO ORDER

Renée Towns called the meeting to order at 12:07 p.m.

2. APPROVAL OF MINUTES – December 7, 2017

MOVED by Daniel Hudgin, seconded by Kim Houston

THAT the minutes of December 7, 2017 be approved.

MOTION PUT AND PASSED.

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

There were no additions or deletions to the agenda.

MOVED by Daniel Hudgin, seconded by Kim Houston

THAT the agenda be approved as amended.

MOTION PUT AND PASSED.

4. BUSINESS ARISING OUT OF THE MINUTES - None

5. NEW BUSINESS:

5.1 Treasurer's Report – Quarter Ending December 31, 2017

The following was before the Committee:

- A memorandum dated March 22, 2018 from Renee Towns, Deputy Treasurer, Finance & Asset Management

Renée Towns provided an overview of the Treasurer's Report, noting the following:

- This quarter there were two money market investments made at a total cost of \$51,542,140, versus last year when there were 16 investments made at a total cost of \$201,773,860. This is a direct result of an improved strategy of buying bigger blocks of investments and holding them for longer periods. Average duration is 245 days and, previously, it was 87 days.
- The strategy continues to be to allocate funds to the investment accounts and look for opportunities in the government sector. Demand for bonds tends to pick up after government year-end, so later in April will probably go out a bit longer for bonds.
- Investment accounts earned \$188,000 over what we would have earned over using financial institutions Bankers Acceptances.
- Investment income is over-budget by \$46,000 despite lower cash flows – rate of return is higher than forecast and this is a result of the allocations in the investment accounts and the changes that they've made.
- One maturity in the bond pool in December that was for \$1 million; that leaves \$10 million in bonds.
- The operating actual balance is \$20,000 lower than previous year and that is because of the higher amount allocated to reserves.
- Using the RBC Money Market survey, the three-month return of 0.37 % and the one-year return of 1.11% are both above the 5th percentile. The money market median is 0.29 %.

- Although the objective of maintaining a competitive rate of return has been met, will be looking to go longer in government bonds to gain some yield without increasing more risk, and to bring things more in line with best practices.
- In the upcoming year, indications are that the market may have several rate hikes; the Canadian market will seek at least one more rate hike.

5.2 Draft Investment Policy Advisory Committee Report to Audit and Finance Committee for Quarter Ending December 31, 2017.

The following was before the Committee:

- A draft report entitled, Investment Policy Advisory Committee Report – Quarter ending December 31, 2017.

MOVED by Daniel Hudgin, seconded by Kim Houston

That the Investment Policy Advisory Committee recommend the Audit and Finance Standing Committee forward the report to Halifax Regional Council and as information item.

MOTION PUT AND PASSED.

6. INFORMATION ITEMS / OPTIONAL READING

6.1 CBC: “Don’t know if Canadian interest rates will rise again this year: Poloz”

The following information item was before the Committee:

- An article, posted by CBC News January 25, 2018 entitled, *“Don’t know if Canadian interest rates will rise again this year: Poloz”*

6.2 Bloomberg News: “Consumer Debt binge Draws Moody’s Warning for Canadian Banks”

The following information item was before the Committee:

- An article from Bloomberg News, March 13, 2018, authored by Maciej Onoszko, entitled *“Consumer Debt Binge Draws Moody’s Warning for Canadian Banks”*.

7. DATE OF NEXT MEETING

Renée advised that the next meeting will be in June. Renée asked the Legislative Assistant to check with Councillor Walker in regard to his schedule in June, and then poll the Committee members for a meeting date.

8. ADJOURNMENT

The meeting adjourned at 12:40 p.m.

Sheilagh Edmonds
Legislative Assistant