



**INVESTMENT POLICY ADVISORY COMMITTEE
MINUTES
April 2, 2015**

PRESENT: Mr. Derek Tynski, Co-Chair
Mr. Kim Houston
Mr. Daniel Hudgin
Ms. Dorothy MacCurdy

REGRETS: Councillor Steve Craig, Co-Chair
Mr. Michael Conde

STAFF: Mr. Shawn Williams, Investment Analyst
Mr. Greg Keefe, Chief Financial Officer
Mr. Liam MacSween, Legislative Assistant
Ms. Cathy Collett, Legislative Support

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

The agenda, supporting documents, and information items circulated to the Committee are available online: <http://www.halifax.ca/boardscom/ipac/index.php>

The meeting was called to order at 12:14 p.m. and adjourned at 1:05 p.m.

1. CALL TO ORDER

The Chair called the meeting to order at 12: 14 p.m. in Halifax Hall, 2nd Floor, City Hall, Halifax.

2. APPROVAL OF MINUTES – December 4, 2014

MOVED by Ms. Dorothy MacCurdy, seconded by Mr. Kim Houston that the minutes of December 4, 2014 be accepted. MOTION PUT AND PASSED.

Mr. Derek Tynski asked the Committee if they would be amenable to the minutes being made available online. The Committee answered in the affirmative.

The Chair provided a brief history of the Investment Policy Advisory Committee for the benefit of the new member. Created in 1998 by a Motion of Council on a request of Staff, the Committee mirrors pre-amalgamation Committees that had been set up in the mid 1980's after an unfortunate investment decision that resulted in losses. HRM established the Committee to monitor investments. After the formation of the Committee, the first few years were dedicated to developing the investment policy. Over the years the policy and its interpretation has evolved.

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

Additions: None

Deletions: None

4. BUSINESS ARISING OUT OF THE MINUTES - None

5. NEW BUSINESS

5.1 Treasurer's Report – Quarter Ending December 31, 2014

The following was before the committee:

- *A memorandum from the Deputy Treasurer dated March 4, 2014*

The Chair reviewed the Treasurer's Report for the quarter ending December 31, 2014. Mr. Tynski highlighted that in this quarter the investment bank accounts yielded approximately \$58,000 in profit for the Municipality. He informed the Committee that Operating Fund Investment Income for the nine months ending December 31, 2014 was \$1,641, 000 versus a budget of \$1,675,000 for a shortfall of \$34,000. This shortfall was due to cash flow being less than anticipated as the actual rate of return for this period was .92% versus a budgeted rate of .87%. Staff is currently projecting a shortfall for the year of \$150,000. While most of this is due to cash flow, the impacts of the Bank of Canada rate cut in late January also will also exert a negative influence on Investment Income for the balance of the fiscal year and especially in the next year. The implications of running a deficit will add to the deficit of the municipality, as the income was already represented in the budget. Mr. Tynski explained that a deficit for the municipality as a whole may require that funds come out of reserves, or it may be budgeted for in the next budget year. Mr. Greg Keefe, Chief Financial Officer, interjected that while there will be a deficit this year, it will be covered out of reserves and thus will not cause large hikes in the tax rate.

Mr. Tynski noted any instances where the bank accounts demonstrated short-term variances from the policy and explained the circumstances surrounding each variance. He concluded his report by reviewing the policy compliance for the quarter:

Policy Compliance:

- Preservation of Capital – There was no loss of capital during the Quarter.
- Liquidity – No overdraft charges were incurred and sufficient cash was available to meet all requirements. The funded ratio of the Reserves at Quarter end was 100%.
- Competitive Return on Investments – The Rate of Return (ROR) was above the median for the year ending December 31, 2014 and staff maintains that the ROR objective of the Investment Policy has been met.

The reports were received as submitted.

5.2 Draft Investment Policy Advisory Committee Report to the Audit and Finance Committee for Quarter Ending December 31, 2014

The following was before the committee:

- *Investment Policy Advisory Report to the Audit and Finance Committee for Quarter Ending December 31, 2014*

The committee reviewed the draft of the report with no questions or concerns.

MOVED by Ms. Dorothy MacCurdy, seconded by Mr. Kim Houston that the report be forwarded to the Audit & Finance Standing Committee for approval.

MOTION PUT AND PASSED.

6. INFORMATION ITEMS/OPTIONAL READING

- 6.1 Bloomberg View – “Oil Traders’ Invisible Hand” Leonid Bershidsky**
- 6.2 Bloomberg View – “The Boring Secret of Great Cities” Christopher Flavelle**
- 6.3 RBC Capital Markets – The Daily Deck February 12, 2015**
- 6.4 Bloomberg View – “Explaining How Economists Explain” Mark Buchanan**
- 6.5 Hoisington Investment Management Company – “Quarterly Review and Outlook Fourth Quarter 2014” Van R. Hoisington and Lacy H. Hunt**
- 6.6 Bloomberg View – “Think You’re Smart? Markets Are Laughing” Barry Ritholtz**

7. NEXT MEETING DATE – TBD.

8. ADJOURNMENT

Mr. Tynski announced his upcoming retirement and the Committee thanked him for his dedication and diligent service to HRM.

The meeting was adjourned at 1:05 p.m.

Cathy Collett
Legislative Support