

**Audit and Finance Standing Committee
August 21, 2013**

TO: Chair and Members of Audit and Finance Standing Committee

SUBMITTED BY: Original Signed
Councillor Outhit, Co-Chair Investment Policy Advisory Committee

Original Signed
Derek Tynski, Co-Chair Investment Policy Advisory Committee

DATE: May 30, 2013

SUBJECT: **Investment Policy Advisory Committee Report – Quarters ending
March 31, 2013**

ORIGIN

The Halifax Regional Municipality Investment Policy requires that the Investment Policy Advisory Committee report to Council on compliance by staff with the Investment Objectives of the Investment Policy not less frequently than quarterly.

LEGISLATIVE AUTHORITY

Section 121(1) of the HRM Charter requires that funds be invested pursuant to an Investment Policy adopted by Council and approved by the Minister of Service Nova Scotia and Municipal Relations or invested pursuant to the Trustee Act. Where HRM has chosen to adopt an Investment Policy and the Minister has approved the Policy investment activities are governed by this Policy.

RECOMMENDATION

It is recommended that the Audit and Finance Standing Committee forward this report to Halifax Regional Council as an information item.

BACKGROUND

The Halifax Regional Municipality Investment Policy (the Policy) was adopted by Council April 23, 2002 and was approved by the Minister of Service Nova Scotia and Municipal Relations (the Minister) on May 14, 2002. Amendments to the Policy, as recommended by the Investment Policy Advisory Committee (the Committee) were approved by Council and the Minister in 2005, 2007, 2008, 2010 and early 2012. A review of the Policy by the Committee in late 2012 did not result in any recommended changes.

The mandate of the Committee is to recommend an investment policy to Council as well as provide ongoing monitoring of investment activities. Following adoption and approval of the Policy, the activities of the Committee have shifted to the monitoring role as well as annual reviews of the Policy.

DISCUSSION

The Investment Policy Advisory Committee is pleased to provide this report under the provisions of the Policy. The primary focus of this report will be to report on compliance with the objectives of the Policy.

The three objectives and three strategies of the Policy, stated in order of priority of importance, are as follows:

Objective:

1. Preservation of Capital
2. Liquidity
3. Competitive Return on Investments

Strategies:

4. Diversification of Investment Portfolio
5. Regular Review of Performance
6. Risk Management Approach

Copies of the Sector Weight schedules recommended under the Policy are attached.

The Committee has reviewed the information provided by staff in the Treasurer's report to the Committee for the Quarter ending March 31, 2013 and accepts the report and the findings contained in the report that the investment activities reported are in compliance with the Policy with the exceptions as noted below.

During the Quarter there were six individual days when the HRM bank accounts temporarily exceeded the Policy guidelines. Four of these days were by amounts of less the \$260,000 or less than 1/10th of 1% of the portfolio while the two other days where by amounts of \$5,000,000 and

\$3,000,000 or approximately 1.4% and .8% of the portfolio respectively. The Committee reviewed each of these instances and concurred with staff that they did not constitute a material increase in risk to the portfolio. The Committee recognizes that temporary variances may occur in the HRM bank accounts Sector Weight as these accounts receive all deposits and clear all payments for HRM and participating Associations, Boards, and Commissions as well as provide an attractive rate of interest. It is recognized that staff may use some discretion in the management of these cash flows that may result in temporary variances. However, all such instances must be reported to the Committee.

FINANCIAL IMPLICATIONS

N/A

COMMUNITY ENGAGEMENT

Investment activities are reported quarterly to the Investment Policy Advisory Committee. The majority of members of this Committee (5 of 7) are volunteers from the general public. The Committee reports to Audit and Finance Committee of Council quarterly on staff's compliance with the Investment Policy. In addition, the Committee conducts an annual review of the Investment Policy and makes recommendations for any changes considered appropriate.

ENVIRONMENTAL IMPLICATIONS

N/A

ALTERNATIVES

N/A

ATTACHMENTS

Sector Weight Schedules @ March 31, 2013 (Schedules A,B,C,D & E)

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/cc.html> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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