



**INVESTMENT POLICY ADVISORY COMMITTEE
MINUTES
September 30, 2015**

PRESENT: Mr. Shawn Williams, Co-Chair
Mr. Kim Houston
Ms. Dorothy MacCurdy
Mr. Michael Condé
Councillor Craig

REGRETS: Mr. Daniel Hudgin

STAFF: Mr. Jerry Blackwood, Manager of Revenue
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 12:02 p.m. and adjourned at 12:22 p.m.

1. CALL TO ORDER

The Chair called the meeting to order at 12:02 p.m. in the Media Room, 1st Floor, City Hall, Halifax.

2. APPROVAL OF MINUTES – July 22, 2015

Councillor Craig noted that he had sent his regrets to the July 22, 2015 meeting and requested that this be represented in the minutes from July 22, 2015.

MOVED by Ms. Dorothy MacCurdy, seconded by Mr. Michael Condé that the minutes of July 22, 2015 be accepted as amended. MOTION PUT AND PASSED.

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

MOVED by Mr. Kim Houston, seconded by Councillor Craig that the order of business be approved as presented. MOTION PUT AND PASSED.

Additions: Discussion of Raising the Limit of Bank Account Investments

Deletions: None

4. BUSINESS ARISING OUT OF THE MINUTES - None

5. NEW BUSINESS

5.1 Treasurer's Report – Quarter Ending June 30, 2015

The following was before the committee:

- *A memorandum from the Deputy Treasurer dated September 24, 2015*
- *Schedule A – Total Portfolio Sector Weights at June 30, 2015*

Mr. Shawn Williams, Deputy Treasurer, outlined the Treasurer's Report dated September 24, 2015. As he explained, the quarter saw 55 money market investments made at a cost of \$166,711,000 with an average term to maturity of 128 days. Operating Fund Investment income for the quarter ending June 30, 2015 was \$528,000 versus a budget of \$400,000. The \$128,000 surplus was primarily due to a higher rate of return than budgeted, as cash flows were slightly less than previous years.

Mr. Michael Condé questioned the source of the difference between the figure representing funds held in investment bank accounts (\$172,925,000) as found on page one of the memorandum dated September 24, 2015 and the figure representing Financial Institutions & their Guarantees/Corporations (216,342,833) found on page one of Schedule A.

Mr. Williams explained that the 216,342,833 included the amount held at Scotiabank, which is not included in the figure representing the investment bank accounts as the Scotiabank account is the house account.

Mr. Kim Houston requested clarification that the funds held at Scotiabank are represented in the figure for financial institutions, but not in the figure for investment bank accounts. Mr. Williams confirmed this.

Mr. Houston questioned if this means that the 50% limit for bank accounts has been exceeded.

Mr. Williams replied that the 50% limit is not exceeded.

Mr. Williams noted that there were a number of instances where the sector weight guidelines were exceeded on a temporary basis and explained that these brief occurrences were due to staff vacation, staff sickness, and in the case of the Scotiabank account, was tolerated to help accumulate funds for large upcoming payments. Additionally, four bank accounts appear to be over the sector weight guidelines as a result of the usual practice of encumbering funds that will be payable the next business day.

Mr. Williams concluded his report by reviewing the policy compliance for the quarter:

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 was above median for the year ending June 30, 2015 before allowing for fees that could have been paid to an external management firm. As a result staff maintains that the rate of return Objective of the Investment Policy has been met.

Mr. Williams responded to questions of clarification from the Committee.

5.2 Draft Investment Policy Advisory Committee Report to the Audit and Finance Committee for Quarter Ending June 30, 2015

The following was before the committee:

- *Investment Policy Advisory Report to the Audit and Finance Committee for Quarter Ending June 30, 2015*

The report was received as submitted.

Mr. Jerry Blackwood, Manager of Revenue commented that Ms. Amanda Whitewood, Chief Financial Officer had questioned why there were two reports and asked if it would be better to only prepare one. The Committee discussed the matter and decided that since one report only represented the operating picture and the other one included the performance against policy standards, it was important to keep the two reports separate.

MOVED by Ms. Dorothy MacCurdy, seconded by Mr. Kim Houston that the report dated September 24, 2015 be forwarded to the Audit & Finance Standing Committee for approval.

MOTION PUT AND PASSED.

6. ADDED ITEMS

6.1 Discussion of limits for investment bank accounts.

The Committee discussed the possibility of raising the limit on funds held in investment bank accounts and decided that the timing was not right to change the limit at this point due to a number of risk factors.

Councillor Craig suggested an annual informal review and requested that it be included in the report to the Audit and Finance Standing Committee that the Investment Policy Advisory Committee had a discussion on the matter.

MOVED by Councillor Craig, seconded by Mr. Kim Houston that a discussion regarding the possibility of raising the limit on funds held in investment bank accounts be referenced in the report to Audit and Finance. MOTION PUT AND PASSED.

7. INFORMATION ITEMS/OPTIONAL READING

7.1 Bloomberg View – “Cheap Money is Here to Stay”

7.2 Bloomberg View – “Easy Money Creates the Most Dangerous Bubbles”

7. NEXT MEETING DATE – TBD.

8. ADJOURNMENT

The meeting was adjourned at 12:22 p.m.

Cathy Collett
Legislative Support