



**INVESTMENT POLICY ADVISORY COMMITTEE
MINUTES
September 29, 2016**

PRESENT: Ms. Renée Towns, Deputy Treasurer, Co-Chair
Councillor Steve Craig, Co-Chair
Mr. Michael Condé
Ms. Dorothy MacCurdy
Mr. Kim Houston
Mr. Daniel Hudgin

STAFF: Mr. Jerry Blackwood, Manager of Revenue
Mr. Liam MacSween, Legislative Assistant

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

The agenda, supporting documents, and information items circulated to the Investment Policy Advisory Committee are available online: <http://www.halifax.ca/boardscom/ipac/160929ipacAgenda.php>

The meeting was called to order at 12:00 p.m., and adjourned at 1:09 p.m.

1. CALL TO ORDER

Ms. Renée Towns, Co-Chair called the meeting to order in the Media Room, 1st Floor, City Hall, 1841 Argyle Street.

2. APPROVAL OF MINUTES – July 28, 2016

MOVED by Councillor Craig, seconded by Mr. Houston

THAT the minutes of July 28, 2016 be approved as circulated. MOTION PUT AND PASSED.

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

MOVED by Ms. Dorothy MacCurdy, seconded by Councillor Craig,

THAT the agenda be approved as amended.

Two-third majority vote required.

MOTION PUT AND PASSED.

5. NEW BUSINESS

5.1 Treasurer's Report – Quarter Ending June 30, 2016

The following documentation was before the committee:

- *The treasurer's report dated September 29, 2016*

Ms. Towns gave an overview of the Treasurer's report dated September 29, 2016 and responded to questions of clarification from members of the committee. She advised that the investment income is slightly over budget due to a payment in lieu of taxes payment. She further advised that there have been no changes to the bond pull and that the next maturity will take place on October 17.

Further discussion ensued with the Committee accepting the Treasurer's Report for Quarter Ending June 30, 2016 as submitted.

5.2 Draft Investment Policy Advisory Committee Report to Audit & Finance Committee for Quarter Ending June 30, 2016

The following documentation was before the committee:

- *The Draft Investment Policy Advisory Committee report dated September 29, 2016*

Ms. Towns provided an overview of the Draft Policy Advisory Committee Report to Audit & Finance Committee for Quarter Ending June 30, 2016 and responded to questions of clarification from committee members.

MOVED by Ms. Dorothy MacCurdy, seconded by Mr. Kim Houston

THAT the Investment Policy Advisory Committee forward the Investment Policy Advisory Committee Report to Audit & Finance Committee for Quarter Ending June 30, 2016.

MOTION PUT AND PASSED.

5.3 Memo – 2016 Investment Policy Review

The following documentation was before the committee:

- *A memorandum from the Deputy Treasurer dated September 2016*

Ms. Towns provided an overview of the 2016 Investment Policy Review Memo. The Committee agreed to assess each recommendation individually.

Recommendation 1:

Ms. Towns provided an overview of the first recommendation and responded to questions of clarification from the committee.

MOVED by Ms. Dorothy MacCurdy, seconded by Mr. Condé

THAT the Investment Policy Advisory Committee approve updating HRM's 'Tier 1' and 'Tier 2' financial institution distinctions to 'Schedule 1' and 'Schedule 2' to reflect standard industry terminology.

MOTION PUT AND PASSED.

Recommendation 2:

Ms. Towns provided an overview of the second recommendation and responded to questions of clarification from members of the committee.

In response to questions from the Committee, Mr. Jerry Blackwood, Manager of Revenue advised that it has been three years since the policy has been changed with respect to assigning maximum dollar limits and establishing different limits for counterparties based on their DBRS rating. He noted that what is being proposed does not take away from the due diligence of staff to conduct its analysis on a daily basis.

Further discussion ensued among the committee in relation to risk, exposure and transparency regarding the proposed maximum dollar limits of \$100 million and \$75 million respectively for provincial and financial institution issuers. The committee agreed to amend Recommendation 2 as follows:

MOVED by Councillor Craig, seconded by Ms. Dorothy MacCurdy

THAT the Investment Policy Advisory Committee assigns the following amended figures as the maximum dollar limits to each counterparty and establish different limits for counterparties based on their DBRS rating:

Provincial counterparties:

R1-High \$75M limit

R1-Mid: \$50M limit

Financial institutions:

R1-High: \$75M per issuer

R1-Mid: \$50M per issuer

MOTION PUT AND PASSED.

Recommendation 3:

Ms. Towns provided an overview of the third recommendation and responded to questions of clarification from members of the committee.

MOVED by Councillor Craig, seconded by Mr. Daniel Hudgin

THAT the Investment Policy Advisory Committee approve an update of the policy to specify that the portfolio will be rebalanced no less frequently than monthly.

MOTION PUT AND PASSED.

Recommendation 4:

Ms. Towns provided an overview of the fourth recommendation and responded to questions of clarification from members of the committee.

MOVED by Mr. Kim Houston, seconded by Mr. Michael Conde

THAT the Investment Policy Advisory Committee approve an increase of the maximum term to 5 years for Schedule 1 financial institution issued GICs that are 100% backed by their issuer.

MOTION PUT AND PASSED.

Administrative Updates Recommended

Ms. Townes provided an overview of several administrative updates required in the Investment Policy.

MOVED by Mr. Michael Condé, seconded by Councillor Craig

THAT the Investment Policy Advisory Committee approves the following administrative updates to the Investment Policy:

1. **Page 9, Section G. Conflict of Interest, paragraph 3: remove the question mark (?) appearing after the word 'Treasurer'.**
2. **Page 10: Update "Association of Investment Management and Research" (AIMR) to "Chartered Financial Analysts (CFA) Institute" to reflect that the AIMR has changed its name to the CFA Institute.**

MOTION PUT AND PASSED.

6. **INFORMATION ITEMS/OPTIONAL READING**

6.1 **CIBC Focus on Canada- CAD and Oil- "A Glitch in the Matrix"**

6.2 **Bloomberg News- "Canadian regulators look beyond bond market in effort to boost government debt transparency"**

6.3 **The Globe and Mail- "Crude prices stage retreat as slow economies weigh on demand"**

7. **NEXT MEETING DATE – To be Determined**

8. **ADJOURNMENT**

The meeting adjourned at 1:09 p.m.

**Investment Policy Advisory Committee Minutes
September 29, 2016**

Liam MacSween
Legislative Assistant