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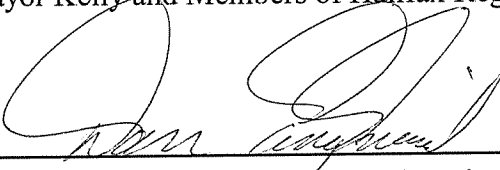


PO Box 1749
Halifax, Nova Scotia
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Halifax Regional Council
November 22, 2005

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Acting Chief Administrative Officer



Wayne Anstey, Acting Deputy Chief Administrative Officer

DATE: November 8, 2005

SUBJECT: Amendments to the Halifax Regional Municipality Investment Policy

ORIGIN

Recommendations of the Investment Policy Advisory Committee

RECOMMENDATION

It is recommended that:

1. Council approve the amended Halifax Regional Municipality Investment Policy as recommended by the Investment Policy Advisory Committee.

BACKGROUND

In April 2002 Regional Council approved the Halifax Regional Municipality Investment Policy (the Policy) as recommended by the Investment Policy Advisory Committee (the Committee) and staff. In accordance with Section 100 of the Municipal Government Act the Minister of Service Nova Scotia and Municipal Relations approved the Policy in May 2002.

In addition to the ongoing monitoring of investment activities, the Policy also calls for the review of the Policy by the Committee. Any changes to the Policy are to be recommended by the Chief Administrative Officer on the advice of the Treasurer.

DISCUSSION

Although the Committee was satisfied that the major themes and objectives of the Policy were still appropriate, there were a number of changes recommended largely to add clarity to certain points. In its discussions the Committee considered input from staff that have been implementing the Policy over the past number of years as well as their own experiences. Details of the recommended changes are included in a separate report from the Committee.

The Treasurer has reviewed the proposed changes to the Policy and has recommended that all of changes be adopted as contained in the report from the Committee.

The Committee has provided an important role in monitoring the investment activities conducted by staff and providing Quarterly reports to Council. In addition staff have valued the input of the Committee on investment matters. Staff want to thank the members of the Committee who have volunteered their time, knowledge and experience to help make this program a success.

Since the adoption of the Policy staff have made investments totalling well in excess of \$2 billion under the Policy guidelines. Following the conservative principals of the Policy all investment maturities have occurred as scheduled with no loss of principal or anticipated income.

As has been indicated in the Quarterly reports to Council, investment performance has been competitive with that available from external Institutional Investment Management firms. The summary below compares HRM Short Term (Money Market) investment performance with the Mercer Investment Consulting Survey of Canadian Institutional Pooled Funds:

Money Market Funds	1 Year (to March 31, 2003)	1 Year (to March 31, 2004)	1 Year (to March 31, 2005)	1 Year (to June 30, 2005)
5 th Percentile	2.9%	3.1%	2.4%	2.6%
1 st Quartile	2.8%	3.0%	2.4%	2.5%
Mercer Median	2.8%	3.0%	2.3%	2.5%
3 rd Quartile	2.7%	2.9%	2.3%	2.4%
95 th Percentile	2.5%	2.7%	1.8%	1.9%
HRM Money Market Portfolio	2.67%	2.99%	2.41%	2.49%

In addition, by operating an 'in-house' investment program staff have saved the fees that would have been paid to an external party. Fee savings are estimated to have been between \$730,000 and \$1,830,000 in total over the past number of years.

The investment program continues to develop. To supplement the core Money Market Portfolio staff have been building Short Term Bond Portfolios over the past year for the Reserve Funds. These longer term investments offer the opportunity to earn a higher rate of return by committing funds for longer periods of time over the typical one year maximum time horizon of Money Market investments.

Staff look forward to continuing to work with the Committee in managing the investment activities of the Municipality.

BUDGET IMPLICATIONS

N/A

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

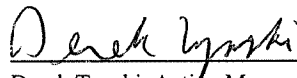
ALTERNATIVES

Council could reject any or all of the recommended changes to the Policy. This is not recommended as staff are in agreement with these changes.

ATTACHMENTS

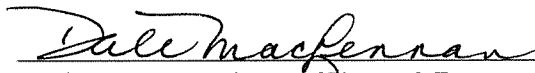
A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by:



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Report Approved by:



S. Dale MacLennan, Director of Finance & Treasurer (490-6308)