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Halifax Regional Council
November 8, 2005

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Councillor Bill Karsten, Co-Chair, Investment Policy Advisory Committee



Derek Tynski, Co-Chair, Investment Policy Advisory Committee

DATE: October 21, 2005

SUBJECT: **Investment Policy Advisory Committee Report - Quarter Ending
June 30, 2005**

INFORMATION REPORT

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.

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 on May 14, 2002. The Policy was approved in accordance with Section 100 of the *Municipal Government Act*.

The mandate of the Investment Policy Advisory Committee (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.

DISCUSSION

The Investment Policy Advisory Committee is pleased to provide this report to Council 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 six objectives of the Policy, stated in order of priority of importance, are as follows:

1. Adherence to Legal Requirements
2. Preservation of Capital
3. Liquidity
4. Diversification of Investment Portfolio
5. Competitive Return on Investments
6. Regular Review of Performance

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 June 30, 2005 and accepts the report and the findings contained in the report that the investment activities reported for that Quarter are in compliance with the Policy with the exception as noted below.

Staff reported to the Committee that due to some unusual market conditions around the beginning of June a decision was made to temporarily not fully invest new cash received by HRM to keep within the Sector Weights of the Investment Policy. As a result of this decision the Sector Weight for the HRM interest bearing Bank Account was exceeded by \$8,049,000 for one day. The Committee accepts staff's explanation of this variance and does not believe it had a material negative impact on the Policy Objectives.

The Committee recognizes that from time to time there may be short term variances from the Sector Weights as set out in the Policy. Management discretion is recognized in dealing with varying

market conditions and cash flows. The Committee will comment on variances reported on a case by case basis.

An additional aspect of the mandate of the Committee is to review the continued relevance of the Investment Policy. The Committee has undertaken an examination of the Policy and will be reporting shortly to Council on the results.

BUDGET IMPLICATIONS

N/A

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

The Committee has been advised by staff that 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

N/A

ATTACHMENTS

Sector Weight Schedules @ June 30, 2005 (Schedules A, B, C, D & E)

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Approved by: Councillor Bill Karsten, Co-Chair, Investment Policy Advisory Committee
Derek Tynski, Co-Chair, Investment Policy Advisory Committee

Report Prepared by: Derek Tynski, Co-Chair, Investment Policy Advisory Committee



**Total Investments
Sector Weights
@ June 30, 2005**

Schedule A

	<u>Category Status</u>	<u>Cumulative Amount Invested @ Book Value</u>	<u>%</u>	<u>Guideline Limit</u>	<u>%</u>	<u>Limit Available</u>	<u>%</u>
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$177,715,939	72%	\$247,701,870	100%	\$69,985,931	28%
Federal Government	Open	\$105,360,702	43%				
Business Development Bank	Open	\$3,860,337	2%				
Canada Mortgage & Housing Corp.	Open	\$26,838,260	11%				
Canadian Wheat Board	Open	\$0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$41,656,640	17%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$18,614,021	8%	\$247,701,870	100%	\$229,087,849	92%
Total Alberta (R-1 High)	Open	\$0	0%	\$61,925,468	25%	\$61,925,468	25%
Alberta (R-1 High)	Open						
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open	\$0					
British Columbia (R-1 Mid)	Open			\$61,925,468	25%	\$61,925,468	25%
Manitoba (R-1 Low)	Closed			\$61,925,468	25%	\$61,925,468	
New Brunswick (R-1 Low)	Closed			\$61,925,468	25%	\$61,925,468	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$61,925,468	25%	\$61,925,468	
Nova Scotia (R-1 Low)	Closed			\$61,925,468	25%	\$61,925,468	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$61,925,468	25%	\$61,925,468	
Ontario (R-1 Mid)	Open	\$18,614,021	8%	\$61,925,468	25%	\$43,311,447	17%
Prince Edward Island (R-1 Low)	Closed			\$61,925,468	25%	\$61,925,468	
Quebec (R-1 Low)	Closed			\$61,925,468	25%	\$61,925,468	
Saskatchewan (R-1 Low)	Closed			\$61,925,468	25%	\$61,925,468	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$61,925,468	25%	\$61,925,468	25%
Calgary (R-1 Mid)	Open			\$24,770,187	10%	\$24,770,187	10%
Edmonton (R-1 High)	Open			\$24,770,187	10%	\$24,770,187	10%
Winnipeg (R-1 Mid)	Open			\$24,770,187	10%	\$24,770,187	10%
BA's Schedule A Canadian Banks R-1 Mid							
Financial Institutions & their Guarantees	Mid	\$51,371,910	21%	\$61,925,468	25%	\$10,553,557	4%
Bank of Montreal (R-1 Mid)	Open	\$6,954,970	3%	\$24,770,187	10%	\$17,815,217	7%
Bank of Nova Scotia (R-1 Mid)	Open	\$14,902,850	6%	\$24,770,187	10%	\$9,867,337	4%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$2,980,950	1%	\$24,770,187	10%	\$21,789,237	9%
Laurentian Bank (R-1 Low)	Closed			\$24,770,187	10%	\$24,770,187	
National Bank of Canada (R-1 Low)	Closed			\$24,770,187	10%	\$24,770,187	
Royal Bank (R-1 Mid)	Open	\$0	5%	\$24,770,187	10%	\$11,151,557	5%
Royal Bank 1 Day BA		\$13,618,630					
Toronto Dominion (R-1 Mid)	Open	\$12,914,510	5%	\$24,770,187	10%	\$11,855,677	5%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS		\$247,701,870	100%				
FIXED (Bonds, etc. over one year)							
Federal Government & its Guarantees		\$20,942,474					
Federal Government (AAA)		\$20,942,474					
Province of Nova Scotia (A-Low)		\$107,000,000					
TOTAL FIXED		\$127,942,474					
EQUITIES							
Bank of Montreal		\$6,410					
TOTAL EQUITIES		\$6,410					
TOTAL INVESTMENTS		\$375,650,754					
Interest Bearing Bank Accounts - O/S Cheque Coverage		\$8,125,302					
TOTAL INVESTMENTS & O/S Cheques Coverage		\$383,776,056					

**Operating Fund
Sector Weights
@ June 30, 2005**

Schedule B

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$88,741,926	72%	\$124,076,647	100%	\$35,334,721	28%
Federal Government	Open	\$52,210,982	42%				
Business Development Bank	Open	\$1,949,019	2%				
Canada Mortgage & Housing Corp.	Open	\$13,550,187	11%				
Canadian Wheat Board	Open	\$0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$21,031,738	17%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$9,397,906	8%	\$124,076,647	100%	\$114,678,740	92%
Total Alberta (R-1 High)	Open	\$0	0%	\$31,019,162	25%	\$31,019,162	25%
Alberta (R-1 High)	Open						
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open	\$0					
British Columbia (R-1 Mid)	Open			\$31,019,162	25%	\$31,019,162	25%
Manitoba (R-1 Low)	Closed			\$31,019,162	25%	\$31,019,162	
New Brunswick (R-1 Low)	Closed			\$31,019,162	25%	\$31,019,162	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$31,019,162	25%	\$31,019,162	
Nova Scotia (R-1 Low)	Closed			\$31,019,162	25%	\$31,019,162	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$31,019,162	25%	\$31,019,162	
Ontario (R-1 Mid)	Open	\$9,397,906	8%	\$31,019,162	25%	\$21,621,255	17%
Prince Edward Island (R-1 Low)	Closed			\$31,019,162	25%	\$31,019,162	
Quebec (R-1 Low)	Closed			\$31,019,162	25%	\$31,019,162	
Saskatchewan (R-1 Low)	Closed			\$31,019,162	25%	\$31,019,162	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$31,019,162	25%	\$31,019,162	25%
Calgary (R-1 Mid)	Open			\$12,407,665	10%	\$12,407,665	10%
Edmonton (R-1 High)	Open			\$12,407,665	10%	\$12,407,665	10%
Winnipeg (R-1 Mid)	Open			\$12,407,665	10%	\$12,407,665	10%
BA's Schedule A							
Financial Institutions & their Guarantees	Mid	\$25,936,814	21%	\$31,019,162	25%	\$5,082,347	4%
Bank of Montreal (R-1 Mid)	Open	\$3,511,448	3%	\$12,407,665	10%	\$8,896,217	7%
Bank of Nova Scotia (R-1 Mid)	Open	\$7,524,199	6%	\$12,407,665	10%	\$4,883,466	4%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$1,505,032	1%	\$12,407,665	10%	\$10,902,633	9%
Laurentian Bank (R-1 Low)	Closed			\$12,407,665	10%	\$12,407,665	
National Bank of Canada (R-1 Low)	Closed			\$12,407,665	10%	\$12,407,665	
Royal Bank (R-1 Mid)	Open	\$0 }	6%	\$12,407,665	10%	\$5,531,847	4%
Royal Bank 1 Day BA		\$6,875,818 }					
Toronto Dominion (R-1 Mid)	Open	\$6,520,319	5%	\$12,407,665	10%	\$5,887,346	5%
Corporations & their Guarantees	Closed						
FIXED (Bonds, etc. over one year)	Closed						
Total Investments		\$124,076,647	100%				
Interest Bearing Bank Accounts - O/S Cheque Coverage		\$8,125,302					
Total Cash and Investments		\$132,201,949					

**Capital Fund
Sector Weights
@ June 30, 2005**

Schedule C

	<u>Category Status</u>	<u>Cumulative Amount Invested @ Book Value</u>	<u>%</u>	<u>Guideline Limit</u>	<u>%</u>	<u>Limit Available</u>	<u>%</u>
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$0	0%	\$0	100%	\$0	0%
Federal Government	Open	\$0	0%				
Business Development Bank	Open	\$0	0%				
Canada Mortgage & Housing Corp.	Open	\$0	0%				
Canadian Wheat Board	Open	\$0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$0	0%	\$0	100%	\$0	0%
Total Alberta (R-1 High)	Open	\$0	0%	\$0	25%	\$0	0%
Alberta (R-1 High)	Open	\$0	0%				
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open	\$0	0%				
British Columbia (R-1 Mid)	Open			\$0	25%	\$0	0%
Manitoba (R-1 Low)	Closed			\$0	25%	\$0	
New Brunswick (R-1 Low)	Closed			\$0	25%	\$0	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$0	25%	\$0	
Nova Scotia (R-1 Low)	Closed			\$0	25%	\$0	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$0	25%	\$0	
Ontario (R-1 Mid)	Open	\$0	0%	\$0	25%	\$0	0%
Prince Edward Island (R-1 Low)	Closed			\$0	25%	\$0	
Quebec (R-1 Low)	Closed			\$0	25%	\$0	
Saskatchewan (R-1 Low)	Closed			\$0	25%	\$0	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0	0%	\$0	25%	\$0	0%
Calgary (R-1 Mid)	Open			\$0	10%	\$0	0%
Edmonton (R-1 High)	Open			\$0	10%	\$0	0%
Winnipeg (R-1 Mid)	Open			\$0	10%	\$0	0%
	BA's Schedule A						
	Canadian Banks R-1						
Financial Institutions & their Guarantees	Mid	\$0	0%	\$0	25%	\$0	0%
Bank of Montreal (R-1 Mid)	Open	\$0	0%	\$0	10%	\$0	0%
Bank of Nova Scotia (R-1 Mid)	Open	\$0	0%	\$0	10%	\$0	0%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$0	0%	\$0	10%	\$0	0%
Laurentian Bank (R-1 Low)	Closed			\$0	10%	\$0	
National Bank of Canada (R-1 Low)	Closed			\$0	10%	\$0	
Royal Bank (R-1 Mid)	Open	\$0 }	0%	\$0	10%	\$0	0%
Royal Bank 1 Day BA		\$0 }					
Toronto Dominion (R-1 Mid)	Open	\$0	0%	\$0	10%	\$0	0%
Corporations & their Guarantees	Closed						
FIXED (Bonds, etc. over one year)	Closed						
Total Investments		\$0	0%				

Reserve Funds
Sector Weights
@ June 30, 2005

Schedule D

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$87,004,482	35%	\$248,759,776	100%	\$161,755,294	65%
Federal Government	Open	\$51,990,953	21%				
Business Development Bank	Open	\$1,868,061	1%				
Canada Mortgage & Housing Corp.	Open	\$12,987,342	5%				
Canadian Wheat Board	Open	\$0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$20,158,126	8%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$9,007,538	4%	\$248,759,776	100%	\$239,752,238	96%
Total Alberta (R-1 High)	Open	\$0	0%	\$62,189,944	25%	\$62,189,944	25%
Alberta (R-1 High)	Open						
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open	\$0					
British Columbia (R-1 Mid)	Open			\$62,189,944	25%	\$62,189,944	25%
Manitoba (R-1 Low)	Closed			\$62,189,944	25%	\$62,189,944	
New Brunswick (R-1 Low)	Closed			\$62,189,944	25%	\$62,189,944	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$62,189,944	25%	\$62,189,944	
Nova Scotia (R-1 Low)	Closed			\$62,189,944	25%	\$62,189,944	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$62,189,944	25%	\$62,189,944	
Ontario (R-1 Mid)	Open	\$9,007,538	4%	\$62,189,944	25%	\$53,182,406	21%
Prince Edward Island (R-1 Low)	Closed			\$62,189,944	25%	\$62,189,944	
Quebec (R-1 Low)	Closed			\$62,189,944	25%	\$62,189,944	
Saskatchewan (R-1 Low)	Closed			\$62,189,944	25%	\$62,189,944	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$62,189,944	25%	\$62,189,944	25%
Calgary (R-1 Mid)	Open			\$24,875,978	10%	\$24,875,978	10%
Edmonton (R-1 High)	Open			\$24,875,978	10%	\$24,875,978	10%
Winnipeg (R-1 Mid)	Open			\$24,875,978	10%	\$24,875,978	10%
Financial Institutions & their Guarantees	BA's Schedule A Canadian Banks R-1 Mid	\$24,859,456	10%	\$62,189,944	25%	\$37,330,488	15%
Bank of Montreal (R-1 Mid)	Open	\$3,365,590	1%	\$24,875,978	10%	\$21,510,388	9%
Bank of Nova Scotia (R-1 Mid)	Open	\$7,211,660	3%	\$24,875,978	10%	\$17,664,318	7%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$1,442,516	1%	\$24,875,978	10%	\$23,433,462	9%
Laurentian Bank (R-1 Low)	Closed			\$24,875,978	10%	\$24,875,978	
National Bank of Canada (R-1 Low)	Closed			\$24,875,978	10%	\$24,875,978	
Royal Bank (R-1 Mid)	Open	\$0	3%	\$24,875,978	10%	\$18,285,766	7%
Royal Bank 1 Day BA		\$6,590,211					
Toronto Dominion (R-1 Mid)	Open	\$6,249,479	3%	\$24,875,978	10%	\$18,626,498	7%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS		\$120,871,477	49%				
FIXED (Bonds, etc. over one year)	Open (Special)						
Federal Government (AAA)		\$20,888,299					
Province of Nova Scotia (A-Low)		\$107,000,000	43%				
Total Investments		\$248,759,776	100%				

**Trust Funds
Sector Weights
@ June 30, 2005**

Schedule E

<u>Category</u>	<u>Status</u>	<u>Cumulative Amount Invested @ Book Value</u>	<u>%</u>	<u>Guideline Limit</u>	<u>%</u>	<u>Limit Available</u>	<u>%</u>
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$1,969,530	70%	\$2,814,331	100%	\$844,801	30%
Federal Government	Open	\$1,158,766	41%				
Business Development Bank	Open	\$43,256	2%				
Canada Mortgage & Housing Corp.	Open	\$300,732	11%				
Canadian Wheat Board	Open	\$0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$466,777	17%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$208,576	7%	\$2,814,331	100%	\$2,605,755	93%
Total Alberta (R-1 High)	Open	\$0	0%	\$703,583	25%	\$703,583	25%
Alberta (R-1 High)	Open						
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open	\$0					
British Columbia (R-1 Mid)	Open			\$703,583	25%	\$703,583	25%
Manitoba (R-1 Low)	Closed			\$703,583	25%	\$703,583	
New Brunswick (R-1 Low)	Closed			\$703,583	25%	\$703,583	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$703,583	25%	\$703,583	
Nova Scotia (R-1 Low)	Closed			\$703,583	25%	\$703,583	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$703,583	25%	\$703,583	
Ontario (R-1 Mid)	Open	\$208,576	7%	\$703,583	25%	\$495,006	18%
Prince Edward Island (R-1 Low)	Closed			\$703,583	25%	\$703,583	
Quebec (R-1 Low)	Closed			\$703,583	25%	\$703,583	
Saskatchewan (R-1 Low)	Closed			\$703,583	25%	\$703,583	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0	0%	\$703,583	25%	\$703,583	25%
Calgary (R-1 Mid)	Open			\$281,433	10%	\$281,433	10%
Edmonton (R-1 High)	Open			\$281,433	10%	\$281,433	10%
Winnipeg (R-1 Mid)	Open			\$281,433	10%	\$281,433	10%
BA's Schedule A Canadian Banks R-1							
Financial Institutions & their Guarantees	Mid	\$575,639	20%	\$703,583	25%	\$127,943	5%
Bank of Montreal (R-1 Mid)	Open	\$77,933	3%	\$281,433	10%	\$203,500	7%
Bank of Nova Scotia (R-1 Mid)	Open	\$166,991	6%	\$281,433	10%	\$114,442	4%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$33,403	1%	\$281,433	10%	\$248,031	9%
Laurentian Bank (R-1 Low)	Closed			\$281,433	10%	\$281,433	
National Bank of Canada (R-1 Low)	Closed			\$281,433	10%	\$281,433	
Royal Bank (R-1 Mid)	Open	\$0	5%	\$281,433	10%	\$128,832	5%
Royal Bank 1 Day BA		\$152,601					
Toronto Dominion (R-1 Mid)	Open	\$144,711	5%	\$281,433	10%	\$136,722	5%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS		\$2,753,746	98%				
<u>FIXED (Bonds, etc. over one year)</u>							
Federal Government & its Guarantees							
Federal Government		\$54,175	2%				
TOTAL FIXED							
<u>EQUITIES</u>							
Bank of Montreal		\$6,410	0%				
TOTAL EQUITIES							
Total Investments		\$2,814,331	100%				