




PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 2

**Halifax Regional Council
June 17, 2008**

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: June 2, 2008

SUBJECT: **Investment Policy Advisory Committee Report - Quarter Ending
March 31, 2008**

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 (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 and 2007. Policy approvals are in accordance with Section 100 of the *Municipal Government Act*.

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 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 March 31, 2008 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 noted below.

The Royal Bank and Financial Institutions Sector Weights were exceeded by \$7 million and \$2 million respectively on March 31 because of a large unanticipated deposit after the cutoff time for investments. Investments were made the following day to bring the Sector Weights back in to full compliance with the Investment Policy.

As indicated in previous reports, the Committee recognizes that from time to time there may be short term variances from the Sector Weights set out in the Policy. Management discretion is recognized

in dealing with varying market conditions and cash flows. The Committee believes that staff acted appropriately.

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 @ March 31, 2008 (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 *DT*

**Total Investments
Sector Weights
@ March 31, 2008**

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	52,618,971	31%	171,659,483	100%	119,040,512	69%
Federal Government	Open	42,385,480	25%				
Business Development Bank	Open	5,872,980	3%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	4,360,511	3%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	31,254,935	18%	171,659,483	100%	140,404,548	82%
Total Alberta (R-1 High)	Open	2,707,398	2%	42,914,871	25%	40,207,473	23%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	2,707,398					
British Columbia (R-1 High)	Open	7,319,247	4%	42,914,871	25%	35,595,624	21%
Manitoba (R-1 Mid)	Open	0	0%	42,914,871	25%	42,914,871	25%
New Brunswick (R-1 Mid)	Open	8,844,020	5%	42,914,871	25%	34,070,851	20%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			42,914,871	25%	42,914,871	25%
Ontario (R-1 High)	Open	9,898,800	6%	42,914,871	25%	33,016,071	19%
Quebec (R-1 Mid)	Open	2,485,470	1%	42,914,871	25%	40,429,401	24%
Saskatchewan (R-1 Mid)	Open		0%	42,914,871	25%	42,914,871	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		42,914,871	25%	42,914,871	25%
Calgary (R-1 High)	Open			17,165,948	10%	17,165,948	10%
Edmonton (R-1 High)	Open			17,165,948	10%	17,165,948	10%
Financial Institutions & their Guarantees /Corporations		87,785,577	51%	85,829,742	50%	-1,955,836	-1%
	BA's Schedule A Canadian Banks R-1 Mid						
Tier 1 - Financial Institutions & their Guarantees	Mid	74,860,027	44%	85,829,742	50%	10,969,715	6%
Bank of Montreal (R-1 High)	Open	14,586,695	8%	17,165,948	10%	2,579,253	2%
Bank of Nova Scotia (R-1 High)	Open	10,920,250	6%	17,165,948	10%	6,245,698	4%
Canadian Imperial Bank of Commerce (R-1 High)	Open	16,176,136	9%	17,165,948	10%	989,812	1%
Royal Bank (R-1 High)	Open	5,967,960 }	14%	17,165,948	10%	-7,041,368	-4%
Royal Bank - Effective Cash		18,239,356 }					
Toronto Dominion (R-1 High)	Open	8,969,630	5%	17,165,948	10%	8,196,318	5%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	12,925,550	8%	42,914,871	25%	29,989,321	17%
National Bank of Canada (R-1 Mid)	Open	5,961,480	3%	8,582,974	5%	2,621,494	2%
OMERS Realty Corporation (R-1 High)	Open	0	0%	8,582,974	5%	8,582,974	5%
CDP Financial Inc (R-1 High)	Open	0	0%	8,582,974	5%	8,582,974	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	8,582,974	5%	8,582,974	5%
Desjardins Total		6,964,070	4%	8,582,974	5%	1,618,904	1%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	6,964,070					
Total Cash and Equivalents		171,659,483	100%				
FIXED (Bonds, etc. over one year)							
Federal Government		11,075,724	6%				
Total Fixed		11,075,724					
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		182,741,617					
Interest Bearing Bank Accounts - O/S Cheque Coverage		11,465,590	*				
Total Investments and O/S Cheques Coverage		194,207,207					

SCHEDULE B

**Operating Funds
Sector Weights
@ March 31, 2008**

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	7,083,514	31%	23,108,629	100%	16,025,115	69%
Federal Government	Open	5,705,891	25%				
Business Development Bank	Open	790,615	3%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	587,008	3%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	4,207,508	18%	23,108,629	100%	18,901,121	82%
Total Alberta (R-1 High)	Open	364,467	2%	5,777,157	25%	5,412,690	23%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	364,467					
British Columbia (R-1 High)	Open	985,310	4%	5,777,157	25%	4,791,847	21%
Manitoba (R-1 Mid)	Open	0	0%	5,777,157	25%	5,777,157	25%
New Brunswick (R-1 Mid)	Open	1,190,573	5%	5,777,157	25%	4,586,584	20%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			5,777,157	25%	5,777,157	25%
Ontario (R-1 High)	Open	1,332,567	6%	5,777,157	25%	4,444,591	19%
Quebec (R-1 Mid)	Open	334,591	1%	5,777,157	25%	5,442,566	24%
Saskatchewan (R-1 Mid)	Open		0%	5,777,157	25%	5,777,157	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		5,777,157	25%	5,777,157	25%
Calgary (R-1 High)	Open			2,310,863	10%	2,310,863	10%
Edmonton (R-1 High)	Open			2,310,863	10%	2,310,863	10%
Financial Institutions & their Guarantees /Corporations		11,817,607	51%	11,554,314	50%	-263,293	-1%
Tier 1 - Financial Institutions & their Guarantees	BA's Schedule A Canadian Banks R-1 Mid	10,077,582	44%	11,554,314	50%	1,476,732	6%
Bank of Montreal (R-1 High)	Open	1,963,646	8%	2,310,863	10%	347,217	2%
Bank of Nova Scotia (R-1 High)	Open	1,470,073	6%	2,310,863	10%	840,790	4%
Canadian Imperial Bank of Commerce (R-1 High)	Open	2,177,615	9%	2,310,863	10%	133,248	1%
Royal Bank (R-1 High)	Open	803,401	14%	2,310,863	10%	-947,902	-4%
Royal Bank - Effective Cash		2,455,364					
Toronto Dominion (R-1 High)	Open	1,207,483	5%	2,310,863	10%	1,103,380	5%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	1,740,025	8%	5,777,157	25%	4,037,133	17%
National Bank of Canada (R-1 Mid)	Open	802,529	3%	1,155,431	5%	352,903	2%
OMERS Realty Corporation (R-1 High)	Open	0	0%	1,155,431	5%	1,155,431	5%
CDP Financial Inc (R-1 High)	Open	0	0%	1,155,431	5%	1,155,431	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	1,155,431	5%	1,155,431	5%
Desjardins Total		937,496	4%	1,155,431	5%	217,935	1%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	937,496					
Total Investments		23,108,629	100%				
Interest Bearing Bank Accounts - O/S Cheque Coverage		11,465,590	*				
Total Investments and O/S Cheques Coverage		34,574,219					

SCHEDULE C

**Capital Funds
Sector Weights
@ March 31, 2008**

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
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					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	0	0%	0	25%	0	0%
Manitoba (R-1 Mid)	Open	0	0%	0	25%	0	0%
New Brunswick (R-1 Mid)	Open	0	0%	0	25%	0	0%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			0	25%	0	0%
Ontario (R-1 High)	Open	0	0%	0	25%	0	0%
Quebec (R-1 Mid)	Open	0	0%	0	25%	0	0%
Saskatchewan (R-1 Mid)	Open			0	25%	0	0%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		0	25%	0	0%
Calgary (R-1 High)	Open			0	10%	0	0%
Edmonton (R-1 High)	Open			0	10%	0	0%
Financial Institutions & their Guarantees /Corporations		0	0%	0	50%	0	0%
	BA's Schedule A						
Tier 1 - Financial Institutions & their Guarantees	Canadian Banks R-1 Mid	0	0%	0	50%	0	0%
Bank of Montreal (R-1 High)	Open	0	0%	0	10%	0	0%
Bank of Nova Scotia (R-1 High)	Open	0	0%	0	10%	0	0%
Canadian Imperial Bank of Commerce (R-1 High)	Open	0	0%	0	10%	0	0%
Royal Bank (R-1 High)	Open	0	0%	0	10%	0	0%
Royal Bank - Effective Cash		0					
Toronto Dominion (R-1 High)	Open	0	0%	0	10%	0	0%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	0	0%	0	25%	0	0%
National Bank of Canada (R-1 Mid)	Open	0	0%	0	5%	0	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	0	5%	0	0%
CDP Financial Inc (R-1 High)	Open	0	0%	0	5%	0	0%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	0	5%	0	0%
Desjardins Total		0	0%	0	5%	0	0%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		0	0%				
Interest Bearing Bank Accounts - O/S Cheque Coverage		0	*				
Total Investments and O/S Cheques Coverage		0					

**Reserve Funds
Sector Weights
@ March 31, 2008**

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	44,634,304	31%	145,611,009	100%	100,976,706	69%
Federal Government	Open	35,953,694	25%				
Business Development Bank	Open	4,981,784	3%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	3,698,825	3%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	26,512,154	18%	145,611,009	100%	119,098,856	82%
Total Alberta (R-1 High)	Open	2,296,564	2%	36,402,752	25%	34,106,189	23%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	2,296,564					
British Columbia (R-1 High)	Open	6,208,588	4%	36,402,752	25%	30,194,165	21%
Manitoba (R-1 Mid)	Open	0	0%	36,402,752	25%	36,402,752	25%
New Brunswick (R-1 Mid)	Open	7,501,984	5%	36,402,752	25%	28,900,768	20%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			36,402,752	25%	36,402,752	25%
Ontario (R-1 High)	Open	8,396,706	6%	36,402,752	25%	28,006,046	19%
Quebec (R-1 Mid)	Open	2,108,312	1%	36,402,752	25%	34,294,440	24%
Saskatchewan (R-1 Mid)	Open		0%	36,402,752	25%	36,402,752	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		36,402,752	25%	36,402,752	25%
Calgary (R-1 High)	Open			14,561,101	10%	14,561,101	10%
Edmonton (R-1 High)	Open			14,561,101	10%	14,561,101	10%
Financial Institutions & their Guarantees /Corporations		74,464,552	51%	72,805,505	50%	-1,659,047	-1%
	BA's Schedule A						
Tier 1 - Financial Institutions & their Guarantees	Canadian Banks R-1 Mid	63,500,390	44%	72,805,505	50%	9,305,115	6%
Bank of Montreal (R-1 High)	Open	12,373,237	8%	14,561,101	10%	2,187,864	2%
Bank of Nova Scotia (R-1 High)	Open	9,263,156	6%	14,561,101	10%	5,297,945	4%
Canadian Imperial Bank of Commerce (R-1 High)	Open	13,721,488	9%	14,561,101	10%	839,613	1%
Royal Bank (R-1 High)	Open	5,062,352	14%	14,561,101	10%	-5,972,875	-4%
Royal Bank - Effective Cash		15,471,624					
Toronto Dominion (R-1 High)	Open	7,608,533	5%	14,561,101	10%	6,952,568	5%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	10,964,162	8%	36,402,752	25%	25,438,590	17%
National Bank of Canada (R-1 Mid)	Open	5,056,855	3%	7,280,550	5%	2,223,695	2%
OMERS Realty Corporation (R-1 High)	Open	0	0%	7,280,550	5%	7,280,550	5%
CDP Financial Inc (R-1 High)	Open	0	0%	7,280,550	5%	7,280,550	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	7,280,550	5%	7,280,550	5%
Desjardins Total		5,907,307	4%	7,280,550	5%	1,373,243	1%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	5,907,307					
Total Cash and Equivalents		145,611,009	100%				
FIXED (Bonds, etc. over one year)							
Federal Government		11,021,549	7%				
Total Fixed		11,021,549					
Total Investments		156,632,558					

**Trust Funds
Sector Weights
@ March 31, 2008**

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	901,154	31%	2,939,845	100%	2,038,691	69%
Federal Government	Open	725,895	25%				
Business Development Bank	Open	100,581	3%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	74,678	3%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	535,273	18%	2,939,845	100%	2,404,572	82%
Total Alberta (R-1 High)	Open	46,367	2%	734,961	25%	688,594	23%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	46,367					
British Columbia (R-1 High)	Open	125,350	4%	734,961	25%	609,612	21%
Manitoba (R-1 Mid)	Open	0	0%	734,961	25%	734,961	25%
New Brunswick (R-1 Mid)	Open	151,463	5%	734,961	25%	583,498	20%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			734,961	25%	734,961	25%
Ontario (R-1 High)	Open	169,527	6%	734,961	25%	565,434	19%
Quebec (R-1 Mid)	Open	42,566	1%	734,961	25%	692,395	24%
Saskatchewan (R-1 Mid)	Open		0%	734,961	25%	734,961	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		734,961	25%	734,961	25%
Calgary (R-1 High)	Open			293,984	10%	293,984	10%
Edmonton (R-1 High)	Open			293,984	10%	293,984	10%
Financial Institutions & their Guarantees /Corporations		1,503,418	51%	1,469,922	50%	-33,496	-1%
Tier 1 - Financial Institutions & their Guarantees	BA's Schedule A Canadian Banks R-1 Mid	1,282,055	44%	1,469,922	50%	187,868	6%
Bank of Montreal (R-1 High)	Open	249,812	8%	293,984	10%	44,172	2%
Bank of Nova Scotia (R-1 High)	Open	187,020	6%	293,984	10%	106,964	4%
Canadian Imperial Bank of Commerce (R-1 High)	Open	277,033	9%	293,984	10%	16,952	1%
Royal Bank (R-1 High)	Open	102,207	14%	293,984	10%	-120,591	-4%
Royal Bank - Effective Cash		312,368					
Toronto Dominion (R-1 High)	Open	153,614	5%	293,984	10%	140,370	5%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	221,363	8%	734,961	25%	513,598	17%
National Bank of Canada (R-1 Mid)	Open	102,096	3%	146,992	5%	44,896	2%
OMERS Realty Corporation (R-1 High)	Open	0	0%	146,992	5%	146,992	5%
CDP Financial Inc (R-1 High)	Open	0	0%	146,992	5%	146,992	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	146,992	5%	146,992	5%
Desjardins Total		119,267	4%	146,992	5%	27,725	1%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	119,267					
Total Cash and Equivalents		2,939,845	100%				
FIXED (Bonds, etc. over one year)		54,175	2%				
Federal Government		54,175					
Total Fixed		54,175					
Equities		6,410					
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		3,000,430					