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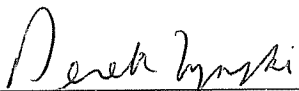
Item No. 2

Halifax Regional Council
January 6, 2009

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: December 3, 2008

SUBJECT: Investment Policy Advisory Committee Report - Quarter Ending
September 30, 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, 2007 and 2008. 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 September 30, 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 exceptions noted below.

The one year rate of return on HRM Money Market investments was somewhat below the relative performance objective indicated in the Policy. The Committee believes this shortfall is understandable and acceptable given the priority of the Preservation of Capital objective in the current credit market environment.

The Royal Bank and Financial Institutions Sector Weights were exceeded for one business day due to the level of cash received on the September 30 property tax due date. Investments were made on

October 1 to return the Sector Weights back into 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 as 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 @ September 30, 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

**Total Investments
Sector Weights
@ September 30, 2008**

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	70,606,227	21%	332,194,700	100%	261,588,473	79%
Federal Government	Open	57,575,920	17%				
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp.	Open	13,030,307	4%				
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	74,268,969	22%	332,194,700	100%	257,925,731	78%
Total Alberta (R-1 High)	Open	35,536,390	11%	83,048,675	25%	47,512,285	14%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	35,536,390					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	9,878,200	3%	83,048,675	25%	73,170,475	22%
Manitoba (R-1 Mid)	Open	0	0%	83,048,675	25%	83,048,675	25%
New Brunswick (R-1 Mid)	Open	0	0%	83,048,675	25%	83,048,675	25%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			83,048,675	25%	83,048,675	25%
Ontario (R-1 High)	Open	17,042,769	5%	83,048,675	25%	66,005,906	20%
Quebec (R-1 Mid)	Open	11,811,610	4%	83,048,675	25%	71,237,065	21%
Saskatchewan (R-1 Mid)	Open		0%	83,048,675	25%	83,048,675	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		83,048,675	25%	83,048,675	25%
Calgary (R-1 High)	Open			33,219,470	10%	33,219,470	10%
Edmonton (R-1 High)	Open			33,219,470	10%	33,219,470	10%
Financial Institutions & their Guarantees /Corporations		187,319,504	56%	166,097,350	50%	-21,222,154	-6%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	169,906,914	51%	166,097,350	50%	-3,809,564	-1%
Bank of Montreal (R-1 High)	Open	25,046,587	8%	33,219,470	10%	8,172,883	2%
Bank of Nova Scotia (R-1 High)	Open	27,051,495	8%	33,219,470	10%	6,167,975	2%
Canadian Imperial Bank of Commerce (R-1 High)	Open	23,857,050	7%	33,219,470	10%	9,362,420	3%
Royal Bank (R-1 High)	Open	18,690,122	5%	33,219,470	10%	-35,501,559	-11%
Royal Bank - Effective Cash		50,030,907					
Toronto Dominion (R-1 High)	Open	25,230,753	8%	33,219,470	10%	7,988,717	2%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	17,412,590	5%	83,048,675	25%	65,636,085	20%
National Bank of Canada (R-1 Mid)	Open	12,422,790	4%	16,609,735	5%	4,186,945	1%
OMERS Realty Corporation (R-1 High)	Open	0	0%	16,609,735	5%	16,609,735	5%
CDP Financial Inc (R-1 High)	Open	0	0%	16,609,735	5%	16,609,735	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	16,609,735	5%	16,609,735	5%
Desjardins Total		4,989,800	2%	16,609,735	5%	11,619,935	3%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	4,989,800					
Total Cash and Equivalents		332,194,700	100%				
FIXED (Bonds, etc. over one year)							
Federal Government		7,041,164	2%				
Total Fixed		7,041,164					
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		339,242,274					
Interest Bearing Bank Accounts - O/S Cheque Coverage		12,563,770	*				
Total Investments and O/S Cheques Coverage		351,806,044					

SCHEDULE B

**Operating Funds
Sector Weights
@ September 30, 2008**

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	40,988,096	21%	192,844,580	100%	151,856,484	79%
Federal Government	Open	33,423,785	17%				
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp	Open	7,564,311	4%				
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	43,114,379	22%	192,844,580	100%	149,730,201	78%
Total Alberta (R-1 High)	Open	20,629,469	11%	48,211,145	25%	27,581,676	14%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	20,629,469					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	5,734,460	3%	48,211,145	25%	42,476,685	22%
Manitoba (R-1 Mid)	Open	0	0%	48,211,145	25%	48,211,145	25%
New Brunswick (R-1 Mid)	Open	0	0%	48,211,145	25%	48,211,145	25%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			48,211,145	25%	48,211,145	25%
Ontario (R-1 High)	Open	9,893,612	5%	48,211,145	25%	38,317,532	20%
Quebec (R-1 Mid)	Open	6,856,837	4%	48,211,145	25%	41,354,308	21%
Saskatchewan (R-1 Mid)	Open		0%	48,211,145	25%	48,211,145	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		48,211,145	25%	48,211,145	25%
Calgary (R-1 High)	Open			19,284,458	10%	19,284,458	10%
Edmonton (R-1 High)	Open			19,284,458	10%	19,284,458	10%
Financial Institutions & their Guarantees /Corporations		108,742,105	56%	96,422,290	50%	-12,319,815	-6%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	98,633,805	51%	96,422,290	50%	-2,211,516	-1%
Bank of Montreal (R-1 High)	Open	14,539,963	8%	19,284,458	10%	4,744,495	2%
Bank of Nova Scotia (R-1 High)	Open	15,703,845	8%	19,284,458	10%	3,580,613	2%
Canadian Imperial Bank of Commerce (R-1 High)	Open	13,849,417	7%	19,284,458	10%	5,435,041	3%
Royal Bank (R-1 High)	Open	10,849,928	21%	19,284,458	10%	-20,609,249	-11%
Royal Bank - Effective Cash		29,043,778					
Toronto Dominion (R-1 High)	Open	14,646,874	8%	19,284,458	10%	4,637,584	2%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	10,108,300	5%	48,211,145	25%	38,102,845	20%
National Bank of Canada (R-1 Mid)	Open	7,211,637	4%	9,642,229	5%	2,430,592	1%
OMERS Realty Corporation (R-1 High)	Open	0	0%	9,642,229	5%	9,642,229	5%
CDP Financial Inc (R-1 High)	Open	0	0%	9,642,229	5%	9,642,229	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	9,642,229	5%	9,642,229	5%
Desjardins Total		2,896,662	2%	9,642,229	5%	6,745,567	3%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	2,896,662					
Total Investments		192,844,580	100%				
Interest Bearing Bank Accounts - O/S Cheque Coverage		12,563,770	*				
Total Investments and O/S Cheques Coverage		205,408,350					

SCHEDULE C

**Capital Funds
Sector Weights
@ September 30, 2008**

Catagory	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%	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
@ September 30, 2008**

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	28,964,962	21%	136,277,027	100%	107,312,066	79%
Federal Government	Open	23,619,508	17%				
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp.	Open	5,345,454	4%				
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	30,467,537	22%	136,277,027	100%	105,809,490	78%
Total Alberta (R-1 High)	Open	14,578,178	11%	34,069,257	25%	19,491,078	14%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	14,578,178					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	4,052,358	3%	34,069,257	25%	30,016,899	22%
Manitoba (R-1 Mid)	Open	0	0%	34,069,257	25%	34,069,257	25%
New Brunswick (R-1 Mid)	Open	0	0%	34,069,257	25%	34,069,257	25%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			34,069,257	25%	34,069,257	25%
Ontario (R-1 High)	Open	6,991,496	5%	34,069,257	25%	27,077,761	20%
Quebec (R-1 Mid)	Open	4,845,505	4%	34,069,257	25%	29,223,752	21%
Saskatchewan (R-1 Mid)	Open		0%	34,069,257	25%	34,069,257	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		34,069,257	25%	34,069,257	25%
Calgary (R-1 High)	Open			13,627,703	10%	13,627,703	10%
Edmonton (R-1 High)	Open			13,627,703	10%	13,627,703	10%
Financial Institutions & their Guarantees /Corporations		76,844,529	56%	68,138,514	50%	-8,706,015	-6%
	BA's Schedule A						
Tier 1 - Financial Institutions & their Guarantees	Canadian Banks R-1 Mid	69,701,320	51%	68,138,514	50%	-1,562,807	-1%
Bank of Montreal (R-1 High)	Open	10,274,921	8%	13,627,703	10%	3,352,781	2%
Bank of Nova Scotia (R-1 High)	Open	11,097,400	8%	13,627,703	10%	2,530,303	2%
Canadian Imperial Bank of Commerce (R-1 High)	Open	9,786,935	7%	13,627,703	10%	3,840,768	3%
Royal Bank (R-1 High)	Open	7,667,294 }	21%	13,627,703	10%	-14,563,890	-11%
Royal Bank - Effective Cash		20,524,299 }					
Toronto Dominion (R-1 High)	Open	10,350,472	8%	13,627,703	10%	3,277,231	2%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	7,143,208	5%	34,069,257	25%	26,926,048	20%
National Bank of Canada (R-1 Mid)	Open	5,096,231	4%	6,813,851	5%	1,717,620	1%
OMERS Realty Corporation (R-1 High)	Open	0	0%	6,813,851	5%	6,813,851	5%
CDP Financial Inc (R-1 High)	Open	0	0%	6,813,851	5%	6,813,851	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	6,813,851	5%	6,813,851	5%
Desjardins Total		2,046,978	2%	6,813,851	5%	4,766,874	3%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	2,046,978					
Total Cash and Equivalents		136,277,027	100%				
FIXED (Bonds, etc. over one year)							
Federal Government		6,986,989	5%				
Total Fixed		6,986,989					
Total Investments		143,264,016					

SCHEDULE E

**Trust Funds
Sector Weights
@ September 30, 2008**

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	653,170	21%	3,073,093	100%	2,419,923	79%
Federal Government	Open	532,628	17%				
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp.	Open	120,542	4%				
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	687,053	22%	3,073,093	100%	2,386,040	78%
Total Alberta (R-1 High)	Open	328,743	11%	768,273	25%	439,530	14%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	328,743					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	91,382	3%	768,273	25%	676,891	22%
Manitoba (R-1 Mid)	Open	0	0%	768,273	25%	768,273	25%
New Brunswick (R-1 Mid)	Open	0	0%	768,273	25%	768,273	25%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			768,273	25%	768,273	25%
Ontario (R-1 High)	Open	157,661	5%	768,273	25%	610,613	20%
Quebec (R-1 Mid)	Open	109,268	4%	768,273	25%	659,005	21%
Saskatchewan (R-1 Mid)	Open		0%	768,273	25%	768,273	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		768,273	25%	768,273	25%
Calgary (R-1 High)	Open			307,309	10%	307,309	10%
Edmonton (R-1 High)	Open			307,309	10%	307,309	10%
Financial Institutions & their Guarantees /Corporations		1,732,870	56%	1,536,547	50%	-196,324	-6%
	BA's Schedule A						
Tier 1 - Financial Institutions & their Guarantees	Canadian Banks R-1 Mid	1,571,788	51%	1,536,547	50%	-35,242	-1%
Bank of Montreal (R-1 High)	Open	231,703	8%	307,309	10%	75,606	2%
Bank of Nova Scotia (R-1 High)	Open	250,250	8%	307,309	10%	57,059	2%
Canadian Imperial Bank of Commerce (R-1 High)	Open	220,699	7%	307,309	10%	86,611	3%
Royal Bank (R-1 High)	Open	172,900 }	21%	307,309	10%	-328,421	-11%
Royal Bank - Effective Cash		462,830 }					
Toronto Dominion (R-1 High)	Open	233,407	8%	307,309	10%	73,903	2%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	161,082	5%	768,273	25%	607,192	20%
National Bank of Canada (R-1 Mid)	Open	114,922	4%	153,655	5%	38,733	1%
OMERS Realty Corporation (R-1 High)	Open	0	0%	153,655	5%	153,655	5%
CDP Financial Inc (R-1 High)	Open	0	0%	153,655	5%	153,655	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	153,655	5%	153,655	5%
Desjardins Total		46,160	2%	153,655	5%	107,495	3%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	46,160					
Total Cash and Equivalents		3,073,093	100%				
FIXED (Bonds, etc. over one year)							
Federal Government		54,175	2%				
Total Fixed		54,175					
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		3,133,678					