



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 5
Halifax Regional Council
July 22, 2014

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

SUBMITTED BY:

Councillor Bill Karsten, Chair, Audit & Finance Standing Committee

DATE: July 11, 2014

SUBJECT: Investment Activities - Quarter ending March 31, 2014

INFORMATION REPORT

ORIGIN

June 18, 2014 meeting of the Audit & Finance Standing Committee, Item No. 9.1.4

LEGISLATIVE AUTHORITY

The principle role of the Audit & Finance Standing Committee is to provide advice to Council on matters relating to Audit and Finance. In particular, Section 3.2.6 of the Audit & Finance Standing Committee's Terms of Reference shall "Review as required, any other policies, procedures, forecasts, reports or process as agreed to mutually by the Municipalities CAO and the Committee."

BACKGROUND

Staff has committed to provide Council with quarterly financial reports. The report dated May 27, 2014 was received at the June 18, 2014 meeting of the Audit & Finance Standing Committee

DISCUSSION

The Audit & Finance Standing Committee considered the staff report dated May 27, 2014 and forwarded it to Halifax Regional Council as an Information item.

FINANCIAL IMPLICATIONS

As outlined in the staff report dated May 27, 2014

COMMUNITY ENGAGEMENT

All meeting of the Audit & Finance Standing Committee are open to the public. The agenda and reports are available online in advance of the meeting.

ATTACHMENTS

1. Staff report dated May 27, 2014.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.php> 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: Liam MacSween, Legislative Assistant, 490-6521

Attachment 1
Audit and Finance Standing Committee
June 18, 2014

TO: Councillor Bill Karsten, Chair and Members of the Audit and Finance Standing Committee
Original Signed

SUBMITTED BY: _____
Greg Keefe, Director of Finance and Information Technology / CFO

DATE: May 27, 2014

SUBJECT: _____
Investment Activities – Quarter Ending March 31, 2014

ORIGIN

Quarterly report of investment performance and adherence to approved Investment Policy.

LEGISLATIVE AUTHORITY

Section 121(1) of the HRM Charter requires that funds be invested pursuant to an Investment Policy adopted by Council and approved by the Minister of Service Nova Scotia and Municipal Relations or invested pursuant to the Trustee Act. Where HRM has chosen to adopt an Investment Policy and the Minister has approved the Policy investment activities are governed by this Policy.

RECOMMENDATION

It is recommended that the Audit and Finance Standing Committee forward this report to Halifax Regional Council as an information item.

BACKGROUND

The HRM Investment Policy calls for quarterly reporting by the Treasurer to Council and the Investment Policy Advisory Committee (the Investment Committee). The report for the Quarter ending March 31, 2014 has been reviewed by the Committee. A report from the Committee on staff's compliance with the HRM Investment Policy has also been sent to the Audit and Finance Standing Committee meeting of June 18.

DISCUSSION

HRM Investment Activities

HRM Short Term (Money Market Pool) Investment Performance

HRM Money Market Pool investment performance is summarized below in comparison with the Mercer Investment Consulting Survey of Canadian Institutional Pooled Funds for periods ending March 31, 2014:

Money Market Funds	3 Months (to March 31, 2014)	1 Year (to March 31, 2014)
5 th Percentile	.33%	1.29%
1 st Quartile	.30%	1.22%
Mercer Median	.29%	1.20%
3 rd Quartile	.26%	1.06%
95 th Percentile	.23%	.99%
Dec 91 Day T-Bills	.22%	1.00%
HRM	.30%	1.18%

Relative performance was just below Median for the one year period before allowing for fees that would be paid to an external management company. On an after fee basis one year performance would have been well above Median. For the Quarter relative performance was at the 1st Quartile break which was actually just one basis point above Median.

The Quarter saw 24 money market investments made at a cost of \$69,689,935 with an average term to maturity of 22 days. In fact the longest investment term purchased was 67 days. This compares to last year's 4th Quarter of 14 investments made at a cost of \$37,173,000 with an average term of 96 days.

The predominant strategy was quite different from last year of using Non-Government instruments to cover cash needs and investing in Provincial instruments to lock in yield longer term. This Quarter the predominant strategy was to allocate funds to the investment bank accounts and when necessary to use Non-Government instruments or move funds back from these accounts to cover cash needs. There were only two investments in Government instruments in the Quarter. The flatness of the yield curve was also a factor.

Funds held in the investment bank accounts, including Term Deposits, ramped up to \$116,000,000 by the end of the Quarter. Incremental income over the likely yield on the instruments usually purchased from these financial institutions was \$51,536 for the Quarter. The investment bank accounts are generally operating as anticipated. Staff is continuing to integrate them into the day to day cash management.

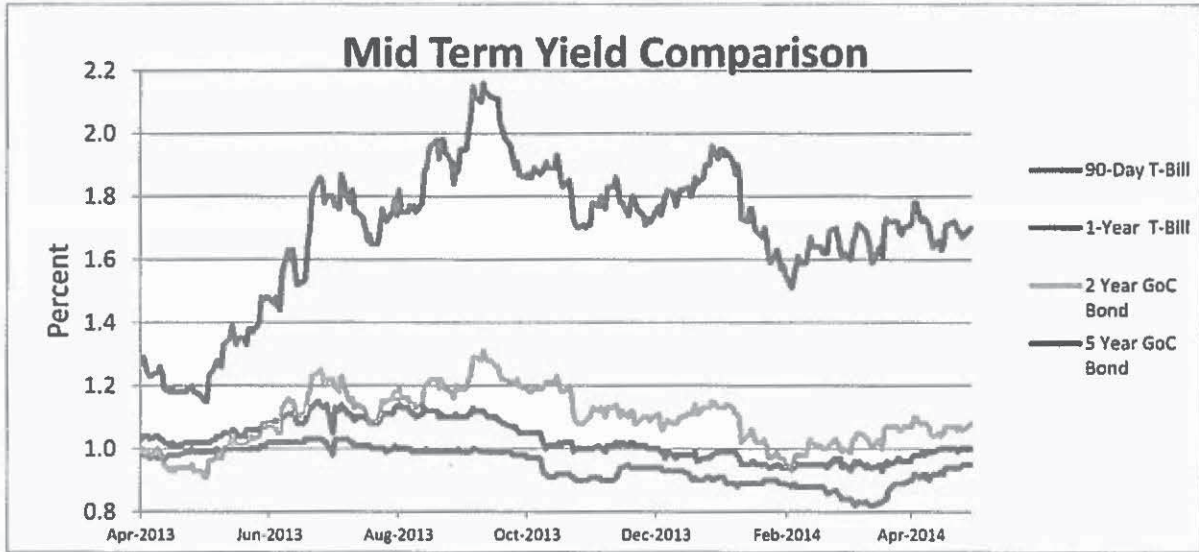
The negative figures in Limit Available on the Sector Weight Schedules for some of the financial institutions reflects the usual practice of encumbering funds that would be payable the next business day. The negative figure in the funds available in Scotiabank also reflects this encumbrance of funds and was not an actual overdraft. A combination of investment maturities and transfers from the investment bank accounts back to Scotiabank restored the Limits Available to positive positions as well as provided funding for the actual expenditures that took place on April 1. The negative figures in the Limit Available for Financial Institutions in total on the Operating and Trust Fund Sector Weight Schedules were due to the allocation of the Government Bond Pool to the Reserve Fund. While the negative figure for Limit Available for Alberta bonds in the Total Portfolio sheet was due to temporary portfolio shrinkage and the conservative interpretation of the Provincial bond limits discussed at the last meeting. The above discussion was reviewed with the Investment Committee with no concerns being expressed.

Operating Fund Investment Income, subject to yearend adjustments, was \$2,044,000 for the fiscal year versus a budget of \$2,000,000. This small positive variance was partly due to a slightly better rate of return of 1.18% versus a budgeted rate of 1.15% and somewhat better than anticipated Operating Fund cash flows including a change in accounting policy on the payment of interest to one of the Reserves.

The cumulative incremental gross investment income from the 2007 Policy change that expanded the Non-Government Sector Weight was \$872,307 or a \$1,961 increase during the Quarter.

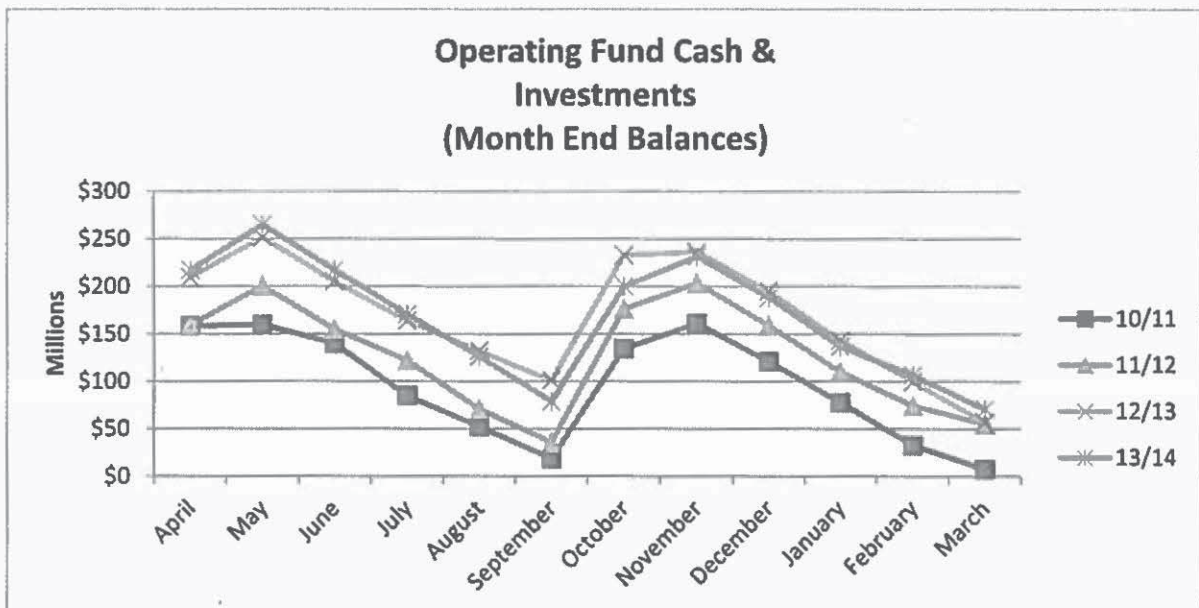
HRM Short Term Bond Pool

Currently the Bond Pool totals some \$16,000,000 with yields ranging from 1.94% to 3.07%. There were no additions to the Bond Pool during the Quarter as rates did not reach attractive levels.



Cash Flows

Again subject to yearend adjustments, Operating Fund Cash and Investments were some \$14 million higher at March 31 than in the previous year. This increase was largely due to a higher level of pre-payment of property taxes related to the Interim Tax Bills being mailed some 2-3 weeks earlier than in the previous year and growth in the Pre-Authorized Payment Program. It should be noted that under an accounting policy change any surplus for the 2013/14 fiscal year will go into a Reserve and hence would not be included in the figures below for 2013/14.



A Euro denominated bank account was opened in the Quarter to help manage the currency risk around an approximately 800,000 Euro purchase that calls for a number of progress payments. Funds placed in this account will be limited to future outflows as it is not staff's intent to attempt to speculate on currency movements. HRM also maintains a USD bank account and issues, on average, \$14,000 of USD cheques per week. With the inception of the new banking contract a couple of years ago the limited amount of USD payments to HRM are deposited to this account saving the cost of purchasing some USD's. These cost savings for 2013/14 were approximately \$9,100.

Funds held on deposit with the primary HRM banker exceeded the Policy guideline on January 3 by \$15,000,000, January 22 by \$7,000,000 and March 26 by \$4,000,000. All three instances were due to weather related absences by staff or office closures and were addressed on the next business day. Staff reviewed these occasions with the Investment Committee and they agreed with staff that these temporary variances did not pose any material increase in risk to the portfolio.

Subsequent to End of Reporting Quarter

The Bank of Canada re-affirmed a neutral stance at its meeting of April 16 citing gradual economic growth and an eventual return of inflation to the 2% target. The lack of any discussion of an over-shoot on inflation speaks to the subdued nature of the economic recovery and is not particularly encouraging for an outlook of higher interest rates in the near future. However a desire to keep the Canadian dollar low relative to trading partners may be an additional motivation.

The first estimate of U.S. Q1 GDP came in at a dismal .1% versus an anemic 2.6% growth rate in the previous Quarter. Weather was blamed for most of the weakness so markets generally 'looked past' this number.

Outlook & Strategy

The slow grinding global economic recovery thesis remains intact with possibly more risks on the downside coming from geopolitical events. Staff will continue to integrate the investment bank accounts into the daily liquidity management while seeking to optimize the rate of return from these accounts. In light of the flatness of the Money Market yield curve as well as the low level of Government interest rates, a bias to using shorter term Government instruments to satisfy cash requirements is anticipated. Staff will also look for opportunities to lock in some funds longer term to protect against negative economic shocks.

Policy Compliance

Objectives:

Preservation of Capital - There was no loss of capital during the Quarter.

Liquidity - No overdraft charges were incurred and sufficient cash was available to meet all requirements. The funded ratio of the Reserves at Quarter end was 100%.

Competitive Return on Investments - The rate of return was slightly below median for the year ending March 31, 2014 before allowing for fees that could have been paid to an external management firm. On an after fee basis the rate of return would have been above median so staff maintains that the Policy benchmark was met.

Strategies:

Diversification of Investment Portfolio - Staff believes that diversification has been adequately maintained under the constraints of the Policy.

Regular Review of Performance - Performance data continues to be reported to the Investment Policy Advisory Committee.

Risk Management Approach – In implementing investment decisions staff seek a balance between the Objectives of the Investment Policy and the risks inherent in markets to look to achieve an optimal rate of return.

FINANCIAL IMPLICATIONS

Subject to yearend adjustments, Operating Fund Investment Income for the fiscal year was \$2,044,000 versus a budget of \$2,000,000. This small positive variance was partly due to somewhat better than anticipated cash flow trends and slightly higher than expected yields.

COMMUNITY ENGAGEMENT

Investment activities are reported quarterly to the Investment Policy Advisory Committee. The majority of members of this Committee (4 of 6) are volunteers from the general public. The Committee reports to Audit and Finance Committee of Council quarterly on staff's compliance with the Investment Policy. In addition, the Committee conducts an annual review of the Investment Policy and makes recommendations for any changes considered appropriate.

ENVIRONMENTAL IMPLICATIONS

N/A

ALTERNATIVES

N/A

ATTACHMENTS

Sector Weight Schedules @ March 31, 2014 (Schedules A,B,C,D & E)

Appendix A - Economic Statistics and Central Bank Actions

Appendix B - List of Eligible Investments

Appendix C - DBRS Rating Scale

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

Report Prepared by : Derek Tynski, BA, CMA, Deputy Treasurer, 490-6471
Original Signed

Report Approved by: Jerry Blackwood, CGA, Manager of Revenue, 490-6470

Total Portfolio
Sector Weights @ March 31, 2014

SCHEDULE A

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	302,948,269	100%	288,957,554	98%
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	0	0%				
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	135,961,553	45%	302,948,269	100%	168,984,716	55%
Total Alberta (R-1 High)	Open	0	0%	75,736,567	25%	59,842,831	20%
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	63,302,273	21%	75,736,567	25%	10,241,838	3%
Manitoba (R-1 Mid)	Open	0	0%	75,736,567	25%	75,736,567	25%
New Brunswick (R-1 Mid)	Open	2,841,790	1%	75,736,567	25%	72,894,777	24%
Nova Scotia (R-1 Mid)	Open	0	0%	75,736,567	25%	75,736,567	25%
Ontario (R-1 Mid)	Open	55,732,523	18%	75,736,567	25%	20,004,044	7%
Quebec (R-1 Mid)	Open	14,084,967	5%	75,736,567	25%	61,651,600	20%
Quebec		5,590,703					
Financement Quebec		0					
Hydro Quebec		8,494,264					
Saskatchewan (R-1 High)	Open	0	0%	75,736,567	25%	75,736,567	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0	0%	75,736,567	25%	75,736,567	25%
Calgary (R-1 High)	Open	0		30,294,627	10%	30,294,627	10%
Financial Institutions & their Guarantees /Corporations		144,903,389	48%	151,473,134	50%	6,569,736	2%
BA's Schedule A Canadian Banks R-1							
Tier 1 - Financial Institutions & their Guarantees	Mid	141,709,845	47%	151,473,134	50%	9,784,090	3%
Bank of Montreal (R-1 High)	Open	30,045,114	10%	30,294,627	10%	249,513	0%
BMO - Instruments		0					
BMO - Account		30,045,114					
Bank of Nova Scotia (R-1 High)	Open	19,819,814	7%	30,294,627	10%	10,474,813	3%
Bank of Nova Scotia Effective Cash		-180,186					
Bank of Nova Scotia - Notice Account		20,000,000					
Canadian Imperial Bank of Commerce (R-1 High)	Open	30,609,212	10%	30,294,627	10%	-314,585	0%
CIBC - Instruments		0					
CIBC - Account		30,609,212					
Royal Bank (R-1 High)	Open	30,538,285	10%	30,294,627	10%	-243,638	0%
RBC - Instruments		0					
RBC - Account		30,538,285					
Toronto Dominion (R-1 High)	Open	30,696,640	10%	30,294,627	10%	-402,013	0%
TD - Instruments		5,996,640					
TD - Account		24,700,000					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	3,194,354	1%	75,736,567	25%	72,542,213	24%
National Bank of Canada (R-1 Mid)	Open	1,646,865	1%	15,147,313	5%	13,500,448	4%
OMERS Realty Corporation (R-1 High)	Open	1,547,489	1%	15,147,313	5%	13,599,824	4%
CDP Financial Inc (R-1 High)	Open	0	0%	15,147,313	5%	15,147,313	5%
Desjardins Total		0	0%	15,147,313	5%	15,147,313	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centrale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		280,864,952	93%				
Federal Government & its Guarantees							
Money Market		0	0%	27,125,596	20%	27,125,596	20%
Reserves - Bond Pool		3,988,715	1%	163,944,195	100%	159,955,480	98%
Canada Mortgage & Housing Corp.		3,988,715	1%	163,944,195	100%	159,955,480	98%
Provincial Government & their Guarantees		18,088,192	6%	27,125,596	20%	9,039,404	7%
Money Market		5,998,285	6%	27,125,596	20%	6,424,884	5%
Alberta		5,998,285	5%	13,562,798	10%	-2,330,938	-2%
Alberta		1,993,973					
Alberta Capital Finance Authority		4,004,292					
Alberta Treasury Branches		0					
British Columbia		0	1%	13,562,798	10%	11,370,342	8%
Manitoba		0	0%	13,562,798	10%	13,562,798	10%
New Brunswick		0	0%	13,562,798	10%	13,562,798	10%
Nova Scotia		0	0%	13,562,798	10%	13,562,798	10%
Ontario		0	0%	13,562,798	10%	13,562,798	10%
Quebec		0	0%	13,562,798	10%	13,562,798	10%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	13,562,798	10%	13,562,798	10%
Bond Pool		12,067,927	6%	32,788,839	20%	14,702,647	9%
Alberta		9,895,471	5%	16,394,420	10%	500,684	0%
Alberta		7,798,303					
Alberta Capital Finance Authority		2,097,168					
Alberta Treasury Branches		0					
British Columbia		2,192,456	1%	16,394,420	10%	14,201,964	9%
Manitoba		0	0%	16,394,420	10%	16,394,420	10%
New Brunswick		0	0%	16,394,420	10%	16,394,420	10%
Nova Scotia		0	0%	16,394,420	10%	16,394,420	10%
Ontario		0	0%	16,394,420	10%	16,394,420	10%
Quebec		0	0%	16,394,420	10%	16,394,420	10%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	16,394,420	10%	16,394,420	10%
Total Fixed		22,074,907	7%	32,788,839	20%	10,713,932	7%
Equities							
Bank of Montreal		8,410					
Total Equities		8,410					
Total Investments		302,946,269					

Operating Funds
Sector Weights @ March 31, 2014

SCHEDULE B

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	111,481,150	100%	111,481,150	100%
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	0	0%				
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	52,837,553	47%	111,481,150	100%	58,643,588	53%
Total Alberta (R-1 High)	Open	0	0%	27,870,288	25%	25,539,234	23%
Alberta (R-1 High)	Open	0	0%				
Alberta Capital Finance Authority (R-1 High)	Open	0	0%				
Alberta Treasury Branches (R-1 High)	Open	0	0%				
British Columbia (R-1 High)	Open	24,800,810	22%	27,870,288	25%	3,269,877	3%
Manitoba (R-1 Mid)	Open	0	0%	27,870,288	25%	27,870,288	25%
New Brunswick (R-1 Mid)	Open	1,104,380	1%	27,870,288	25%	28,785,907	24%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open	0	0%	27,870,288	25%	27,870,288	25%
Ontario (R-1 Mid)	Open	21,658,844	19%	27,870,288	25%	6,211,443	6%
Quebec (R-1 Mid)	Open	5,473,718	5%	27,870,288	25%	22,398,570	20%
Saskatchewan (R-1 High)	Open	0	0%	27,870,288	25%	27,870,288	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		27,870,288	25%	27,870,288	25%
Calgary (R-1 High)	Open			11,148,115	10%	11,148,115	10%
Financial Institutions & their Guarantees /Corporations		56,312,544	51%	55,740,575	50%	-571,989	-1%
BA's Schedule A Canadian Banks R-1							
Tier 1 - Financial Institutions & their Guarantees	Mid	55,071,150	49%	55,740,575	50%	669,425	1%
Bank of Montreal (R-1 High)	Open	11,876,171	10%	11,148,115	10%	-528,056	0%
BMO - Instruments		0					
BMO - Account		11,876,171					
Bank of Nova Scotia (R-1 High)	Open	7,702,401	7%	11,148,115	10%	3,445,714	3%
Bank of Nova Scotia - Effective Cash		-70,024					
Bank of Nova Scotia - Notice Account		7,772,426					
Canadian Imperial Bank of Commerce (R-1 High)	Open	11,895,391	11%	11,148,115	10%	-747,276	-1%
CIBC - Instruments		0					
CIBC - Account		11,895,391					
Royal Bank (R-1 High)	Open	11,867,820	11%	11,148,115	10%	-719,705	-1%
RBC - Instruments		0					
RBC - Account		11,867,820					
Toronto Dominion (R-1 High)	Open	11,929,367	11%	11,148,115	10%	-781,252	-1%
TD - Instruments		2,330,422					
TD - Account		9,598,945					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	1,241,394	1%	27,870,288	25%	26,628,894	24%
National Bank of Canada (R-1 Mid)	Open	640,007	1%	5,574,058	5%	4,934,051	4%
OMERS Realty Corporation (R-1 High)	Open	801,387	1%	5,574,058	5%	4,972,670	4%
CDP Financial Inc (R-1 High)	Open	0	0%	5,574,058	5%	5,574,058	5%
Desjardins Total		0	0%	5,574,058	5%	5,574,058	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centrale Desjardins (R-1 High)	Open	0					
Total Investments		108,150,037	98%				
Federal Government & its Guarantees							
Money Market		0	0%	22,298,230	20%	22,298,230	20%
Reserves - Bond Pool		0	0%	22,298,230	100%	22,298,230	20%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		2,331,053	2%	22,298,230	20%	19,965,177	18%
Money Market		2,331,053	2%	22,298,230	20%	19,965,177	18%
Alberta		2,331,053	2%	11,148,115	10%	8,817,062	8%
Alberta		774,900					
Alberta Capital Finance Authority		1,556,153					
Alberta Treasury Branches		0					
British Columbia		0	0%	11,148,115	10%	11,148,115	10%
Manitoba		0	0%	11,148,115	10%	11,148,115	10%
New Brunswick		0	0%	11,148,115	10%	11,148,115	10%
Ontario		0	0%	11,148,115	10%	11,148,115	10%
Quebec		0	0%	11,148,115	10%	11,148,115	10%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	11,148,115	10%	11,148,115	10%
Bond Pool		0	2%	22,298,230	20%	19,965,177	18%
Alberta		0	2%	11,148,115	10%	10,373,215	9%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	11,148,115	10%	11,148,115	10%
Manitoba		0	0%	11,148,115	10%	11,148,115	10%
New Brunswick		0	0%	11,148,115	10%	11,148,115	10%
Ontario		0	0%	11,148,115	10%	11,148,115	10%
Quebec		0	0%	11,148,115	10%	11,148,115	10%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	11,148,115	10%	11,148,115	10%
Total Fixed		2,331,053	2%	22,298,230	20%	19,965,177	18%
Total Investments		111,481,150					
Interest Bearing Bank Accounts - O/S Cheque Coverage		17,717,239					
Total Investments and O/S Cheques Coverage		129,198,389					

Capital Funds
Sector Weights @ March 31, 2014

	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	0	0%				
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	0%	0	25%	0	0%
Ontario (R-1 Mid)	Open	0	0%	0	25%	0	0%
Quebec (R-1 Mid)	Open	0	0%	0	25%	0	0%
Saskatchewan (R-1 High)	Open	0	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		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%
BMO - Instruments		0					
BMO - Account		0					
Bank of Nova Scotia (R-1 High)	Open	0	0%	0	10%	0	0%
Bank of Nova Scotia Effective Cash		0					
Bank of Nova Scotia - Notice Account		0					
Canadian Imperial Bank of Commerce (R-1 High)	Open	0	0%	0	10%	0	0%
CIBC - Instruments		0					
CIBC - Account		0					
Royal Bank (R-1 High)	Open	0	0%	0	10%	0	0%
RBC - Instruments		0					
RBC - Account		0					
Toronto Dominion (R-1 High)	Open	0	0%	0	10%	0	0%
TD - Instruments		0					
TD - Account		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%
Desjardins Total		0	0%	0	5%	0	0%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Investments		<u>0</u>	<u>0%</u>				
Federal Government & its Guarantees							
Money Market		0	0		20%	0	20%
Reserves - Bond Pool		0	0%	0	100%	0	0%
Canada Mortgage & Housing Corp.		0			100%		
Provincial Government & their Guarantees		0	0%	0	20%	0	0%
Money Market		0	0%	0	20%	0	0%
Alberta		0	0%	0	10%	0	0%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	0	10%	0	0%
Manitoba		0	0%	0	10%	0	0%
New Brunswick		0	0%	0	10%	0	0%
Ontario		0	0%	0	10%	0	0%
Quebec		0	0%	0	10%	0	0%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	0	10%	0	0%
Bond Pool		0	0%	0	20%	0	0%
Alberta		0	0%	0	10%	0	0%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	0	10%	0	0%
Manitoba		0	0%	0	10%	0	0%
New Brunswick		0	0%	0	10%	0	0%
Ontario		0	0%	0	10%	0	0%
Quebec		0	0%	0	10%	0	0%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	0	10%	0	0%
Total Fixed		<u>0</u>	<u>0%</u>	<u>0</u>	<u>20%</u>	<u>0</u>	<u>0%</u>
Total Investments		0					

Reserve Funds
Sector Weights @ March 31, 2014

SCHEDULE D

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	188,091,027	100%	184,102,312	98%
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	0	0%				
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	81,527,856	43%	188,091,027	100%	106,563,171	57%
Total Alberta (R-1 High)	Open	0	0%	47,022,757	25%	33,530,492	18%
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	37,958,514	20%	47,022,757	25%	6,871,786	4%
Manitoba (R-1 Mid)	Open	0	0%	47,022,757	25%	47,022,757	25%
New Brunswick (R-1 Mid)	Open	1,704,048	1%	47,022,757	25%	45,318,709	24%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open	0		47,022,757	25%	47,022,757	25%
Ontario (R-1 Mid)	Open	33,419,397	18%	47,022,757	25%	13,603,360	7%
Quebec (R-1 Mid)	Open	8,445,896	4%	47,022,757	25%	38,576,861	21%
Saskatchewan (R-1 High)	Open	0	0%	47,022,757	25%	47,022,757	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		47,022,757	25%	47,022,757	25%
Calgary (R-1 High)	Open	0		18,809,103	10%	18,809,103	10%
Financial Institutions & their Guarantees /Corporations		88,889,738	46%	94,045,514	50%	7,155,778	4%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	84,974,276	45%	94,045,514	50%	9,071,237	5%
Bank of Montreal (R-1 High)	Open	18,016,223	10%	18,809,103	10%	792,879	0%
BMO - Instruments		0					
BMO - Account		18,016,223					
Bank of Nova Scotia (R-1 High)	Open	11,884,734	6%	18,809,103	10%	6,924,368	4%
Bank of Nova Scotia - Effective Cash		-108,047					
Bank of Nova Scotia - Notice Account		11,992,781					
Canadian Imperial Bank of Commerce (R-1 High)	Open	18,354,479	10%	18,809,103	10%	454,624	0%
CIBC - Instruments		0					
CIBC - Account		18,354,479					
Royal Bank (R-1 High)	Open	18,311,936	10%	18,809,103	10%	497,167	0%
RBC - Instruments		0					
RBC - Account		18,311,936					
Toronto Dominion (R-1 High)	Open	18,406,904	10%	18,809,103	10%	402,199	0%
TD - Instruments		3,595,819					
TD - Account		14,811,084					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	1,915,459	1%	47,022,757	25%	45,107,287	24%
National Bank of Canada (R-1 Mid)	Open	987,525	1%	9,404,551	5%	8,417,027	4%
OMERS Realty Corporation (R-1 High)	Open	927,935	0%	9,404,551	5%	8,476,617	5%
CDP Financial Inc (R-1 High)	Open	0	0%	9,404,551	5%	9,404,551	5%
Desjardins Total		0	0%	9,404,551	5%	9,404,551	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centrale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		184,417,591	90%				
Federal Government & its Guarantees							
Money Market		0	0%	0	20%	0	0%
Reserves - Bond Pool		3,988,715	2%	188,091,027	100%	184,102,312	98%
Canada Mortgage & Housing Corp.		3,988,715					
Provincial Government & their Guarantees		15,884,721	8%	94,045,514	50%	78,360,793	42%
Money Market		3,596,794	8%	94,045,514	50%	78,360,793	42%
Alberta		3,596,794	7%	18,809,103	10%	5,316,838	3%
Alberta		1,195,664					
Alberta Capital Finance Authority		2,401,130					
Alberta Treasury Branches		0					
British Columbia		0	1%	18,809,103	10%	16,616,647	9%
Manitoba		0	0%	18,809,103	10%	18,809,103	10%
New Brunswick		0	0%	18,809,103	10%	18,809,103	10%
Ontario		0	0%	18,809,103	10%	18,809,103	10%
Quebec		0	0%	18,809,103	10%	18,809,103	10%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	18,809,103	10%	18,809,103	10%
Bond Pool		12,087,927	8%	94,045,514	50%	78,360,793	42%
Alberta		9,895,471	7%	18,809,103	10%	5,316,838	3%
Alberta		7,788,303					
Alberta Capital Finance Authority		2,097,168					
Alberta Treasury Branches		0					
British Columbia		2,192,456	1%	18,809,103	10%	16,616,647	9%
Manitoba		0	0%	18,809,103	10%	18,809,103	10%
New Brunswick		0	0%	18,809,103	10%	18,809,103	10%
Ontario		0	0%	18,809,103	10%	18,809,103	10%
Quebec		0	0%	18,809,103	10%	18,809,103	10%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	18,809,103	10%	18,809,103	10%
Total Fixed		19,673,436	10%	188,091,027	100%	168,417,591	90%
Total Investments		188,091,027					

Trust Funds
Sector Weights @ March 31, 2014

SCHEDULE E

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	3,374,092	100%	3,374,092	100%
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	0	0%				
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	1,596,145	47%	3,374,092	100%	1,777,947	53%
Total Alberta (R-1 High)	Open	0	0%	843,523	25%	773,105	23%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0	0%				
British Columbia (R-1 High)	Open	743,148	22%	843,523	25%	100,375	3%
Manitoba (R-1 Mid)	Open	0	0%	843,523	25%	843,523	25%
New Brunswick (R-1 Mid)	Open	33,362	1%	843,523	25%	810,161	24%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open	0	0%	843,523	25%	843,523	25%
Ontario (R-1 Mid)	Open	854,282	19%	843,523	25%	189,241	6%
Quebec (R-1 Mid)	Open	165,353	5%	843,523	25%	678,170	20%
Saskatchewan (R-1 High)	Open	0	0%	843,523	25%	843,523	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		843,523	25%	843,523	25%
Calgary (R-1 High)	Open			337,409	10%	337,409	10%
Financial Institutions & their Guarantees /Corporations		1,701,119	50%	1,687,046	50%	-14,073	0%
BA's Schedule A							
Canadian Banks R-1							
Tier 1 - Financial Institutions & their Guarantees	Mid	1,663,819	49%	1,687,046	50%	23,427	1%
Bank of Montreal (R-1 High)	Open	352,720	10%	337,409	10%	-15,311	0%
BMO - Instruments		0					
BMO - Account		352,720					
Bank of Nova Scotia (R-1 High)	Open	232,678	7%	337,409	10%	104,731	3%
Bank of Nova Scotia - Effective Cash		-2,115					
Bank of Nova Scotia - Notice Account		234,794					
Canadian Imperial Bank of Commerce (R-1 High)	Open	359,342	11%	337,409	10%	-21,933	-1%
CIBC - Instruments		0					
CIBC - Account		359,342					
Royal Bank (R-1 High)	Open	358,509	11%	337,409	10%	-21,100	-1%
RBC - Instruments		0					
RBC - Account		358,509					
Toronto Dominion (R-1 High)	Open	360,369	11%	337,409	10%	-22,959	-1%
TD - Instruments		70,399					
TD - Account		289,970					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	37,501	1%	843,523	25%	808,022	24%
National Bank of Canada (R-1 Mid)	Open	18,334	1%	168,705	5%	149,371	4%
OMERS Realty Corporation (R-1 High)	Open	18,167	1%	168,705	5%	150,538	4%
CDP Financial Inc (R-1 High)	Open	0	0%	168,705	5%	168,705	5%
Desjardins Total		0	0%	168,705	5%	168,705	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centrale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		3,297,284	98%				
Federal Government & its Guarantees							
Money Market		0	0%	0	20%	0	0%
Reserves - Bond Pool		0	0%	3,374,092	100%	3,374,092	100%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		70,418	2%	3,374,092	100%	3,303,674	98%
Money Market		70,418	100%	3,374,092	100%	3,303,674	98%
Alberta		70,418	2%	337,409	10%	266,991	8%
Alberta		23,409					
Alberta Capital Finance Authority		47,009					
Alberta Treasury Branches							
British Columbia		0	0%	337,409	10%	337,409	10%
Manitoba		0	0%	337,409	10%	337,409	10%
New Brunswick		0	0%	337,409	10%	337,409	10%
Ontario		0	0%	337,409	10%	337,409	10%
Quebec		0	0%	337,409	10%	337,409	10%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	337,409	10%	337,409	10%
Bond Pool		0	2%	3,374,092	100%	3,303,674	98%
Alberta		0	2%	337,409	10%	266,991	8%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	337,409	10%	337,409	10%
Manitoba		0	0%	337,409	10%	337,409	10%
New Brunswick		0	0%	337,409	10%	337,409	10%
Ontario		0	0%	337,409	10%	337,409	10%
Quebec		0	0%	337,409	10%	337,409	10%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	337,409	10%	337,409	10%
Total Fixed		70,418					
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		3,374,092					

Appendix A

Economic Statistics

	Canada	US
Unemployment Rate	Jan 7.0%, Feb 7.0%, Mar 6.9%	Jan 6.6%, Feb 6.7%, Mar 6.7%
Jobs Created / (Lost) ('000's)	Jan 29, Feb (7), Mar 43	Jan 144, Feb 197, Mar 192
CPI (year over year)	Jan 1.5%, Feb 1.1%, Mar 1.5%	Jan 1.6%, Feb 1.1%, Mar 1.5%
CPI-X (Core) (year over year)	Jan 1.4%, Feb 1.2%, Mar 1.3%	Jan 1.6%, Feb 1.6%, Mar 1.7%
GDP	TBA	Q1 A 0.1%

Central Bank Activities

- January 22nd Bank of Canada Maintains overnight rate at 1.0%
- January 29th U.S. Federal Open Market Committee maintains Target Range of 0% to .25%
- March 5th Bank of Canada Maintains overnight rate at 1.0%
- March 19th U.S. Federal Open Market Committee maintains Target Range of 0% to .25%

Appendix B

List of Eligible Investments

The Government of Canada & Its Guarantees:

Federal Government

Business Development Bank

Canada Mortgage & Housing Corporation

Canadian Wheat Board

Export Development Canada

Farm Credit Corporation

Provincial Governments & Their Guarantees:

The Province of Alberta & Its Guarantees

The Province of British Columbia & Its Guarantees

The Province of Manitoba & Its Guarantees

The Province of New Brunswick & Its Guarantees

The Province of Ontario & Its Guarantees

The Province of Quebec & Its Guarantees

The Province of Saskatchewan & Its Guarantees

The Province of Nova Scotia

Municipal Governments & Their Guarantees:

The Municipality of Calgary & Its Guarantees

Financial Institutions & Their Guarantees (Tier 1):

The Bank of Montreal & Its Guarantees

The Bank of Nova Scotia & Its Guarantees

Canadian Imperial Bank of Commerce & Its Guarantees

Royal Bank of Canada & Its Guarantees

Toronto Dominion Bank & Its Guarantees

Financial Institutions & Corporations (Tier 2):

Desjardins Group

Caisse Centrale Desjardins

CDP Financial Inc

National Bank of Canada

OMERS Finance Trust

Appendix C

Dominion Bond Rating Service (DBRS) Rating Scale

R-1 (high)

Short-term debt rated R-1 (high) is of the highest credit quality, and indicates an entity possessing unquestioned ability to repay current liabilities as they fall due. Entities rated in this category normally maintain strong liquidity positions, conservative debt levels, and profitability that is both stable and above average. Companies achieving an R-1 (high) rating are normally leaders in structurally sound industry segments with proven track records, sustainable positive future results, and no substantial qualifying negative factors. Given the extremely tough definition DBRS has established for an R-1 (high), few entities are strong enough to achieve this rating.

R-1 (middle)

Short-term debt rated R-1 (middle) is of superior credit quality and, in most cases, ratings in this category differ from R-1 (high) credits by only a small degree. Given the extremely tough definition DBRS has established for the R-1 (high) category, entities rated R-1 (middle) are also considered strong credits, and typically exemplify above average strength in key areas of consideration for the timely repayment of short-term liabilities.

R-1 (low)

Short-term debt rated R-1 (low) is of satisfactory credit quality. The overall strength and outlook for key liquidity, debt, and profitability ratios is not normally as favourable as with higher rating categories, but these considerations are still respectable. Any qualifying negative factors that exist are considered manageable, and the entity is normally of sufficient size to have some influence in its industry.