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Halifax Regional Council
September 27, 2005

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: Bill Karsten
Councillor Bill Karsten, Co-Chair Investment Policy Advisory Committee

Derek Tynski
Derek Tynski, Co-Chair, Investment Policy Advisory Committee

DATE: September 12, 2005

SUBJECT: **Investment Policy Advisory Committee Report - Quarter Ending
December 31, 2004**

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 December 31, 2004 and accepts the report and the findings contained in the report that the investment activities reported, with the exception of the variance noted below, are in full compliance with the Policy.

Staff report that due to investment maturities on December 31, 2004 the Sector Weight for the HRM Banker was exceeded for one business day by \$556,349 (10.2% versus the 10% weighting in the Policy). 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 @ December 31, 2004 (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
@ December 31, 2004

Schedule A

<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	\$199,331,645	79%	\$251,322,971	100%	\$51,991,326	21%
Federal Government	Open	\$180,229,799	72%				
Business Development Bank	Open	\$7,325,593	3%				
Canada Mortgage & Housing Corp.	Open	\$2,478,875	1%				
Canadian Wheat Board	Open	\$4,363,328	2%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$4,934,050	2%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$12,371,450	5%	\$251,322,971	100%	\$238,951,521	95%
Total Alberta (R-1 High)	Open	\$1,990,400	1%	\$62,830,743	25%	\$60,840,343	24%
Alberta (R-1 High)	Open						
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open	\$1,990,400					
British Columbia (R-1 Mid)	Open			\$62,830,743	25%	\$62,830,743	25%
Manitoba (R-1 Low)	Closed			\$62,830,743	25%	\$62,830,743	
New Brunswick (R-1 Low)	Closed			\$62,830,743	25%	\$62,830,743	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$62,830,743	25%	\$62,830,743	
Nova Scotia (R-1 Low)	Closed			\$62,830,743	25%	\$62,830,743	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$62,830,743	25%	\$62,830,743	
Ontario (R-1 Mid)	Open	\$10,381,050	4%	\$62,830,743	25%	\$52,449,693	21%
Prince Edward Island (R-1 Low)	Closed			\$62,830,743	25%	\$62,830,743	
Quebec (R-1 Low)	Closed			\$62,830,743	25%	\$62,830,743	
Saskatchewan (R-1 Low)	Closed			\$62,830,743	25%	\$62,830,743	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$62,830,743	25%	\$62,830,743	25%
Calgary (R-1 Mid)	Open			\$25,132,297	10%	\$25,132,297	10%
Edmonton (R-1 High)	Open			\$25,132,297	10%	\$25,132,297	10%
Winnipeg (R-1 Mid)	Open			\$25,132,297	10%	\$25,132,297	10%
BA's Schedule A							
Canadian Banks R-1							
Financial Institutions & their Guarantees	Mid	\$39,619,876	16%	\$62,830,743	25%	\$23,210,867	9%
Bank of Montreal (R-1 Mid)	Open	\$1,986,780	1%	\$25,132,297	10%	\$23,145,517	9%
Bank of Nova Scotia (R-1 Mid)	Open	\$5,969,250	2%	\$25,132,297	10%	\$19,163,047	8%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$1,986,520	1%	\$25,132,297	10%	\$23,145,777	9%
Laurentian Bank (R-1 Low)	Closed			\$25,132,297	10%	\$25,132,297	
National Bank of Canada (R-1 Low)	Closed			\$25,132,297	10%	\$25,132,297	
Royal Bank (R-1 Mid)	Open	\$0	10%	\$25,132,297	10%	(\$556,349)	-0%
Royal Bank 1 Day BA		\$25,688,646					
Toronto Dominion (R-1 Mid)	Open	\$3,988,680	2%	\$25,132,297	10%	\$21,143,617	8%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS		\$251,322,971	100%				
FIXED (Bonds, etc. over one year)							
Federal Government & its Guarantees		\$54,175					
Federal Government (AAA)		\$54,175					
Province of Nova Scotia (A-Low)		\$110,000,000					
TOTAL FIXED		\$110,054,175					
EQUITIES							
Bank of Montreal		\$6,410					
TOTAL EQUITIES		\$6,410					
TOTAL INVESTMENTS		\$361,383,556					
Interest Bearing Bank Accounts - O/S Cheque Coverage		\$12,308,395					
TOTAL INVESTMENTS & O/S Cheques Coverage		\$373,691,951					

Operating Fund
Sector Weights
@ December 31, 2004

Schedule B

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$71,861,061	79%	\$90,604,456	100%	\$18,743,395	21%
Federal Government	Open	\$64,974,653	72%				
Business Development Bank	Open	\$2,640,950	3%				
Canada Mortgage & Housing Corp.	Open	\$893,659	1%				
Canadian Wheat Board	Open	\$1,573,024	2%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$1,778,775	1%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$4,460,032	5%	\$90,604,456	100%	\$86,144,424	95%
Total Alberta (R-1 High)	Open	\$717,559	1%	\$22,651,114	25%	\$21,933,555	24%
Alberta (R-1 High)	Open						
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open	\$717,559					
British Columbia (R-1 Mid)	Open			\$22,651,114	25%	\$22,651,114	25%
Manitoba (R-1 Low)	Closed			\$22,651,114	25%	\$22,651,114	
New Brunswick (R-1 Low)	Closed			\$22,651,114	25%	\$22,651,114	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$22,651,114	25%	\$22,651,114	
Nova Scotia (R-1 Low)	Closed			\$22,651,114	25%	\$22,651,114	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$22,651,114	25%	\$22,651,114	
Ontario (R-1 Mid)	Open	\$3,742,473	4%	\$22,651,114	25%	\$18,908,641	21%
Prince Edward Island (R-1 Low)	Closed			\$22,651,114	25%	\$22,651,114	
Quebec (R-1 Low)	Closed			\$22,651,114	25%	\$22,651,114	
Saskatchewan (R-1 Low)	Closed			\$22,651,114	25%	\$22,651,114	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$22,651,114	25%	\$22,651,114	25%
Calgary (R-1 Mid)	Open			\$9,060,446	10%	\$9,060,446	10%
Edmonton (R-1 High)	Open			\$9,060,446	10%	\$9,060,446	10%
Winnipeg (R-1 Mid)	Open			\$9,060,446	10%	\$9,060,446	10%
BA's Schedule A							
Canadian Banks R-1							
Financial Institutions & their Guarantees	Mid	\$14,283,363	16%	\$22,651,114	25%	\$8,367,751	9%
Bank of Montreal (R-1 Mid)	Open	\$716,254	1%	\$9,060,446	10%	\$8,344,191	9%
Bank of Nova Scotia (R-1 Mid)	Open	\$2,151,975	2%	\$9,060,446	10%	\$6,908,471	8%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$716,160	1%	\$9,060,446	10%	\$8,344,285	9%
Laurentian Bank (R-1 Low)	Closed			\$9,060,446	10%	\$9,060,446	
National Bank of Canada (R-1 Low)	Closed			\$9,060,446	10%	\$9,060,446	
Royal Bank (R-1 Mid)	Open	\$0	10%	\$9,060,446	10%	(\$200,569)	-0%
Royal Bank 1 Day BA		\$9,261,015					
Toronto Dominion (R-1 Mid)	Open	\$1,437,959	2%	\$9,060,446	10%	\$7,622,486	8%
Corporations & their Guarantees	Closed						
FIXED (Bonds, etc. over one year)	Closed						
Total Investments		\$90,604,456	100%				
Interest Bearing Bank Accounts - O/S Cheque Coverage		\$12,308,395					
Total Cash and Investments		\$102,912,851					

**Capital Fund
Sector Weights
@ December 31, 2004**

Schedule C

<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	\$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 Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open	\$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	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
@ December 31, 2004**

Schedule D

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$125,266,344	47%	\$267,939,347	100%	\$142,673,003	53%
Federal Government	Open	\$113,262,137	42%				
Business Development Bank	Open	\$4,603,636	2%				
Canada Mortgage & Housing Corp.	Open	\$1,557,804	1%				
Canadian Wheat Board	Open	\$2,742,054	1%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$3,100,714	1%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$7,774,613	3%	\$267,939,347	100%	\$260,164,734	97%
Total Alberta (R-1 High)	Open	\$1,250,831	0%	\$66,984,837	25%	\$65,734,006	25%
Alberta (R-1 High)	Open						
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open	\$1,250,831					
British Columbia (R-1 Mid)	Open			\$66,984,837	25%	\$66,984,837	25%
Manitoba (R-1 Low)	Closed			\$66,984,837	25%	\$66,984,837	
New Brunswick (R-1 Low)	Closed			\$66,984,837	25%	\$66,984,837	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$66,984,837	25%	\$66,984,837	
Nova Scotia (R-1 Low)	Closed			\$66,984,837	25%	\$66,984,837	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$66,984,837	25%	\$66,984,837	
Ontario (R-1 Mid)	Open	\$6,523,782	2%	\$66,984,837	25%	\$60,461,055	23%
Prince Edward Island (R-1 Low)	Closed			\$66,984,837	25%	\$66,984,837	
Quebec (R-1 Low)	Closed			\$66,984,837	25%	\$66,984,837	
Saskatchewan (R-1 Low)	Closed			\$66,984,837	25%	\$66,984,837	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$66,984,837	25%	\$66,984,837	25%
Calgary (R-1 Mid)	Open			\$26,793,935	10%	\$26,793,935	10%
Edmonton (R-1 High)	Open			\$26,793,935	10%	\$26,793,935	10%
Winnipeg (R-1 Mid)	Open			\$26,793,935	10%	\$26,793,935	10%
BA's Schedule A							
Canadian Banks R-1							
Financial Institutions & their Guarantees	Mid	\$24,898,390	9%	\$66,984,837	25%	\$42,086,447	16%
Bank of Montreal (R-1 Mid)	Open	\$1,248,556	0%	\$26,793,935	10%	\$25,545,379	10%
Bank of Nova Scotia (R-1 Mid)	Open	\$3,751,267	1%	\$26,793,935	10%	\$23,042,668	9%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$1,248,392	0%	\$26,793,935	10%	\$25,545,542	10%
Laurentian Bank (R-1 Low)	Closed			\$26,793,935	10%	\$26,793,935	
National Bank of Canada (R-1 Low)	Closed			\$26,793,935	10%	\$26,793,935	
Royal Bank (R-1 Mid)	Open	\$0	6%	\$26,793,935	10%	\$10,650,373	4%
Royal Bank 1 Day BA		\$16,143,562					
Toronto Dominion (R-1 Mid)	Open	\$2,506,613	1%	\$26,793,935	10%	\$24,287,321	9%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS		\$157,939,347	59%				
FIXED (Bonds, etc. over one year)	Open (Special)						
Province of Nova Scotia (A-Low)		\$110,000,000	41%				
Total Investments		\$267,939,347	100%				

**Trust Funds
Sector Weights
@ December 31, 2004**

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	\$2,204,240	78%	\$2,839,753	100%	\$635,513	22%
Federal Government	Open	\$1,993,009	70%				
Business Development Bank	Open	\$81,008	3%				
Canada Mortgage & Housing Corp.	Open	\$27,412	1%				
Canadian Wheat Board	Open	\$48,250	2%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$54,561	2%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$136,805	5%	\$2,839,753	100%	\$2,702,948	95%
Total Alberta (R-1 High)	Open	\$22,010	1%	\$709,938	25%	\$687,928	24%
Alberta (R-1 High)	Open						
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open	\$22,010					
British Columbia (R-1 Mid)	Open			\$709,938	25%	\$709,938	25%
Manitoba (R-1 Low)	Closed			\$709,938	25%	\$709,938	
New Brunswick (R-1 Low)	Closed			\$709,938	25%	\$709,938	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$709,938	25%	\$709,938	
Nova Scotia (R-1 Low)	Closed			\$709,938	25%	\$709,938	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$709,938	25%	\$709,938	
Ontario (R-1 Mid)	Open	\$114,795	4%	\$709,938	25%	\$595,143	21%
Prince Edward Island (R-1 Low)	Closed			\$709,938	25%	\$709,938	
Quebec (R-1 Low)	Closed			\$709,938	25%	\$709,938	
Saskatchewan (R-1 Low)	Closed			\$709,938	25%	\$709,938	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0	0%	\$709,938	25%	\$709,938	25%
Calgary (R-1 Mid)	Open			\$283,975	10%	\$283,975	0%
Edmonton (R-1 High)	Open			\$283,975	10%	\$283,975	0%
Winnipeg (R-1 Mid)	Open			\$283,975	10%	\$283,975	0%
BA's Schedule A Canadian Banks R-1							
Financial Institutions & their Guarantees	Mid	\$438,123	15%	\$709,938	25%	\$271,816	10%
Bank of Montreal (R-1 Mid)	Open	\$21,970	1%	\$283,975	10%	\$262,005	9%
Bank of Nova Scotia (R-1 Mid)	Open	\$66,009	2%	\$283,975	10%	\$217,966	8%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$21,967	1%	\$283,975	10%	\$262,008	9%
Laurentian Bank (R-1 Low)	Closed			\$283,975	10%	\$283,975	
National Bank of Canada (R-1 Low)	Closed			\$283,975	10%	\$283,975	
Royal Bank (R-1 Mid)	Open	\$0 }	10%	\$283,975	10%	(\$94)	-0%
Royal Bank 1 Day BA		\$284,069 }					
Toronto Dominion (R-1 Mid)	Open	\$44,107	2%	\$283,975	10%	\$239,868	8%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS		\$2,779,168	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		\$2,839,753	100%				