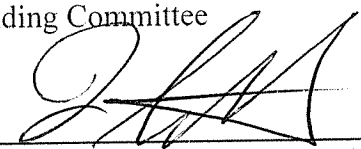


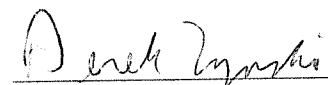


P.O. Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

**Audit and Finance Standing Committee  
March 21, 2012**

**TO:** Councillor Russell Walker, Chair, and Members of the Audit and Finance Standing Committee

**SUBMITTED BY:**   
Councillor Tim Outhit, Co-Chair, Investment Policy Advisory Committee

  
Derek Tynski, Co-Chair, Investment Policy Advisory Committee

**DATE:** February 27, 2011

**SUBJECT:** Investment Policy Advisory Committee Report – Quarter Ending December 31, 2011

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**RECOMMENDATION 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.

**RECOMMENDATION**

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

## **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, 2008 and 2010. Amendments to the Policy were approved by Council in early 2012 and are currently before the Minister.

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 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, 2011 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.

## **BUDGET IMPLICATIONS**

N/A

## **FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

### **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.

### **ALTERNATIVES**

N/A

### **ATTACHMENTS**

Sector Weight Schedules @ December, 2011 (Schedules A,B,C,D & E)

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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, Co-Chair, Investment Policy Advisory Committee, 490-6471

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## Sector Weights @ December 31, 2011

## SCHEDULE A

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
<b>CASH &amp; EQUIVALENTS</b>							
Federal Government & its Guarantees	Open	17,809,510	6%	306,054,617	100%	284,266,311	93%
Federal Government	Open	17,809,510	6%				
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	138,206,077	45%	306,054,617	100%	167,848,540	55%
Total Alberta (R-1 High)	Open	0	3%	76,513,654	25%	67,460,414	22%
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	38,174,554	12%	76,513,654	25%	38,339,100	13%
Manitoba (R-1 Mid)	Open	16,821,513	5%	76,513,654	25%	59,692,141	20%
New Brunswick (R-1 Mid)	Open	0	0%	76,513,654	25%	76,513,654	25%
Ontario (R-1 Mid)	Open	39,865,683	13%	76,513,654	25%	36,647,971	12%
Quebec (R-1 Mid)	Open	43,344,327	14%	76,513,654	25%	33,169,327	11%
Quebec		6,980,530					
Financement Quebec		23,857,120					
Hydro Quebec		12,506,677					
Saskatchewan (R-1 High)	Open	0	0%	76,513,654	25%	76,513,654	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		76,513,654	25%	76,513,654	25%
Calgary (R-1 High)	Open			30,605,462	10%	30,605,462	10%
Edmonton (R-1 High)	Open			30,605,462	10%	30,605,462	10%
Financial Institutions & their Guarantees /Corporations		137,000,584	45%	153,027,309	50%	16,026,724	5%
<b>BA's Schedule A</b>							
<b>Canadian Banks R-1</b>							
Tier 1 - Financial Institutions & their Guarantees	Mid	106,498,996	35%	153,027,309	50%	46,528,312	15%
Bank of Montreal (R-1 High)	Open	28,725,874	9%	30,605,462	10%	1,879,588	1%
Bank of Nova Scotia (R-1 High)	Open	20,852,493	7%	30,605,462	10%	9,752,969	3%
Canadian Imperial Bank of Commerce (R-1 High)	Open	26,648,468	9%	30,605,462	10%	3,956,994	1%
Royal Bank (R-1 High)	Open	0	5%	30,605,462	10%	16,295,901	5%
Royal Bank - Effective Cash		14,309,561					
Toronto Dominion (R-1 High)	Open	15,962,600	5%	30,605,462	10%	14,642,862	5%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	30,501,588	10%	76,513,654	25%	46,012,066	15%
National Bank of Canada (R-1 Mid)	Open	13,991,286	5%	15,302,731	5%	1,311,445	0%
OMERS Realty Corporation (R-1 High)	Open	6,981,250	2%	15,302,731	5%	8,321,481	3%
CDP Financial Inc (R-1 High)	Open	0	0%	15,302,731	5%	15,302,731	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	2,983,640	1%	15,302,731	5%	12,309,091	4%
Desjardins Total		6,535,412	2%	15,302,731	5%	8,767,319	3%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	6,535,412					
<b>Total Cash and Equivalents</b>		<b>293,016,171</b>	<b>96%</b>				
<b>FIXED (Bonds, etc. over one year)</b>							
Federal Government		3,978,796	1%	61,210,923	20%	57,232,127	19%
Money Market							
Bond Pool		3,978,796					
Provincial Government & their Guarantees		9,053,240	3%	61,210,923	20%	52,157,683	17%
Money Market		8,013,656	3%	61,210,923	20%	52,157,683	17%
Alberta		8,013,656	3%	30,605,462	10%	21,552,222	7%
Alberta		1,989,850					
Alberta Capital Finance Authority		6,023,806					
Alberta Treasury Branches							
British Columbia		0	0%	30,605,462	10%	30,605,462	10%
Manitoba		0	0%	30,605,462	10%	30,605,462	10%
New Brunswick		0	0%	30,605,462	10%	30,605,462	10%
Ontario		0	0%	30,605,462	10%	30,605,462	10%
Quebec		0	0%	30,605,462	10%	30,605,462	10%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	30,605,462	10%	30,605,462	10%
Bond Pool		1,039,584	3%	61,210,923	20%	52,157,683	17%
Alberta		1,039,584	3%	30,605,462	10%	21,552,222	7%
Alberta							
Alberta Capital Finance Authority		1,039,584					
Alberta Treasury Branches							
British Columbia		0	0%	30,605,462	10%	30,605,462	10%
Manitoba		0	0%	30,605,462	10%	30,605,462	10%
New Brunswick		0	0%	30,605,462	10%	30,605,462	10%
Ontario		0	0%	30,605,462	10%	30,605,462	10%
Quebec		0	0%	30,605,462	10%	30,605,462	10%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	30,605,462	10%	30,605,462	10%
<b>Total Fixed</b>		<b>13,032,036</b>	<b>4%</b>	<b>61,210,923</b>	<b>20%</b>	<b>48,178,887</b>	<b>16%</b>
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		306,054,617					
Interest Bearing Bank Accounts - O/S Cheque Coverage		13,194,650					
<b>Total Investments and O/S Cheques Coverage</b>		<b>319,249,267</b>					

SCHEDULE C

Capital Funds  
Sector Weights  
Sector Weights @ December 31, 2011

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
<b>CASH &amp; EQUIVALENTS</b>							
<b>Federal Government &amp; its Guarantees</b>	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%				
<b>Provincial Governments &amp; their Guarantees</b>	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 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	25%	0	0%
<b>Municipal Governments &amp; their Guarantees*</b>	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%
<b>Financial Institutions &amp; their Guarantees /Corporations</b>		0	0%	0	50%	0	0%
	BA's Schedule A						
<b>Tier 1 - Financial Institutions &amp; their Guarantees</b>	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%
<b>Tier 2 - Financial Institutions &amp; Corporations</b>	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					
		0					
		-					
<b>Total Investments</b>		<u>0</u>	<u>0%</u>				
<b>FIXED (Bonds, etc. over one year)</b>							
Federal Government		0	0%	0	20%	0	0%
Money Market		0					
Bond Pool		0					
<b>Provincial Government &amp; their Guarantees</b>		0	0%	0	20%	0	0%
Money Market		0	0%	0	20%	0	0%
Alberta		0	0%	0	10%	0	0%
Alberta							
Alberta Capital Finance Authority		0					
Alberta Treasury Branches							
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		0	10%	0	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		0	10%	0	0%
Saskatchewan		0	0%	0	10%	0	0%
<b>Total Fixed</b>		<u>0</u>	<u>0%</u>	<u>0</u>	<u>20%</u>	<u>0</u>	<u>0%</u>
<b>Total Investments</b>		0					

Trust Funds  
Sector Weights  
Sector Weights @ December 31, 2011

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
<b>CASH &amp; EQUIVALENTS</b>							
Federal Government & its Guarantees	Open	198,490	6%	3,361,443	100%	3,162,952	94%
Federal Government	Open	198,490	6%				
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	1,540,332	46%	3,361,443	100%	1,821,111	54%
Total Alberta (R-1 High)	Open	0	2%	840,361	25%	751,047	22%
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	425,462	13%	840,361	25%	414,898	12%
Manitoba (R-1 Mid)	Open	187,479	6%	840,361	25%	652,882	19%
New Brunswick (R-1 Mid)	Open	0	0%	840,361	25%	840,361	25%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open	0	0%	840,361	25%	840,361	25%
Ontario (R-1 Mid)	Open	444,310	16%	840,361	25%	396,050	12%
Quebec (R-1 Mid)	Open	483,080	14%	840,361	25%	357,280	11%
Saskatchewan (R-1 High)	Open	0	0%	840,361	25%	840,361	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		840,361	25%	840,361	25%
Calgary (R-1 High)	Open	0		336,144	10%	336,144	10%
Edmonton (R-1 High)	Open	0		336,144	10%	336,144	10%
Financial Institutions & their Guarantees /Corporations		1,526,897	45%	1,680,721	50%	153,825	5%
BA's Schedule A							
Canadian Banks R-1							
Tier 1 - Financial Institutions & their Guarantees	Mid	1,186,951	35%	1,680,721	50%	493,770	15%
Bank of Montreal (R-1 High)	Open	320,155	10%	336,144	10%	15,989	0%
Bank of Nova Scotia (R-1 High)	Open	232,405	7%	336,144	10%	103,739	3%
Canadian Imperial Bank of Commerce (R-1 High)	Open	297,002	9%	336,144	10%	39,142	1%
Royal Bank (R-1 High)	Open	0	5%	336,144	10%	176,662	5%
Royal Bank - Effective Cash		159,483					
Toronto Dominion (R-1 High)	Open	177,906	5%	336,144	10%	158,238	5%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	339,946	10%	840,361	25%	500,415	15%
National Bank of Canada (R-1 Mid)	Open	155,935	5%	168,072	5%	12,137	0%
OMERS Realty Corporation (R-1 High)	Open	77,807	2%	168,072	5%	90,265	3%
CDP Financial Inc (R-1 High)	Open	0	0%	168,072	5%	168,072	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	33,365	1%	168,072	5%	134,707	4%
Desjardins Total		72,838	2%	168,072	5%	95,234	3%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	72,838					
<b>Total Cash and Equivalents</b>		<b>3,265,719</b>	<b>97%</b>				
<b>FIXED (Bonds, etc. over one year)</b>							
Federal Government	0	0%	3,361,443	100%	3,361,443	100%	
Money Market	0						
Bond Pool	0						
Provincial Government & their Guarantees	89,314	3%	3,361,443	100%	3,272,129	97%	
Money Market	89,314	100%	3,361,443	100%	3,272,129	97%	
Alberta	89,314	3%	336,144	10%	246,831	7%	
Alberta	22,177						
Alberta Capital Finance Authority	67,136						
Alberta Treasury Branches							
British Columbia	0	0%	336,144	10%	336,144	10%	
Manitoba	0	0%	336,144	10%	336,144	10%	
New Brunswick	0	0%	336,144	10%	336,144	10%	
Ontario	0	0%	336,144	10%	336,144	10%	
Quebec	0	0%	336,144	10%	336,144	10%	
Quebec	0						
Financement Quebec	0						
Saskatchewan	0	0%	336,144	10%	336,144	10%	
Bond Pool	0	3%	3,361,443	100%	3,272,129	97%	
Alberta	0	3%	336,144	10%	246,831	7%	
Alberta	0						
Alberta Capital Finance Authority	0						
Alberta Treasury Branches	0						
British Columbia	0	0%	336,144	10%	336,144	10%	
Manitoba	0	0%	336,144	10%	336,144	10%	
New Brunswick	0	0%	336,144	10%	336,144	10%	
Ontario	0	0%	336,144	10%	336,144	10%	
Quebec	0	0%	336,144	10%	336,144	10%	
Quebec	0						
Financement Quebec	0						
Saskatchewan	0	0%	336,144	10%	336,144	10%	
<b>Total Fixed</b>		<b>89,314</b>					
<b>Equities</b>							
Bank of Montreal		6,410					
<b>Total Equities</b>		<b>6,410</b>					
<b>Total Investments</b>		<b>3,361,443</b>					