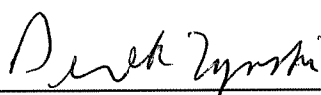




PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Halifax Regional Council
November 16, 2004

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: 
Derek Tynski, Chair, Investment Policy Advisory Committee

DATE: November 2, 2004

SUBJECT: **Investment Policy Advisory Committee Report - Quarter Ending June 30, 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 June 30, 2004 and accepts the report and the findings contained in the report that the investment activities reported are in compliance with the Policy.

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 @ June 30, 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: Investment Policy Advisory Committee

Report Prepared by: Derek Tynski, Chair, Investment Policy Advisory Committee

490-6471

**Total Investments
Sector Weights
@ June 30, 2004**

Schedule A

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$179,467,800	77%	\$232,240,321	100%	\$52,772,521	23%
Federal Government	Open	\$143,669,110	62%				
Business Development Bank	Open	\$10,946,730	5%				
Canada Mortgage & Housing Corp	Open	\$0	0%				
Canadian Wheat Board	Open	\$13,926,310	6%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$10,925,650	5%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$27,745,110	12%	\$232,240,321	100%	\$204,495,211	88%
Total Alberta (R-1 High)	Open	\$0	0%	\$58,060,080	25%	\$58,060,080	25%
Alberta (R-1 High)	Open	\$0					
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open						
British Columbia (R-1 Mid)	Open			\$58,060,080	25%	\$58,060,080	25%
Manitoba (R-1 Low)	Closed			\$58,060,080	25%	\$58,060,080	
New Brunswick (R-1 Low)	Closed			\$58,060,080	25%	\$58,060,080	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$58,060,080	25%	\$58,060,080	
Nova Scotia (R-1 Low)	Closed			\$58,060,080	25%	\$58,060,080	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$58,060,080	25%	\$58,060,080	
Ontario (R-1 Mid)	Open	\$27,745,110	12%	\$58,060,080	25%	\$30,314,970	13%
Prince Edward Island (R-1 Low)	Closed			\$58,060,080	25%	\$58,060,080	
Quebec (R-1 Low)	Closed			\$58,060,080	25%	\$58,060,080	
Saskatchewan (R-1 Low)	Closed			\$58,060,080	25%	\$58,060,080	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$58,060,080	25%	\$58,060,080	25%
Calgary (R-1 Mid)	Open			\$23,224,032	10%	\$23,224,032	10%
Edmonton (R-1 High)	Open			\$23,224,032	10%	\$23,224,032	10%
Winnipeg (R-1 Mid)	Open			\$23,224,032	10%	\$23,224,032	10%
BA's Schedule A							
Financial Institutions & their Guarantees	Mid	\$25,027,411	11%	\$58,060,080	25%	\$33,032,669	14%
Bank of Montreal (R-1 Mid)	Open	\$0	0%	\$23,224,032	10%	\$23,224,032	10%
Bank of Nova Scotia (R-1 Mid)	Open	\$6,982,240	3%	\$23,224,032	10%	\$16,241,792	7%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$7,606,922	3%	\$23,224,032	10%	\$15,617,110	7%
Laurentian Bank (R-1 Low)	Closed			\$23,224,032	10%	\$23,224,032	
National Bank of Canada (R-1 Low)	Closed			\$23,224,032	10%	\$23,224,032	
Royal Bank (R-1 Mid)	Open	\$0	4%	\$23,224,032	10%	\$12,785,783	6%
Royal Bank 1 Day BA		\$10,438,249					
Toronto Dominion (R-1 Mid)	Open	\$0	0%	\$23,224,032	10%	\$23,224,032	10%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS		\$232,240,321	100%				
FIXED (Bonds, etc. over one year)							
Federal Government & its Guarantees		\$2,950,675					
Federal Government		\$2,950,675					
TOTAL FIXED		\$2,950,675					
EQUITIES							
Bank of Montreal		\$6,410					
TOTAL EQUITIES		\$6,410					
TOTAL INVESTMENTS		\$235,197,406					
Interest Bearing Bank Accounts - O/S Cheque Coverage		\$22,678,705					
TOTAL INVESTMENTS & O/S Cheques Coverage		\$257,876,111					

**Operating Fund
Sector Weights
@ June 30, 2004**

Schedule B

<u>Category 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	\$58,598,332	76%	\$76,774,917	100%	\$18,176,585	24%
Federal Government	Open	\$46,909,642	61%				
Business Development Bank	Open	\$3,574,235	5%				
Canada Mortgage & Housing Corp	Open	\$0	0%				
Canadian Wheat Board	Open	\$4,547,103	6%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$3,567,352	2%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$9,059,102	12%	\$76,774,917	100%	\$67,715,815	88%
Total Alberta (R-1 High)	Open	\$0	0%	\$19,193,729	25%	\$19,193,729	25%
Alberta (R-1 High)	Open	\$0					
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open						
British Columbia (R-1 Mid)	Open			\$19,193,729	25%	\$19,193,729	25%
Manitoba (R-1 Low)	Closed			\$19,193,729	25%	\$19,193,729	
New Brunswick (R-1 Low)	Closed			\$19,193,729	25%	\$19,193,729	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$19,193,729	25%	\$19,193,729	
Nova Scotia (R-1 Low)	Closed			\$19,193,729	25%	\$19,193,729	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$19,193,729	25%	\$19,193,729	
Ontario (R-1 Mid)	Open	\$9,059,102	12%	\$19,193,729	25%	\$10,134,627	13%
Prince Edward Island (R-1 Low)	Closed			\$19,193,729	25%	\$19,193,729	
Quebec (R-1 Low)	Closed			\$19,193,729	25%	\$19,193,729	
Saskatchewan (R-1 Low)	Closed			\$19,193,729	25%	\$19,193,729	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$19,193,729	25%	\$19,193,729	25%
Calgary (R-1 Mid)	Open			\$7,677,492	10%	\$7,677,492	10%
Edmonton (R-1 High)	Open			\$7,677,492	10%	\$7,677,492	10%
Winnipeg (R-1 Mid)	Open			\$7,677,492	10%	\$7,677,492	10%
BA's Schedule A							
Financial Institutions & their Guarantees	Mid	\$8,171,742	11%	\$19,193,729	25%	\$11,021,987	14%
Bank of Montreal (R-1 Mid)	Open	\$0	0%	\$7,677,492	10%	\$7,677,492	10%
Bank of Nova Scotia (R-1 Mid)	Open	\$2,279,783	3%	\$7,677,492	10%	\$5,397,709	7%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$2,483,749	3%	\$7,677,492	10%	\$5,193,743	7%
Laurentian Bank (R-1 Low)	Closed			\$7,677,492	10%	\$7,677,492	
National Bank of Canada (R-1 Low)	Closed			\$7,677,492	10%	\$7,677,492	
Royal Bank (R-1 Mid)	Open	\$0	4%	\$7,677,492	10%	\$4,269,281	6%
Royal Bank 1 Day BA		\$3,408,210					
Toronto Dominion (R-1 Mid)	Open	\$0	0%	\$7,677,492	10%	\$7,677,492	10%
Corporations & their Guarantees	Closed						
FIXED (Bonds, etc. over one year)		\$945,741	1%	\$7,677,492	10%	\$6,731,751	9%
Federal Government		\$945,741	1%	\$7,677,492	10%	\$6,731,751	9%
Total Investments		\$76,774,917	100%				
Interest Bearing Bank Accounts - O/S Cheque Coverage		\$22,678,705					
Total Cash and Investments		\$99,453,622					

**Capital Fund
Sector Weights
@ June 30, 2004**

Schedule C

	<u>Category 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	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)	Open						
Total Investments		\$0	0%				
Interest Bearing Bank Accounts - O/S Cheque Coverage		\$0	*				
Total Cash and Investments		\$0					

**Reserve Funds
Sector Weights
@ June 30, 2004**

Schedule D

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$118,777,418	76%	\$155,620,922	100%	\$36,843,504	24%
Federal Government	Open	\$95,084,722	61%				
Business Development Bank	Open	\$7,244,889	5%				
Canada Mortgage & Housing Corp.	Open	\$0	0%				
Canadian Wheat Board	Open	\$9,216,869	6%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$7,230,938	5%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$18,362,584	12%	\$155,620,922	100%	\$137,258,338	88%
Total Alberta (R-1 High)	Open	\$0	0%	\$38,905,231	25%	\$38,905,231	25%
Alberta (R-1 High)	Open	\$0					
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open						
British Columbia (R-1 Mid)	Open			\$38,905,231	25%	\$38,905,231	25%
Manitoba (R-1 Low)	Closed			\$38,905,231	25%	\$38,905,231	
New Brunswick (R-1 Low)	Closed			\$38,905,231	25%	\$38,905,231	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$38,905,231	25%	\$38,905,231	
Nova Scotia (R-1 Low)	Closed			\$38,905,231	25%	\$38,905,231	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$38,905,231	25%	\$38,905,231	
Ontario (R-1 Mid)	Open	\$18,362,584	12%	\$38,905,231	25%	\$20,542,647	13%
Prince Edward Island (R-1 Low)	Closed			\$38,905,231	25%	\$38,905,231	
Quebec (R-1 Low)	Closed			\$38,905,231	25%	\$38,905,231	
Saskatchewan (R-1 Low)	Closed			\$38,905,231	25%	\$38,905,231	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$38,905,231	25%	\$38,905,231	25%
Calgary (R-1 Mid)	Open			\$15,562,092	10%	\$15,562,092	10%
Edmonton (R-1 High)	Open			\$15,562,092	10%	\$15,562,092	10%
Winnipeg (R-1 Mid)	Open			\$15,562,092	10%	\$15,562,092	10%
BA's Schedule A Canadian Banks R-1							
Financial Institutions & their Guarantees	Mid	\$16,563,925	11%	\$38,905,231	25%	\$22,341,305	14%
Bank of Montreal (R-1 Mid)	Open	\$0	0%	\$15,562,092	10%	\$15,562,092	10%
Bank of Nova Scotia (R-1 Mid)	Open	\$4,621,065	3%	\$15,562,092	10%	\$10,941,027	7%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$5,034,500	3%	\$15,562,092	10%	\$10,527,593	7%
Laurentian Bank (R-1 Low)	Closed			\$15,562,092	10%	\$15,562,092	
National Bank of Canada (R-1 Low)	Closed			\$15,562,092	10%	\$15,562,092	
Royal Bank (R-1 Mid)	Open	\$0	4%	\$15,562,092	10%	\$8,653,732	6%
Royal Bank 1 Day BA		\$6,908,361					
Toronto Dominion (R-1 Mid)	Open	\$0	0%	\$15,562,092	10%	\$15,562,092	10%
Corporations & their Guarantees	Closed						
FIXED (Bonds, etc. over one year)		\$1,916,995	1%	\$155,620,922	100%	\$153,703,927	99%
Federal Government		\$1,916,995	1%	\$155,620,922	100%	\$153,703,927	99%
Total Investments		\$155,620,922	100%				

**Trust Funds
Sector Weights
@ June 30, 2004**

Schedule E

	<u>Category 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	\$2,092,050	75%	\$2,801,567	100%	\$709,517	25%
Federal Government	Open	\$1,674,746	60%				
Business Development Bank	Open	\$127,606	5%				
Canada Mortgage & Housing Corp.	Open	\$0	0%				
Canadian Wheat Board	Open	\$162,339	6%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$127,360	5%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$323,424	12%	\$2,801,567	100%	\$2,478,143	88%
Total Alberta (R-1 High)	Open	\$0	0%	\$700,392	25%	\$700,392	25%
Alberta (R-1 High)	Open	\$0					
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open						
British Columbia (R-1 Mid)	Open			\$700,392	25%	\$700,392	25%
Manitoba (R-1 Low)	Closed			\$700,392	25%	\$700,392	
New Brunswick (R-1 Low)	Closed			\$700,392	25%	\$700,392	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$700,392	25%	\$700,392	
Nova Scotia (R-1 Low)	Closed			\$700,392	25%	\$700,392	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$700,392	25%	\$700,392	
Ontario (R-1 Mid)	Open	\$323,424	12%	\$700,392	25%	\$376,968	13%
Prince Edward Island (R-1 Low)	Closed			\$700,392	25%	\$700,392	
Quebec (R-1 Low)	Closed			\$700,392	25%	\$700,392	
Saskatchewan (R-1 Low)	Closed			\$700,392	25%	\$700,392	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0	0%	\$700,392	25%	\$700,392	25%
Calgary (R-1 Mid)	Open			\$280,157	10%	\$280,157	0%
Edmonton (R-1 High)	Open			\$280,157	10%	\$280,157	0%
Winnipeg (R-1 Mid)	Open			\$280,157	10%	\$280,157	0%
	BA's Schedule A Canadian Banks R-1						
Financial Institutions & their Guarantees	Mid	\$291,744	10%	\$700,392	25%	\$408,648	15%
Bank of Montreal (R-1 Mid)	Open	\$0	0%	\$280,157	10%	\$280,157	10%
Bank of Nova Scotia (R-1 Mid)	Open	\$81,392	3%	\$280,157	10%	\$198,765	7%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$88,674	3%	\$280,157	10%	\$191,483	7%
Laurentian Bank (R-1 Low)	Closed			\$280,157	10%	\$280,157	
National Bank of Canada (R-1 Low)	Closed			\$280,157	10%	\$280,157	
Royal Bank (R-1 Mid)	Open	\$0	4%	\$280,157	10%	\$158,478	6%
Royal Bank 1 Day BA		\$121,678					
Toronto Dominion (R-1 Mid)	Open	\$0	0%	\$280,157	10%	\$280,157	10%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS		\$2,707,218	97%				
FIXED (Bonds, etc. over one year)							
Federal Government & its Guarantees		\$87,939	3%	\$2,801,567	100%	\$2,713,628	97%
Federal Government		\$87,939	3%	\$2,801,567	100%	\$2,713,628	97%
TOTAL FIXED		\$87,939	3%				
EQUITIES							
Bank of Montreal		\$6,410	0%				
TOTAL EQUITIES							
Total Investments		\$2,801,567	100%				