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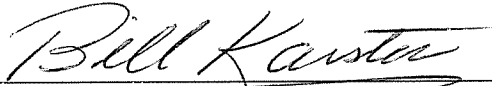



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Halifax Regional Council
May 17, 2004

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: May 5, 2005

SUBJECT: Investment Policy Advisory Committee Report - Quarter Ending
September 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 September 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 @ September 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 Prepared by: Derek Tynski, Co-Chair, Investment Policy Advisory Committee

Report Approved by: Councillor Bill Karsten, Co-Chair, Investment Policy Advisory Committee
Derek Tynski, Co-Chair, Investment Policy Advisory Committee

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

Schedule A

		<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	\$193,214,935	66%	\$291,487,352	100%	\$98,272,417	34%
Federal Government	Open	\$176,077,749	60%				
Business Development Bank	Open	\$7,325,593	3%				
Canada Mortgage & Housing Corp.	Open	\$2,478,875	1%				
Canadian Wheat Board	Open	\$2,378,328	1%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$4,954,390	2%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$33,161,240	11%	\$291,487,352	100%	\$258,326,112	89%
Total Alberta (R-1 High)	Open	\$0	0%	\$72,871,838	25%	\$72,871,838	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			\$72,871,838	25%	\$72,871,838	25%
Manitoba (R-1 Low)	Closed			\$72,871,838	25%	\$72,871,838	
New Brunswick (R-1 Low)	Closed			\$72,871,838	25%	\$72,871,838	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$72,871,838	25%	\$72,871,838	
Nova Scotia (R-1 Low)	Closed			\$72,871,838	25%	\$72,871,838	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$72,871,838	25%	\$72,871,838	
Ontario (R-1 Mid)	Open	\$33,161,240	11%	\$72,871,838	25%	\$39,710,598	14%
Prince Edward Island (R-1 Low)	Closed			\$72,871,838	25%	\$72,871,838	
Quebec (R-1 Low)	Closed			\$72,871,838	25%	\$72,871,838	
Saskatchewan (R-1 Low)	Closed			\$72,871,838	25%	\$72,871,838	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$72,871,838	25%	\$72,871,838	25%
Calgary (R-1 Mid)	Open			\$29,148,735	10%	\$29,148,735	10%
Edmonton (R-1 High)	Open			\$29,148,735	10%	\$29,148,735	10%
Winnipeg (R-1 Mid)	Open			\$29,148,735	10%	\$29,148,735	10%
BA's Schedule A							
Canadian Banks R-1							
Financial Institutions & their Guarantees	Mid	\$65,111,177	22%	\$72,871,838	25%	\$7,760,661	3%
Bank of Montreal (R-1 Mid)	Open	\$2,985,600	1%	\$29,148,735	10%	\$26,163,135	9%
Bank of Nova Scotia (R-1 Mid)	Open	\$8,961,510	3%	\$29,148,735	10%	\$20,187,225	7%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$23,877,230	8%	\$29,148,735	10%	\$5,271,505	2%
Laurentian Bank (R-1 Low)	Closed			\$29,148,735	10%	\$29,148,735	
National Bank of Canada (R-1 Low)	Closed			\$29,148,735	10%	\$29,148,735	
Royal Bank (R-1 Mid)	Open	\$1,194,660	4%	\$29,148,735	10%	\$17,764,368	6%
Royal Bank 1 Day BA		\$10,189,707					
Toronto Dominion (R-1 Mid)	Open	\$17,902,470	6%	\$29,148,735	10%	\$11,246,265	4%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS		\$291,487,352	100%				
FIXED (Bonds, etc. over one year)							
Federal Government & its Guarantees							
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		\$401,547,937					
Interest Bearing Bank Accounts - O/S Cheque Coverage		\$23,464,738					
TOTAL INVESTMENTS & O/S Cheques Coverage		\$425,012,675					

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

Schedule B

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$90,632,011	66%	\$136,729,001	100%	\$46,096,990	34%
Federal Government	Open	\$82,593,411	60%				
Business Development Bank	Open	\$3,436,242	3%				
Canada Mortgage & Housing Corp	Open	\$1,162,775	1%				
Canadian Wheat Board	Open	\$1,115,611	1%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$2,323,973	1%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$15,555,060	11%	\$136,729,001	100%	\$121,173,941	89%
Total Alberta (R-1 High)	Open	\$0	0%	\$34,182,250	25%	\$34,182,250	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			\$34,182,250	25%	\$34,182,250	25%
Manitoba (R-1 Low)	Closed			\$34,182,250	25%	\$34,182,250	
New Brunswick (R-1 Low)	Closed			\$34,182,250	25%	\$34,182,250	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$34,182,250	25%	\$34,182,250	
Nova Scotia (R-1 Low)	Closed			\$34,182,250	25%	\$34,182,250	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$34,182,250	25%	\$34,182,250	
Ontario (R-1 Mid)	Open	\$15,555,060	11%	\$34,182,250	25%	\$18,627,190	14%
Prince Edward Island (R-1 Low)	Closed			\$34,182,250	25%	\$34,182,250	
Quebec (R-1 Low)	Closed			\$34,182,250	25%	\$34,182,250	
Saskatchewan (R-1 Low)	Closed			\$34,182,250	25%	\$34,182,250	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$34,182,250	25%	\$34,182,250	25%
Calgary (R-1 Mid)	Open			\$13,672,900	10%	\$13,672,900	10%
Edmonton (R-1 High)	Open			\$13,672,900	10%	\$13,672,900	10%
Winnipeg (R-1 Mid)	Open			\$13,672,900	10%	\$13,672,900	10%
BA's Schedule A							
Canadian Banks R-1							
Financial Institutions & their Guarantees	Mid	\$30,541,929	22%	\$34,182,250	25%	\$3,640,321	3%
Bank of Montreal (R-1 Mid)	Open	\$1,400,466	1%	\$13,672,900	10%	\$12,272,434	9%
Bank of Nova Scotia (R-1 Mid)	Open	\$4,203,607	3%	\$13,672,900	10%	\$9,469,293	7%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$11,200,176	8%	\$13,672,900	10%	\$2,472,724	2%
Laurentian Bank (R-1 Low)	Closed			\$13,672,900	10%	\$13,672,900	
National Bank of Canada (R-1 Low)	Closed			\$13,672,900	10%	\$13,672,900	
Royal Bank (R-1 Mid)	Open	\$560,383	4%	\$13,672,900	10%	\$8,332,795	6%
Royal Bank 1 Day BA		\$4,779,722					
Toronto Dominion (R-1 Mid)	Open	\$8,397,575	6%	\$13,672,900	10%	\$5,275,325	4%
Corporations & their Guarantees	Closed						
FIXED (Bonds, etc. over one year)	Closed						
Total Investments		\$136,729,001	100%				
Interest Bearing Bank Accounts - O/S Cheque Coverage		\$23,464,738					
Total Cash and Investments		\$160,193,738					

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

Schedule C

		<u>Cumulative</u> <u>Amount Invested</u> <u>@ Book Value</u>	%	<u>Guideline Limit</u>	%	<u>Limit</u> <u>Available</u>	%
<u>Category Status</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
@ September 30, 2004**

Schedule D

		<u>Cumulative Amount Invested @ Book Value</u>	<u>%</u>	<u>Guideline Limit</u>	<u>%</u>	<u>Limit Available</u>	<u>%</u>
<u>Category Status</u>							
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$100,753,127	38%	\$261,997,889	100%	\$161,244,762	62%
Federal Government	Open	\$91,816,835	35%				
Business Development Bank	Open	\$3,819,976	1%				
Canada Mortgage & Housing Corp.	Open	\$1,292,625	0%				
Canadian Wheat Board	Open	\$1,240,194	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$2,583,497	1%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$17,292,134	7%	\$261,997,889	100%	\$244,705,755	93%
Total Alberta (R-1 High)	Open	\$0	0%	\$65,499,472	25%	\$65,499,472	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			\$65,499,472	25%	\$65,499,472	25%
Manitoba (R-1 Low)	Closed			\$65,499,472	25%	\$65,499,472	
New Brunswick (R-1 Low)	Closed			\$65,499,472	25%	\$65,499,472	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$65,499,472	25%	\$65,499,472	
Nova Scotia (R-1 Low)	Closed			\$65,499,472	25%	\$65,499,472	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$65,499,472	25%	\$65,499,472	
Ontario (R-1 Mid)	Open	\$17,292,134	7%	\$65,499,472	25%	\$48,207,338	18%
Prince Edward Island (R-1 Low)	Closed			\$65,499,472	25%	\$65,499,472	
Quebec (R-1 Low)	Closed			\$65,499,472	25%	\$65,499,472	
Saskatchewan (R-1 Low)	Closed			\$65,499,472	25%	\$65,499,472	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$65,499,472	25%	\$65,499,472	25%
Calgary (R-1 Mid)	Open			\$26,199,789	10%	\$26,199,789	10%
Edmonton (R-1 High)	Open			\$26,199,789	10%	\$26,199,789	10%
Winnipeg (R-1 Mid)	Open			\$26,199,789	10%	\$26,199,789	10%
BA's Schedule A							
Canadian Banks R-1							
Financial Institutions & their Guarantees	Mid	\$33,952,627	13%	\$65,499,472	25%	\$31,546,845	12%
Bank of Montreal (R-1 Mid)	Open	\$1,556,860	1%	\$26,199,789	10%	\$24,642,929	9%
Bank of Nova Scotia (R-1 Mid)	Open	\$4,673,035	2%	\$26,199,789	10%	\$21,526,754	8%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$12,450,930	5%	\$26,199,789	10%	\$13,748,859	5%
Laurentian Bank (R-1 Low)	Closed			\$26,199,789	10%	\$26,199,789	
National Bank of Canada (R-1 Low)	Closed			\$26,199,789	10%	\$26,199,789	
Royal Bank (R-1 Mid)	Open	\$622,963 }	2%	\$26,199,789	10%	\$20,263,340	8%
Royal Bank 1 Day BA		\$5,313,486 }					
Toronto Dominion (R-1 Mid)	Open	\$9,335,354	4%	\$26,199,789	10%	\$16,864,435	6%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS		\$151,997,889	58%				
FIXED (Bonds, etc. over one year)	Open (Special)						
Province of Nova Scotia (A-Low)		\$110,000,000	42%				
Total Investments		\$261,997,889	100%				

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

Schedule E

	Catagory Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$1,829,797	65%	\$2,821,048	100%	\$991,251	35%
Federal Government	Open	\$1,667,503	59%				
Business Development Bank	Open	\$69,375	2%				
Canada Mortgage & Housing Corp.	Open	\$23,476	1%				
Canadian Wheat Board	Open	\$22,523	1%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$46,919	2%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$314,046	11%	\$2,821,048	100%	\$2,507,002	89%
Total Alberta (R-1 High)	Open	\$0	0%	\$705,262	25%	\$705,262	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			\$705,262	25%	\$705,262	25%
Manitoba (R-1 Low)	Closed			\$705,262	25%	\$705,262	
New Brunswick (R-1 Low)	Closed			\$705,262	25%	\$705,262	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$705,262	25%	\$705,262	
Nova Scotia (R-1 Low)	Closed			\$705,262	25%	\$705,262	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$705,262	25%	\$705,262	
Ontario (R-1 Mid)	Open	\$314,046	11%	\$705,262	25%	\$391,216	14%
Prince Edward Island (R-1 Low)	Closed			\$705,262	25%	\$705,262	
Quebec (R-1 Low)	Closed			\$705,262	25%	\$705,262	
Saskatchewan (R-1 Low)	Closed			\$705,262	25%	\$705,262	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0	0%	\$705,262	25%	\$705,262	25%
Calgary (R-1 Mid)	Open			\$282,105	10%	\$282,105	0%
Edmonton (R-1 High)	Open			\$282,105	10%	\$282,105	0%
Winnipeg (R-1 Mid)	Open			\$282,105	10%	\$282,105	0%
BA's Schedule A							
Canadaian Banks R-1							
Financial Institutions & their Guarantees	Mid	\$616,620	22%	\$705,262	25%	\$88,642	3%
Bank of Montreal (R-1 Mid)	Open	\$28,274	1%	\$282,105	10%	\$253,830	9%
Bank of Nova Scotia (R-1 Mid)	Open	\$84,868	3%	\$282,105	10%	\$197,237	7%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$226,124	8%	\$282,105	10%	\$55,981	2%
Laurentian Bank (R-1 Low)	Closed			\$282,105	10%	\$282,105	
National Bank of Canada (R-1 Low)	Closed			\$282,105	10%	\$282,105	
Royal Bank (R-1 Mid)	Open	\$11,314	4%	\$282,105	10%	\$174,292	6%
Royal Bank 1 Day BA		\$96,499					
Toronto Dominion (R-1 Mid)	Open	\$169,541	6%	\$282,105	10%	\$112,564	4%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS		\$2,760,463	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		\$2,821,048	100%				