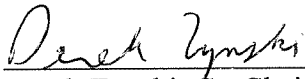


HALIFAX PO Box 1749
Halifax, Nova Scotia
REGIONAL MUNICIPALITY B3J 3A5 Canada

Halifax Regional Council
March 27, 2007

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: March 13, 2007

SUBJECT: **Investment Policy Advisory Committee Report - Quarter Ending
December 31, 2006**

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 (the Minister) on May 14, 2002. An amended Policy, as recommended by the Investment Policy Advisory Committee, was approved by Council November 22, 2005 and by the Minister December 14, 2005. Policy approvals are 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 as well as annual reviews of the Policy.

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, 2006 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.

The annual review of the Investment Policy by the Committee is currently underway. At the conclusion of the review the Committee may make recommendations for changes in the Policy.

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, 2006 (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 *DT*

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

**Total Investments
Sector Weights
@ December 31, 2006**

Schedule A

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$133,608,143	53%	\$251,039,760	100%	\$117,431,617	47%
Federal Government	Open	\$78,978,850	31%				
Business Development Bank	Open	\$9,588,600	4%				
Canada Mortgage & Housing Corp.	Open	\$0	0%				
Canadian Wheat Board	Open	\$23,324,633	9%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$21,716,060	9%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$68,726,486	27%	\$251,039,760	100%	\$182,313,274	73%
Total Alberta (R-1 High)	Open	\$33,028,634	13%	\$62,759,940	25%	\$29,731,306	12%
Alberta (R-1 High)	Open	\$0					
Alberta Municipal Finance Corp (R-1 High)	Open	\$0					
Alberta Treasury Branches (R-1 High)	Open	\$33,028,634					
British Columbia (R-1 Mid)	Open	\$13,893,720		\$62,759,940	25%	\$48,866,220	19%
Manitoba (R-1 Low)	Closed			\$62,759,940	25%	\$62,759,940	
New Brunswick (R-1 Low)	Closed			\$62,759,940	25%	\$62,759,940	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$62,759,940	25%	\$62,759,940	
Nova Scotia (R-1 Low)	Closed			\$62,759,940	25%	\$62,759,940	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$62,759,940	25%	\$62,759,940	
Ontario (R-1 Mid)	Open	\$21,804,132	9%	\$62,759,940	25%	\$40,955,808	16%
Prince Edward Island (R-1 Low)	Closed			\$62,759,940	25%	\$62,759,940	
Quebec (R-1 Low)	Closed			\$62,759,940	25%	\$62,759,940	
Saskatchewan (R-1 Low)	Closed			\$62,759,940	25%	\$62,759,940	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$62,759,940	25%	\$62,759,940	25%
Calgary (R-1 Mid)	Open			\$25,103,976	10%	\$25,103,976	10%
Edmonton (R-1 High)	Open			\$25,103,976	10%	\$25,103,976	10%
Winnipeg (R-1 Mid)	Open			\$25,103,976	10%	\$25,103,976	10%
BA's Schedule A							
Financial Institutions & their Guarantees	Canadian Banks R-1	\$48,705,131	19%	\$62,759,940	25%	\$14,054,809	6%
Bank of Montreal (R-1 Mid)	Open	\$4,981,490	2%	\$25,103,976	10%	\$20,122,486	8%
Bank of Nova Scotia (R-1 Mid)	Open	\$22,848,270	9%	\$25,103,976	10%	\$2,255,706	1%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$7,236,712	3%	\$25,103,976	10%	\$17,867,264	7%
Laurentian Bank (R-1 Low)	Closed			\$25,103,976	10%	\$25,103,976	
National Bank of Canada (R-1 Low)	Closed			\$25,103,976	10%	\$25,103,976	
Royal Bank (R-1 Mid)	Open	\$3,971,000	2%	\$25,103,976	10%	\$21,068,656	8%
Royal Bank 1 Day BA		\$64,320					
Toronto Dominion (R-1 Mid)	Open	\$9,603,339	4%	\$25,103,976	10%	\$15,500,637	6%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS		\$251,039,760	100%				
FIXED (Bonds, etc. over one year)							
Federal Government & its Guarantees		\$23,718,299					
Federal Government (AAA)		\$23,718,299					
Province of Nova Scotia (A-Low)		\$21,500,000					
TOTAL FIXED		\$45,218,299					
EQUITIES							
Bank of Montreal		\$6,410					
TOTAL EQUITIES		\$6,410					
TOTAL INVESTMENTS		\$296,264,469					
Interest Bearing Bank Accounts - O/S Cheque Coverage		\$14,006,190					
TOTAL INVESTMENTS & O/S Cheques Coverage		\$310,270,659					

**Operating Fund
Sector Weights
@ December 31, 2006**

Schedule B

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$57,580,144	53%	\$108,188,808	100%	\$50,608,663	47%
Federal Government	Open	\$34,036,949	31%				
Business Development Bank	Open	\$4,132,330	4%				
Canada Mortgage & Housing Corp.	Open	\$0	0%				
Canadian Wheat Board	Open	\$10,052,050	9%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$9,358,815	9%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$29,618,561	27%	\$108,188,808	100%	\$78,570,246	73%
Total Alberta (R-1 High)	Open	\$14,234,114	13%	\$27,047,202	25%	\$12,813,088	12%
Alberta (R-1 High)	Open	\$0					
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open	\$14,234,114	13%				
British Columbia (R-1 Mid)	Open	\$5,987,677		\$27,047,202	25%	\$21,059,525	19%
Manitoba (R-1 Low)	Closed			\$27,047,202	25%	\$27,047,202	
New Brunswick (R-1 Low)	Closed			\$27,047,202	25%	\$27,047,202	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$27,047,202	25%	\$27,047,202	
Nova Scotia (R-1 Low)	Closed			\$27,047,202	25%	\$27,047,202	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$27,047,202	25%	\$27,047,202	
Ontario (R-1 Mid)	Open	\$9,396,771	9%	\$27,047,202	25%	\$17,650,431	16%
Prince Edward Island (R-1 Low)	Closed			\$27,047,202	25%	\$27,047,202	
Quebec (R-1 Low)	Closed			\$27,047,202	25%	\$27,047,202	
Saskatchewan (R-1 Low)	Closed			\$27,047,202	25%	\$27,047,202	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$27,047,202	25%	\$27,047,202	25%
Calgary (R-1 Mid)	Open			\$10,818,881	10%	\$10,818,881	10%
Edmonton (R-1 High)	Open			\$10,818,881	10%	\$10,818,881	10%
Winnipeg (R-1 Mid)	Open			\$10,818,881	10%	\$10,818,881	10%
BA's Schedule A							
Financial Institutions & their Guarantees	Canadian Banks R-1 Mid	\$20,990,102	19%	\$27,047,202	25%	\$6,057,100	6%
Bank of Montreal (R-1 Mid)	Open	\$2,146,837	2%	\$10,818,881	10%	\$8,672,044	8%
Bank of Nova Scotia (R-1 Mid)	Open	\$9,846,755	9%	\$10,818,881	10%	\$972,126	1%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$3,118,754	3%	\$10,818,881	10%	\$7,700,127	7%
Laurentian Bank (R-1 Low)	Closed			\$10,818,881	10%	\$10,818,881	
National Bank of Canada (R-1 Low)	Closed			\$10,818,881	10%	\$10,818,881	
Royal Bank (R-1 Mid)	Open	\$1,711,353	0%	\$10,818,881	10%	\$9,079,807	8%
Royal Bank 1 Day BA		\$27,720					
Toronto Dominion (R-1 Mid)	Open	\$4,138,682	4%	\$10,818,881	10%	\$6,680,199	6%
Corporations & their Guarantees	Closed						
FIXED (Bonds, etc. over one year)	Closed						
Total Investments		\$108,188,808	100%				
Interest Bearing Bank Accounts - O/S Cheque Coverage		\$14,006,190					
Total Cash and Investments		\$122,195,000					

**Capital Fund
Sector Weights
@ December 31, 2006**

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	0%				
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open	\$0	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%	\$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, 2006**

Schedule D

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$74,565,764	53%	\$140,103,524	100%	\$65,537,760	47%
Federal Government	Open	\$44,077,540	31%				
Business Development Bank	Open	\$5,351,330	4%				
Canada Mortgage & Housing Corp.	Open	\$0	0%				
Canadian Wheat Board	Open	\$13,017,314	9%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$12,119,580	9%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$38,355,768	27%	\$140,103,524	100%	\$101,747,756	73%
Total Alberta (R-1 High)	Open	\$18,433,048	10%	\$35,025,881	25%	\$16,592,833	12%
Alberta (R-1 High)	Open	\$0					
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open	\$18,433,048					
British Columbia (R-1 Mid)	Open	\$7,753,987		\$35,025,881	25%	\$27,271,894	19%
Manitoba (R-1 Low)	Closed			\$35,025,881	25%	\$35,025,881	
New Brunswick (R-1 Low)	Closed			\$35,025,881	25%	\$35,025,881	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$35,025,881	25%	\$35,025,881	
Nova Scotia (R-1 Low)	Closed			\$35,025,881	25%	\$35,025,881	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$35,025,881	25%	\$35,025,881	
Ontario (R-1 Mid)	Open	\$12,168,733	9%	\$35,025,881	25%	\$22,857,148	16%
Prince Edward Island (R-1 Low)	Closed			\$35,025,881	25%	\$35,025,881	
Quebec (R-1 Low)	Closed			\$35,025,881	25%	\$35,025,881	
Saskatchewan (R-1 Low)	Closed			\$35,025,881	25%	\$35,025,881	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$35,025,881	25%	\$35,025,881	25%
Calgary (R-1 Mid)	Open			\$14,010,352	10%	\$14,010,352	10%
Edmonton (R-1 High)	Open			\$14,010,352	10%	\$14,010,352	10%
Winnipeg (R-1 Mid)	Open			\$14,010,352	10%	\$14,010,352	10%
BA's Schedule A							
Canadian Banks R-1							
Financial Institutions & their Guarantees	Mid	\$27,181,991	19%	\$35,025,881	25%	\$7,843,890	6%
Bank of Montreal (R-1 Mid)	Open	\$2,780,135	2%	\$14,010,352	10%	\$11,230,218	8%
Bank of Nova Scotia (R-1 Mid)	Open	\$12,751,459	9%	\$14,010,352	10%	\$1,258,894	1%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$4,038,758	3%	\$14,010,352	10%	\$9,971,594	7%
Laurentian Bank (R-1 Low)	Closed			\$14,010,352	10%	\$14,010,352	
National Bank of Canada (R-1 Low)	Closed			\$14,010,352	10%	\$14,010,352	
Royal Bank (R-1 Mid)	Open	\$2,216,187	2%	\$14,010,352	10%	\$11,758,268	8%
Royal Bank 1 Day BA		\$35,897					
Toronto Dominion (R-1 Mid)	Open	\$5,359,556	4%	\$14,010,352	10%	\$8,650,796	6%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS		\$140,103,524	76%				
FIXED (Bonds, etc. over one year)	Open (Special)						
Federal Government (AAA)		\$23,664,124	13%				
Province of Nova Scotia (A-Low)		\$21,500,000	12%				
Total Investments		\$185,267,648	100%				

**Trust Funds
Sector Weights
@ December 31, 2006**

Schedule E

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$1,462,234	53%	\$2,747,429	100%	\$1,285,195	47%
Federal Government	Open	\$864,360	31%				
Business Development Bank	Open	\$104,940	4%				
Canada Mortgage & Housing Corp.	Open	\$0	0%				
Canadian Wheat Board	Open	\$255,269	9%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$237,665	9%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$752,156	27%	\$2,747,429	100%	\$1,995,273	73%
Total Alberta (R-1 High)	Open	\$361,472	13%	\$686,857	25%	\$325,385	12%
Alberta (R-1 High)	Open	\$0					
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open	\$361,472					
British Columbia (R-1 Mid)	Open	\$152,056		\$686,857	25%	\$534,802	19%
Manitoba (R-1 Low)	Closed			\$686,857	25%	\$686,857	
New Brunswick (R-1 Low)	Closed			\$686,857	25%	\$686,857	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$686,857	25%	\$686,857	
Nova Scotia (R-1 Low)	Closed			\$686,857	25%	\$686,857	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$686,857	25%	\$686,857	
Ontario (R-1 Mid)	Open	\$238,629	9%	\$686,857	25%	\$448,229	16%
Prince Edward Island (R-1 Low)	Closed			\$686,857	25%	\$686,857	
Quebec (R-1 Low)	Closed			\$686,857	25%	\$686,857	
Saskatchewan (R-1 Low)	Closed			\$686,857	25%	\$686,857	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0	0%	\$686,857	25%	\$686,857	25%
Calgary (R-1 Mid)	Open			\$274,743	10%	\$274,743	10%
Edmonton (R-1 High)	Open			\$274,743	10%	\$274,743	10%
Winnipeg (R-1 Mid)	Open			\$274,743	10%	\$274,743	10%
BA's Schedule A							
Canadian Banks R-1							
Financial Institutions & their Guarantees	Mid	\$533,039	19%	\$686,857	25%	\$153,819	6%
Bank of Montreal (R-1 Mid)	Open	\$54,518	2%	\$274,743	10%	\$220,224	8%
Bank of Nova Scotia (R-1 Mid)	Open	\$250,056	9%	\$274,743	10%	\$24,687	1%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$79,200	3%	\$274,743	10%	\$195,543	7%
Laurentian Bank (R-1 Low)	Closed			\$274,743	10%	\$274,743	
National Bank of Canada (R-1 Low)	Closed			\$274,743	10%	\$274,743	
Royal Bank (R-1 Mid)	Open	\$43,459	2%	\$274,743	10%	\$230,580	8%
Royal Bank 1 Day BA		\$704					
Toronto Dominion (R-1 Mid)	Open	\$105,101	4%	\$274,743	10%	\$169,642	6%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS		\$2,747,429	98%				
FIXED (Bonds, etc. over one year)							
Federal Government & its Guarantees							
Federal Government		\$54,175	2%				
TOTAL FIXED							
EQUITIES							
Bank of Montreal		\$6,410	0%				
TOTAL EQUITIES							
Total Investments		\$2,808,012	100%				