



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 3

Halifax Regional Council
February 12, 2008
February 19, 2008

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: January 29, 2008

SUBJECT: Investment Policy Advisory Committee Report - Quarter Ending
September 30, 2007

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. Amendments to the Policy, as recommended by the Investment Policy Advisory Committee (the Committee), were approved by Council and the Minister in 2005 and 2007. Policy approvals are in accordance with Section 100 of the *Municipal Government Act*.

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 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, 2007 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 with the exception noted below.

The Royal Bank and Financial Institutions Sector Weights were exceeded by \$13.6 million and \$13.1 million respectively for one business day due to the level of cash received on the September 28 property tax due date. Investments were made on October 1 to return the Sector Weights back into full compliance with the Investment Policy.

As indicated in previous reports, 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 believes that staff acted appropriately.

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, 2007 (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
@ September 30, 2007

Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS						
Federal Government & its Guarantees	Open	70,221,340	21%	342,326,474	100%	272,105,134 79%
Federal Government	Open	65,501,550	19%			
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	4,719,790	1%			
Provincial Governments & their Guarantees	R-1 Mid or Greater	87,825,240	26%	342,326,474	100%	254,501,235 74%
Total Alberta (R-1 High)	Open	13,806,240	4%	85,581,619	25%	71,775,379 21%
Alberta (R-1 High)	Open	0				
Alberta Capital Finance Authority (R-1 High)	Open	0				
Alberta Treasury Branches (R-1 High)	Open	13,806,240				
British Columbia (R-1 High)	Open	16,694,820	5%	85,581,619	25%	68,886,799 20%
Manitoba (R-1 Mid)	Open	0	0%	85,581,619	25%	85,581,619
New Brunswick (R-1 Mid)	Open	0	0%	85,581,619	25%	85,581,619
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			85,581,619	25%	85,581,619
Nova Scotia (R-1 Low)	Closed			85,581,619	25%	85,581,619
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			85,581,619	25%	85,581,619
Ontario (R-1 High)	Open	23,744,339	7%	85,581,619	25%	85,581,619
Prince Edward Island (R-1 Low)	Closed			85,581,619	25%	85,581,619
Quebec (R-1 Mid)	Open	33,579,840	10%	85,581,619	25%	52,001,778
Saskatchewan (R-1 Mid)	Open		0%	85,581,619	25%	85,581,619
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		85,581,619	25%	85,581,619 25%
Calgary (R-1 High)	Open			34,232,647	10%	34,232,647 10%
Edmonton (R-1 High)	Open			34,232,647	10%	34,232,647 10%
Financial Institutions & their Guarantees /Corporations		184,279,895	54%	171,163,237	50%	-13,116,658 -4%
	BA's Schedule A					
	Canadian Banks R-1					
Tier 1 - Financial Institutions & their Guarantees	Mid	162,981,749	48%	171,163,237	50%	8,181,488 2%
Bank of Montreal (R-1 High)	Open	25,583,963	7%	34,232,647	10%	8,648,685 3%
Bank of Nova Scotia (R-1 High)	Open	29,266,150	9%	34,232,647	10%	4,966,497 1%
Canadian Imperial Bank of Commerce (R-1 High)	Open	31,069,443	9%	34,232,647	10%	3,163,204 1%
Royal Bank (R-1 High)	Open	20,497,472	14%	34,232,647	10%	-13,578,735 -4%
Royal Bank - Effective Cash		27,313,911				
Toronto Dominion (R-1 High)	Open	29,250,810	9%	34,232,647	10%	4,981,837 1%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	21,298,146	6%	85,581,619	25%	64,283,473 19%
National Bank of Canada (R-1 Mid)	Open	9,350,596	3%	17,116,324	5%	7,765,728 2%
OMERS Realty Corporation (R-1 High)	Open	0	0%	17,116,324	5%	17,116,324 5%
CDP Financial Inc (R-1 High)	Open	0	0%	17,116,324	5%	17,116,324 5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	17,116,324	5%	17,116,324 5%
Desjardins Total		11,947,550	3%	17,116,324	5%	5,168,774 2%
Desjardins Group (R-1 High)	Open	0				
Caisse Centale Desjardins (R-1 High)	Open	11,947,550				
Total Cash and Equivalents		342,326,474	100%			
FIXED (Bonds, etc. over one year)		12,124,913	3%			
Federal Government		12,124,913				
Total Fixed		12,124,913				
Equities		6,410				
Bank of Montreal		6,410				
Total Equities		6,410				
Total Investments		354,457,797				
Interest Bearing Bank Accounts - O/S Cheque Coverage		19,764,676	*			
Total Investments and O/S Cheques Coverage		374,222,474				

SCHEDULE B

Operating Funds
Sector Weights
@ September 30, 2007

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	34,629,598	21%	168,818,030	100%	134,188,432	79%
Federal Government	Open	32,302,038	19%				
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	2,327,561	1%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	43,310,948	26%	168,818,030	100%	125,507,083	74%
Total Alberta (R-1 High)	Open	6,808,536	4%	42,204,508	25%	35,395,971	21%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	6,808,536					
British Columbia (R-1 High)	Open	8,233,037	5%	42,204,508	25%	33,971,470	20%
Manitoba (R-1 Mid)	Open	0	0%	42,204,508	25%	42,204,508	
New Brunswick (R-1 Mid)	Open	0	0%	42,204,508	25%	42,204,508	
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			42,204,508	25%	42,204,508	
Nova Scotia (R-1 Low)	Closed			42,204,508	25%	42,204,508	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			42,204,508	25%	42,204,508	
Ontario (R-1 High)	Open	11,709,502	7%	42,204,508	25%	30,495,005	18%
Prince Edward Island (R-1 Low)	Closed			42,204,508	25%	42,204,508	
Quebec (R-1 Mid)	Open	16,559,872	10%	42,204,508	25%	25,644,636	
Saskatchewan (R-1 Mid)	Open		0%	42,204,508	25%	42,204,508	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		42,204,508	25%	42,204,508	25%
Calgary (R-1 High)	Open			16,881,803	10%	16,881,803	10%
Edmonton (R-1 High)	Open			16,881,803	10%	16,881,803	10%
Financial Institutions & their Guarantees /Corporations		90,877,485	54%	84,409,015	50%	-6,468,469	-4%
Tier 1 - Financial Institutions & their Guarantees	BA's Schedule A						
	Canadian Banks R-1 Mid	80,374,321	48%	84,409,015	50%	4,034,695	2%
Bank of Montreal (R-1 High)	Open	12,616,711	7%	16,881,803	10%	4,265,092	3%
Bank of Nova Scotia (R-1 High)	Open	14,432,579	9%	16,881,803	10%	2,449,224	1%
Canadian Imperial Bank of Commerce (R-1 High)	Open	15,321,871	9%	16,881,803	10%	1,559,932	1%
Royal Bank (R-1 High)	Open	10,108,312	14%	16,881,803	10%	-6,696,343	-4%
Royal Bank - Effective Cash		13,469,834					
Toronto Dominion (R-1 High)	Open	14,425,014	9%	16,881,803	10%	2,456,789	1%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	10,503,164	6%	42,204,508	25%	31,701,344	19%
National Bank of Canada (R-1 Mid)	Open	4,611,239	3%	8,440,902	5%	3,829,662	2%
OMERS Realty Corporation (R-1 High)	Open	0	0%	8,440,902	5%	8,440,902	5%
CDP Financial Inc (R-1 High)	Open	0	0%	8,440,902	5%	8,440,902	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	8,440,902	5%	8,440,902	5%
Desjardins Total		5,891,925	3%	8,440,902	5%	2,548,977	2%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	5,891,925					
Total Investments		168,818,030	100%				
Interest Bearing Bank Accounts - O/S Cheque Coverage		19,764,676	*				
Total Investments and O/S Cheques Coverage		188,582,707					

**Capital Funds
Sector Weights
@ September 30, 2007**

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
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 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	
New Brunswick (R-1 Mid)	Open	0	0%	0	25%	0	
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			0	25%	0	
Nova Scotia (R-1 Low)	Closed			0	25%	0	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			0	25%	0	0
Ontario (R-1 High)	Open	0	0%	0	25%	0	0%
Prince Edward Island (R-1 Low)	Closed			0	25%	0	
Quebec (R-1 Mid)	Open	0	0%	0	25%	0	
Saskatchewan (R-1 Mid)	Open			0	25%	0	
Municipal Governments & their Guarantees*	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%
Financial Institutions & their Guarantees /Corporations		0	0%	0	50%	0	0%
	BA's Schedule A						
Tier 1 - Financial Institutions & their Guarantees	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%
Tier 2 - Financial Institutions & Corporations	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					
Total Cash and Equivalents		<u>0</u>	<u>0%</u>				

SCHEDULE D

Reserve Funds
Sector Weights
@ September 30, 2007

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	35,006,737	21%	170,656,566	100%	135,649,829	79%
Federal Government	Open	32,653,827	19%				
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	2,352,909	1%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	43,782,631	26%	170,656,566	100%	126,873,935	74%
Total Alberta (R-1 High)	Open	6,882,686	4%	42,664,141	25%	35,781,456	21%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	6,882,686					
British Columbia (R-1 High)	Open	8,322,700	5%	42,664,141	25%	34,341,441	20%
Manitoba (R-1 Mid)	Open	0	0%	42,664,141	25%	42,664,141	
New Brunswick (R-1 Mid)	Open	0	0%	42,664,141	25%	42,664,141	
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			42,664,141	25%	42,664,141	
Nova Scotia (R-1 Low)	Closed			42,664,141	25%	42,664,141	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			42,664,141	25%	42,664,141	
Ontario (R-1 High)	Open	11,837,026	7%	42,664,141	25%	30,827,115	18%
Prince Edward Island (R-1 Low)	Closed			42,664,141	25%	42,664,141	
Quebec (R-1 Mid)	Open	16,740,219	10%	42,664,141	25%	25,923,922	
Saskatchewan (R-1 Mid)	Open		0%	42,664,141	25%	42,664,141	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		42,664,141	25%	42,664,141	25%
Calgary (R-1 High)	Open			17,065,657	10%	17,065,657	10%
Edmonton (R-1 High)	Open			17,065,657	10%	17,065,657	10%
Financial Institutions & their Guarantees /Corporations		91,867,198	54%	85,328,283	50%	-6,538,915	-4%
	BA's Schedule A						
Tier 1 - Financial Institutions & their Guarantees	Canadian Banks R-1 Mid	81,249,648	48%	85,328,283	50%	4,078,635	2%
Bank of Montreal (R-1 High)	Open	12,754,115	7%	17,065,657	10%	4,311,541	3%
Bank of Nova Scotia (R-1 High)	Open	14,589,759	9%	17,065,657	10%	2,475,898	1%
Canadian Imperial Bank of Commerce (R-1 High)	Open	15,488,736	9%	17,065,657	10%	1,576,920	1%
Royal Bank (R-1 High)	Open	10,218,398	14%	17,065,657	10%	-6,769,270	-4%
Royal Bank - Effective Cash		13,616,529					
Toronto Dominion (R-1 High)	Open	14,582,111	9%	17,065,657	10%	2,483,545	1%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	10,617,550	6%	42,664,141	25%	32,046,591	19%
National Bank of Canada (R-1 Mid)	Open	4,661,458	3%	8,532,828	5%	3,871,370	2%
OMERS Realty Corporation (R-1 High)	Open	0	0%	8,532,828	5%	8,532,828	5%
CDP Financial Inc (R-1 High)	Open	0	0%	8,532,828	5%	8,532,828	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	8,532,828	5%	8,532,828	5%
Desjardins Total		5,956,092	3%	8,532,828	5%	2,576,737	2%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	5,956,092					
Total Cash and Equivalents		170,656,566	100%				
FIXED (Bonds, etc. over one year)							
Federal Government		12,070,738	7%				
Total Fixed		12,070,738					
Total Investments		182,727,304					

Trust Funds
Sector Weights
@ September 30, 2007

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	585,005	21%	2,851,878	100%	2,266,873	79%
Federal Government	Open	545,685	19%				
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	39,320	1%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	731,661	26%	2,851,878	100%	2,120,217	74%
Total Alberta (R-1 High)	Open	115,018	4%	712,969	25%	597,951	21%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	115,018					
British Columbia (R-1 High)	Open	139,082	5%	712,969	25%	573,887	20%
Manitoba (R-1 Mid)	Open	0	0%	712,969	25%	712,969	
New Brunswick (R-1 Mid)	Open	0	0%	712,969	25%	712,969	
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			712,969	25%	712,969	
Nova Scotia (R-1 Low)	Closed			712,969	25%	712,969	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			712,969	25%	712,969	
Ontario (R-1 High)	Open	197,811	7%	712,969	25%	515,158	18%
Prince Edward Island (R-1 Low)	Closed			712,969	25%	712,969	
Quebec (R-1 Mid)	Open	279,749	10%	712,969	25%	433,220	
Saskatchewan (R-1 Mid)	Open		0%	712,969	25%	712,969	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		712,969	25%	712,969	25%
Calgary (R-1 High)	Open			285,188	10%	285,188	10%
Edmonton (R-1 High)	Open			285,188	10%	285,188	10%
Financial Institutions & their Guarantees /Corporations		1,535,212	54%	1,425,939	50%	-109,273	-4%
Tier 1 - Financial Institutions & their Guarantees	BA's Schedule A Canadian Banks R-1 Mid	1,357,780	48%	1,425,939	50%	68,159	2%
Bank of Montreal (R-1 High)	Open	213,137	7%	285,188	10%	72,051	3%
Bank of Nova Scotia (R-1 High)	Open	243,813	9%	285,188	10%	41,375	1%
Canadian Imperial Bank of Commerce (R-1 High)	Open	258,836	9%	285,188	10%	26,352	1%
Royal Bank (R-1 High)	Open	170,762	14%	285,188	10%	-113,123	-4%
Royal Bank - Effective Cash		227,549					
Toronto Dominion (R-1 High)	Open	243,685	9%	285,188	10%	41,503	1%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	177,432	6%	712,969	25%	535,537	19%
National Bank of Canada (R-1 Mid)	Open	77,899	3%	142,594	5%	64,695	2%
OMERS Realty Corporation (R-1 High)	Open	0	0%	142,594	5%	142,594	5%
CDP Financial Inc (R-1 High)	Open	0	0%	142,594	5%	142,594	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	142,594	5%	142,594	5%
Desjardins Total		99,534	3%	142,594	5%	43,060	2%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	99,534					
Total Cash and Equivalents		2,851,878	100%				
FIXED (Bonds, etc. over one year)							
Federal Government		54,175	2%				
Total Fixed		54,175					
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		2,912,463					