



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

Item No. 3
Halifax Regional Council
October 7, 2014

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

SUBMITTED BY:

Councillor Bill Karsten, Chair, Audit & Finance Standing Committee

DATE: September 29, 2014

SUBJECT: Investment Activities Quarter Ending June 30, 2014

INFORMATION REPORT

ORIGIN

September 17, 2014 meeting of the Audit & Finance Standing Committee, Item No. 9.1.6

LEGISLATIVE AUTHORITY

The principle role of the Audit and Finance Standing Committee is to provide advice to Council on matters relating to Audit and Finance. In particular, Section 3.2.6 of the Audit and Finance Standing Committee's Terms of Reference shall 'Review as required, any other policies, procedures, forecasts, reports or process as agreed to mutually by the Municipalities CAO and the Committee'.

BACKGROUND

Staff has committed to provide Council with quarterly financial reports. A staff report dated September 5, 2014 pertaining to Investment Activities for Quarter Ending June 30, 2014 was before the Audit & Finance Standing Committee.

For further information please see the attached staff report dated September 5, 2014.

DISCUSSION

The Audit & Finance Standing Committee considered the staff report dated September 5, 2014 and forwarded it to Halifax Regional Council as an Information item.

FINANCIAL IMPLICATIONS

As outlined in the attached staff report dated September 5, 2014.

COMMUNITY ENGAGEMENT

All meetings of the Audit & Finance Standing Committee are open to the public. The agenda and reports are posted online in advance of the meeting.

ATTACHMENTS

1. Staff report dated September 5, 2014

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Liam MacSween, Legislative Assistant, 902.490.652



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Halifax, Nova Scotia
B3J 3A5 Canada

Attachment 1

Audit and Finance Standing Committee September 17, 2014

TO: Councillor Bill Karsten, Chair and Members of the Audit and Finance Standing Committee

Original Signed

SUBMITTED BY:

Greg Keefe, Director of Finance and Information Technology / CFO

DATE: September 5, 2014

SUBJECT: Investment Activities – Quarter Ending June 30, 2014

ORIGIN

Quarterly report of investment performance and adherence to approved Investment Policy.

LEGISLATIVE AUTHORITY

Section 121(1) of the HRM Charter requires that funds be invested pursuant to an Investment Policy adopted by Council and approved by the Minister of Service Nova Scotia and Municipal Relations or invested pursuant to the Trustee Act. Where HRM has chosen to adopt an Investment Policy and the Minister has approved the Policy investment activities are governed by this Policy.

RECOMMENDATION

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

BACKGROUND

The HRM Investment Policy calls for quarterly reporting by the Treasurer to Council and the Investment Policy Advisory Committee (the Investment Committee). The report for the Quarter ending June 30, 2014 has been reviewed by the Committee. A report from the Committee on staff's compliance with the HRM Investment Policy has also been sent to the Audit and Finance Standing Committee meeting of September 17.

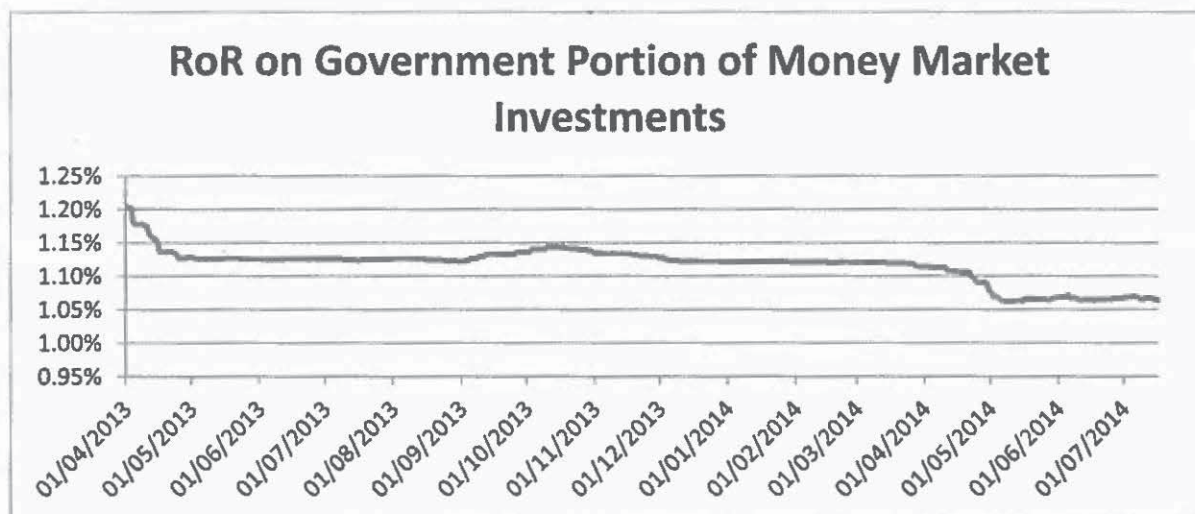
DISCUSSION

HRM Investment Activities

HRM Money Market Pool investment performance is summarized below in comparison with the Mercer Investment Consulting Survey of Canadian Institutional Pooled Funds for periods ending June 30, 2014:

Money Market Funds	3 Months (to June 30, 2014)	6 Months (to June 30, 2014)	1 Year (to June 30, 2014)
5 th Percentile	.33%	.65%	1.33%
1 st Quartile	.30%	.60%	1.22%
Mercer Median	.30%	.59%	1.18%
3 rd Quartile	.26%	.53%	1.06%
95 th Percentile	.23%	.47%	1.01%
Dec 91 Day T-Bills	.22%	.44%	.97%
HRM	.31%	.60%	1.19%

HRM relative performance was 1st quartile for the Quarter, at the 1st quartile break for the six month period and slightly above median for the year. It should be noted that the spread between the median and 1st quartile breaks is quite modest for most periods and actually non-existent for the three month term. Staff believes the HRM minor positive relative performance is largely due to the investment bank accounts. As indicated in the graph below, the yield on the Government half of the portfolio has been decaying as older investments mature, and with the short term yield curve quite flat under the guidance of the Bank of Canada, the prospects for higher yields in the near future is not encouraging. As usual, in addition to the yields shown above, savings on fees that would have been paid to external investment managers continue to provide a net benefit to HRM.



The Quarter saw 44 money market investments made at a cost of \$142,985,897 with an average term to maturity of 91 days. With one exception these were all Provincial instruments. Some \$7,000,000 of short term Provincial Floating Rate Notes were also purchased. This compares to last year's 1st Quarter of 109 investments made at a cost of \$415,524,556 with an average term of 127 days.

The predominant strategy was quite different from last year of using Non- Government instruments to cover cash needs and investing in Provincial instruments to lock in yield longer term. This Quarter the predominant strategy was to allocate funds to the investment bank accounts and when necessary to use Government instruments to manage sector weights.

Funds held in the investment bank accounts, including Term Deposits, ramped up to \$171,000,000 by the end of the Quarter. Incremental income over BA's and BDN's, using a rate of 1.13% as a proxy for the Banker's Acceptance and Bearer Deposit Note rates, was \$91,000 for the Quarter.

Total cash and investments again exceeded the \$500,000,000 mark for five days in May. This is only the second time that this threshold was reached with the other time being in May of 2013. Also, total cumulative investment market transactions, excluding bank accounts and the Nova Scotia Promissory Notes issued as part of the Harbour Solutions financing, went over the \$10,000,000,000 mark during the Quarter.

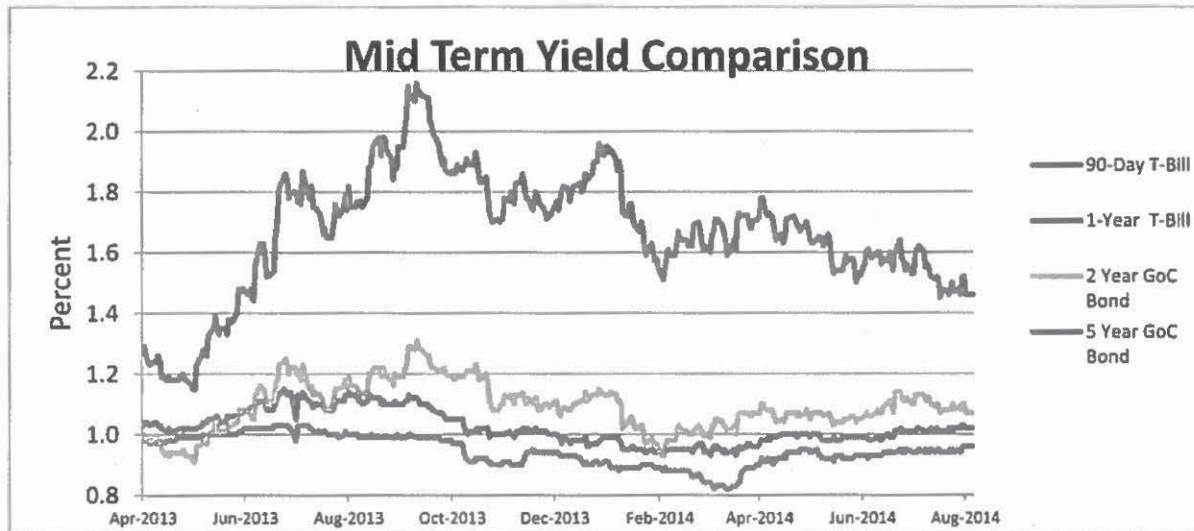
The negative figures shown in some of the Sector Weight sheets for the Scotiabank balance and the limits available for three of the investment bank accounts are as a result of the usual practice of encumbering funds that would be payable the next business day.

Actual Operating Fund investment income for the Quarter was \$644,000 versus a budget of \$631,000. The actual rate of return was .31% versus a budgeted rate of .29%. The small positive income variance is due to the slightly higher rate of return as actual Operating Fund cash flows have been somewhat below expectations.

The methodology for calculating the cumulative incremental gross investment income from the 2007 Policy change that expanded the Non-Government Sector Weight was amended to take the investment bank accounts into consideration. As a result the cumulative incremental income gained was revised to \$946,602 versus \$872,307 as previously stated to March 31, 2014. To the end of the reporting Quarter the cumulative total was \$1,039,823 for a \$93,221 increase.

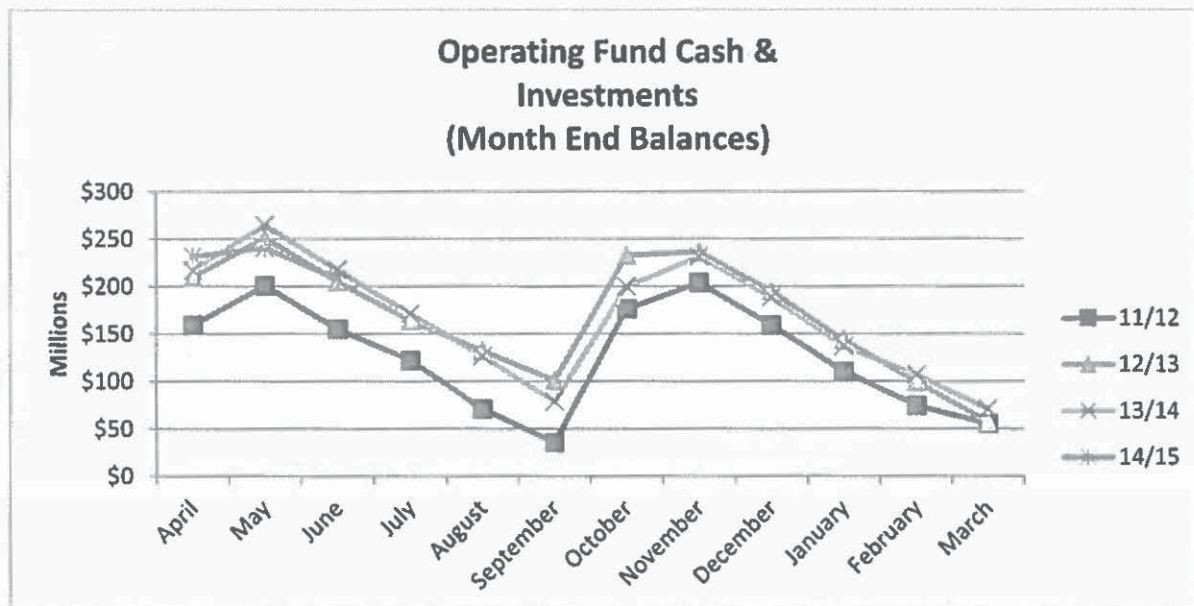
HRM Short Term Bond Pool

There were no additions to the Bond Pool during the Quarter as available yields did not reach attractive levels. As demonstrated by the 5 year Government of Canada bond line below, that this yield could be driven significantly higher by the mere discussion of tapering of bond purchases by the U.S. Federal Reserve in the Spring / Summer of 2013 compared to current levels as the actual bond purchases are drawing to a close speaks to the complexity and volatility of the bond market.



Cash Flows

Operating Fund Cash and Investment balances are running somewhat below the levels of the previous year. One factor was the receipt of debenture proceeds in June this year versus May in the previous two years. However at the end of the Quarter these balances were still some \$9,500,000 below the previous year's level. This appears to be as a result of some timing differences in some payments as well as the net impacts of the change in accounting policies to hold the previous year's surplus in a Reserve and not to pay interest on the Operating Cost of Capital Reserve.



Funds held with the HRM primary banker exceeded the Policy guidelines by some \$2,600,000 for one day. A planned purchase of Term Deposits could not be executed as the local representative was out of the office that day. Procedures have since been changed so that HRM staff now has direct access to the Term Deposit desk in Montreal for this financial institution. On another occasion funds exceeded the

Policy guideline in the primary HRM banker by some \$189,000 for one business day. This overage was tolerated because of the relatively small amount and that payment runs were scheduled for the next business day. Also on April 28 three of the investment banks were over the Policy guidelines by between \$224,000 and \$368,000 for one business day. These overages were tolerated because of the relatively modest amounts and, being two days before the property tax due date, the portfolio would grow to bring balances back within Policy limits. All of these minor Policy variances were discussed with the Investment Committee and no concerns were raised.

Subsequent to End of Reporting Quarter

The much anticipated proposed 'bail-in' plan for Canadian Financial Institutions was released for consultation August 1 by the Federal Government under the title Taxpayer Protection and Bank Recapitalization Regime (the regime). The key feature is that long-term senior bank debt with a term to maturity of over 400 days issued after the implementation date of the regime could be converted to common equity under certain conditions. The regime is part of a broader resolution framework that includes non-viability contingent capital preferred shares. Importantly for HRM bank deposits are explicitly excluded from the regime. The consultation period is open until September 12, 2014. Staff will continue to monitor any developments and report on significant changes.

Outlook & Strategy

The recovery in the U.S. in both GDP and on the employment front should be sufficient to bring the U.S. Federal Reserve's bond buying program to an end on schedule in October. How and when they will begin to unwind their securities holdings, well in excess of \$4 trillion, and begin to raise the Federal Funds rate are still open questions. With the Bank of Canada firmly focused on the Canadian / U.S. dollar exchange rate developments in the U.S. will be critical for how monetary policy will unfold here in Canada with the likely course being that Canada will only raise rates after the U.S. has done so.

The net result is that the money market yield curve is likely to remain quite flat for the next six months to a year and any back up in yields in the bond market should be fairly subdued. The major risk to this view is if inflation picks up such that the market begins to believe that North American Central Bankers are falling behind the inflation curve. Against this backdrop, the yields that pass for 'value' for the Government half of the portfolio are getting somewhat lower. Staff will continue to look for opportunities to lock in some yield in Government instruments by opportunistically extending term and continue to maximize the use of the investment bank accounts for the non-government half of the portfolio.

Policy Compliance

Objectives:

Preservation of Capital - There was no loss of capital during the Quarter.

Liquidity - No overdraft charges were incurred and sufficient cash was available to meet all requirements. The funded ratio of the Reserves at Quarter end was 100%.

Competitive Return on Investments - The rate of return was slightly above median for the year ending June 30, 2014 before allowing for fees that could have been paid to an external management firm. Staff maintains that the Policy benchmark was met.

Strategies:

Diversification of Investment Portfolio - Staff believes that diversification has been adequately maintained under the constraints of the Policy.

Regular Review of Performance - Performance data continues to be reported to the Investment Policy Advisory Committee.

Risk Management Approach - In implementing investment decisions staff seek a balance between the Objectives of the Investment Policy and the risks inherent in markets to look to achieve an optimal rate of return.

FINANCIAL IMPLICATIONS

Actual Operating Fund investment income for the Quarter was \$644,000 versus a budget of \$631,000. The actual rate of return was .31% versus a budgeted rate of .29%. The small positive income variance is due to the slightly higher rate of return as actual Operating Fund cash flows have been somewhat below expectations. It is too early to make reasonable projections for Operating Fund Investment Income for the fiscal year however information currently available to staff continues to suggest that the Operating Fund Investment Income Budget of \$2,100,000 will be met.

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.

ENVIRONMENTAL IMPLICATIONS

N/A

ALTERNATIVES

N/A

ATTACHMENTS

Sector Weight Schedules @ June 30, 2014 (Schedules A,B,C,D & E)
Appendix A - Economic Statistics and Central Bank Actions
Appendix B - List of Eligible Investments
Appendix C - DBRS Rating Scale

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.php> 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, BA, CMA, Deputy Treasurer, 490-6471

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Report Approved by: Jerry Blackwood, CGA, Manager of Revenue, 490-6470

Original Signed

Financial Approval by: Greg Keefe, Director of Finance & ICT/CFO, 490-6308

Total Portfolio
Sector Weights @ June 30, 2014

SCHEDULE A

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	428,485,959	100%	424,485,164	99%
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	0	0%				
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	194,027,801	45%	428,485,959	100%	234,458,158	55%
Total Alberta (R-1 High)	Open	7,980,960	2%	107,121,490	25%	83,242,040	19%
Alberta (R-1 High)	Open	7,980,960					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	79,879,407	19%	107,121,490	25%	25,068,810	6%
Manitoba (R-1 Mid)	Open	14,468,910	3%	107,121,490	25%	92,652,580	22%
New Brunswick (R-1 Mid)	Open	2,994,450	1%	107,121,490	25%	104,127,040	24%
Nova Scotia (R-1 Mid)	Open	10,080,448	2%	107,121,490	25%	97,041,042	23%
Ontario (R-1 Mid)	Open	52,121,118	12%	107,121,490	25%	55,000,372	13%
Quebec (R-1 Mid)	Open	17,819,933	4%	107,121,490	25%	82,297,932	19%
Quebec		9,325,669					
Financement Quebec		0					
Hydro Quebec		8,494,264					
Saskatchewan (R-1 High)	Open	6,682,575	2%	107,121,490	25%	98,438,915	23%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0	0%	107,121,490	25%	107,121,490	25%
Calgary (R-1 High)	Open	0		42,848,596	10%	42,848,596	10%
Financial Institutions & their Guarantees /Corporations		205,385,565	48%	214,242,979	50%	8,857,415	2%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	204,137,402	48%	214,242,979	50%	10,105,578	2%
Bank of Montreal (R-1 High)	Open	43,756,456	10%	42,848,596	10%	907,860	0%
BMO - Instruments		0					
BMO - Account		43,756,456					
Bank of Nova Scotia (R-1 High)	Open	33,053,075	8%	42,848,596	10%	9,795,521	2%
Bank of Nova Scotia - Effective Cash		-1,948,925					
Bank of Nova Scotia - Notice Account		35,000,000					
Canadian Imperial Bank of Commerce (R-1 High)	Open	43,763,464	10%	42,848,596	10%	914,868	0%
CIBC - Instruments		0					
CIBC - Account		43,763,464					
Royal Bank (R-1 High)	Open	40,564,407	9%	42,848,596	10%	2,284,189	1%
RBC - Instruments		0					
RBC - Account		40,564,407					
Toronto Dominion (R-1 High)	Open	43,000,000	10%	42,848,596	10%	151,404	0%
TD - Instruments		0					
TD - Account		43,000,000					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	1,248,163	0%	107,121,490	25%	105,873,327	25%
National Bank of Canada (R-1 Mid)	Open	0	0%	21,424,298	5%	21,424,298	5%
OMERS Realty Corporation (R-1 High)	Open	0	0%	21,424,298	5%	21,424,298	5%
CDP Financial Inc (R-1 High)	Open	0	0%	21,424,298	5%	21,424,298	5%
Desjardins Total		1,248,163	0%	21,424,298	5%	20,176,135	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centrale Desjardins (R-1 High)	Open	1,248,163					
Total Cash and Equivalents		399,413,388	93%				
Federal Government & its Guarantees							
Money Market		0	0%	52,233,534	20%	52,233,534	20%
Reserves - Bond Pool		3,990,795	1%	163,944,195	100%	159,953,400	98%
Canada Mortgage & Housing Corp.		3,990,795	1%	163,944,195	100%	159,953,400	98%
Provincial Government & their Guarantees		25,075,388	6%	52,233,534	20%	27,158,148	10%
Money Market		13,000,407	6%	52,233,534	20%	31,519,878	12%
Alberta		5,996,782	4%	26,116,767	10%	10,218,277	4%
Alberta		1,994,627					
Alberta Capital Finance Authority		4,002,155					
Alberta Treasury Branches		0					
British Columbia		0	1%	26,116,767	10%	23,943,494	9%
Manitoba		0	0%	26,116,767	10%	26,116,767	10%
New Brunswick		0	0%	26,116,767	10%	26,116,767	10%
Nova Scotia		0					
Ontario		0	0%	26,116,767	10%	26,116,767	10%
Quebec		7,003,625	2%	26,116,767	10%	19,113,142	7%
Quebec		0					
Financement Quebec		7,003,625					
Saskatchewan		0	0%	26,116,767	10%	26,116,767	10%
Bond Pool		12,074,981	6%	32,768,839	20%	7,713,451	5%
Alberta		9,901,708	4%	16,394,420	10%	495,930	0%
Alberta		7,820,849					
Alberta Capital Finance Authority		2,081,059					
Alberta Treasury Branches		0					
British Columbia		2,173,273	1%	16,394,420	10%	14,221,147	9%
Manitoba		0	0%	16,394,420	10%	16,394,420	10%
New Brunswick		0	0%	16,394,420	10%	16,394,420	10%
Nova Scotia		0					
Ontario		0	0%	16,394,420	10%	16,394,420	10%
Quebec		0	2%	16,394,420	10%	9,390,795	6%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	16,394,420	10%	16,394,420	10%
Total Fixed		29,066,183	7%	32,768,839	20%	3,722,656	2%
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		428,485,959					
Interest Bearing Bank Accounts - O/S Cheque Coverage		18,025,184					
Total Investments and O/S Cheques Coverage		446,511,143					

Operating Funds
Sector Weights @ June 30, 2014

SCHEDULE B

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	247,636,792	100%	247,636,792	100%
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	0	0%				
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	116,505,377	47%	247,636,792	100%	131,131,415	53%
Total Alberta (R-1 High)	Open	4,792,224	2%	81,909,198	25%	53,516,163	22%
Alberta (R-1 High)	Open	4,792,224					
Alberta Capital Finance Authority (R-1 High)	Open	0	0%				
Alberta Treasury Branches (R-1 High)	Open	0	0%				
British Columbia (R-1 High)	Open	47,964,160	19%	81,909,198	25%	13,945,038	8%
Manitoba (R-1 Mid)	Open	8,687,960	4%	81,909,198	25%	53,221,238	21%
New Brunswick (R-1 Mid)	Open	1,799,039	1%	81,909,198	25%	60,111,159	24%
Nova Scotia (R-1 Mid)	Open	6,052,877	2%	81,909,198	25%	55,856,321	23%
Ontario (R-1 Mid)	Open	31,298,497	13%	81,909,198	25%	30,612,701	12%
Quebec (R-1 Mid)	Open	10,700,106	4%	81,909,198	25%	47,003,716	19%
Saskatchewan (R-1 High)	Open	5,213,514	2%	81,909,198	25%	56,695,684	23%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		81,909,198	25%	81,909,198	25%
Calgary (R-1 High)	Open			24,763,679	10%	24,763,679	10%
Financial Institutions & their Guarantees /Corporations	BA's Schedule A	123,325,228	50%	123,818,396	50%	493,168	0%
Canadian Banks R-1	Mid						
Tier 1 - Financial Institutions & their Guarantees	Open	122,575,759	49%	123,818,396	50%	1,242,637	1%
Bank of Montreal (R-1 High)	Open	26,273,876	11%	24,763,679	10%	-1,510,197	-1%
BMO - Instruments		0					
BMO - Account		26,273,876					
Bank of Nova Scotia (R-1 High)	Open	19,846,955	8%	24,763,679	10%	4,916,725	2%
Bank of Nova Scotia - Effective Cash		-1,169,045					
Bank of Nova Scotia - Notice Account		21,016,000					
Canadian Imperial Bank of Commerce (R-1 High)	Open	26,278,084	11%	24,763,679	10%	-1,514,405	-1%
CIBC - Instruments		0					
CIBC - Account		26,278,084					
Royal Bank (R-1 High)	Open	24,357,188	10%	24,763,679	10%	406,492	0%
RBC - Instruments		0					
RBC - Account		24,357,188					
Toronto Dominion (R-1 High)	Open	25,819,657	10%	24,763,679	10%	-1,055,978	0%
TD - Instruments		0					
TD - Account		25,819,657					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	749,468	0%	81,909,198	25%	61,159,730	25%
National Bank of Canada (R-1 Mid)	Open	0	0%	12,381,840	5%	12,381,840	5%
OMERS Realty Corporation (R-1 High)	Open	0	0%	12,381,840	5%	12,381,840	5%
CDP Financial Inc (R-1 High)	Open	0	0%	12,381,840	5%	12,381,840	5%
Desjardins Total		749,468	0%	12,381,840	5%	11,632,371	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centrale Desjardins (R-1 High)	Open	749,468					
Total Investments		239,830,605	97%				
Federal Government & its Guarantees							
Money Market		0	0%	49,527,358	20%	49,527,358	20%
Reserves - Bond Pool		0	0%	49,527,358	100%	49,527,358	20%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		7,806,187	3%	49,527,358	20%	41,721,171	17%
Money Market		7,806,187	3%	49,527,358	20%	41,721,171	17%
Alberta		3,600,811	1%	24,763,679	10%	21,162,869	9%
Alberta		1,197,688					
Alberta Capital Finance Authority		2,403,123					
Alberta Treasury Branches							
British Columbia		0	0%	24,763,679	10%	24,763,679	10%
Manitoba		0	0%	24,763,679	10%	24,763,679	10%
New Brunswick		0	0%	24,763,679	10%	24,763,679	10%
Ontario		0	0%	24,763,679	10%	24,763,679	10%
Quebec		4,205,377	2%	24,763,679	10%	20,558,303	8%
Quebec		0					
Financement Quebec		4,205,377					
Saskatchewan		0	0%	24,763,679	10%	24,763,679	10%
Bond Pool		0	3%	49,527,358	20%	41,721,171	17%
Alberta		0	1%	24,763,679	10%	23,565,991	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	24,763,679	10%	24,763,679	10%
Manitoba		0	0%	24,763,679	10%	24,763,679	10%
New Brunswick		0	0%	24,763,679	10%	24,763,679	10%
Ontario		0	0%	24,763,679	10%	20,558,303	8%
Quebec		0	2%	24,763,679	10%	24,763,679	10%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	24,763,679	10%	24,763,679	10%
Total Fixed		7,806,187	3%	49,527,358	20%	41,721,171	17%
Total Investments		247,636,792					
Interest Bearing Bank Accounts - O/S Cheque Coverage		18,025,184					
Total Investments and O/S Cheques Coverage		265,661,976					

Capital Funds
Sector Weights @ June 30, 2014

SCHEDULE C

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	0%
New Brunswick (R-1 Mid)	Open	0	0%	0	25%	0	0%
Nova Scotia (R-1 Mid)	Open	0	0%	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%	0	25%	0	0%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		0	25%	0	0%
Calgary (R-1 High)	Open			0	10%	0	0%
Financial Institutions & their Guarantees /Corporations		0	0%	0	50%	0	0%
BA's Schedule A							
Canadian Banks R-1							
Tier 1 - Financial Institutions & their Guarantees	Mid	0	0%	0	50%	0	0%
Bank of Montreal (R-1 High)	Open	0	0%	0	10%	0	0%
BMO - Instruments		0					
BMO - Account		0					
Bank of Nova Scotia (R-1 High)	Open	0	0%	0	10%	0	0%
Bank of Nova Scotia - Effective Cash		0					
Bank of Nova Scotia - Notice Account		0					
Canadian Imperial Bank of Commerce (R-1 High)	Open	0	0%	0	10%	0	0%
CIBC - Instruments		0					
CIBC - Account		0					
Royal Bank (R-1 High)	Open	0	0%	0	10%	0	0%
RBC - Instruments		0					
RBC - Account		0					
Toronto Dominion (R-1 High)	Open	0	0%	0	10%	0	0%
TD - Instruments		0					
TD - Account		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%
Desjardins Total		0	0%	0	5%	0	0%
Desjardins Group (R-1 High)	Open	0					
Caisse Centrale Desjardins (R-1 High)	Open	0					
Total Investments		<u>0</u>	<u>0%</u>				
Federal Government & its Guarantees							
Money Market		0	0		20%	0	20%
Reserves - Bond Pool		0	0%	0	100%	0	0%
Canada Mortgage & Housing Corp.		0			100%		
Provincial Government & their Guarantees							
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					
Saskatchewan		0	0%	0	10%	0	0%
Bond Pool							
Alberta		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					
Saskatchewan		0	0%	0	10%	0	0%
Total Fixed		<u>0</u>	<u>0%</u>	<u>0</u>	<u>20%</u>	<u>0</u>	<u>0%</u>
Total Investments		<u>0</u>					
Interest Bearing Bank Accounts - O/S Cheque Coverage		<u>0</u>					
Total Investments and O/S Cheques Coverage		<u>0</u>					

Reserve Funds
Sector Weights @ June 30, 2014

SCHEDULE D

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	177,471,274	100%	173,480,479	98%
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	0	0%				
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	75,936,247	43%	177,471,274	100%	101,535,028	57%
Total Alberta (R-1 High)	Open	3,123,491	2%	44,367,819	25%	28,995,672	16%
Alberta (R-1 High)	Open	3,123,491					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	31,262,233	18%	44,367,819	25%	10,932,313	6%
Manitoba (R-1 Mid)	Open	5,662,666	3%	44,367,819	25%	38,705,152	22%
New Brunswick (R-1 Mid)	Open	1,171,932	1%	44,367,819	25%	43,195,887	24%
Nova Scotia (R-1 Mid)	Open	3,945,163		44,367,819	25%	40,422,655	23%
Ontario (R-1 Mid)	Open	20,398,531	11%	44,367,819	25%	23,969,288	14%
Quebec (R-1 Mid)	Open	6,974,149	4%	44,367,819	25%	34,652,676	20%
Saskatchewan (R-1 High)	Open	3,398,081	2%	44,367,819	25%	40,969,738	23%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		44,367,819	25%	44,367,819	25%
Calgary (R-1 High)	Open			17,747,127	10%	17,747,127	10%
Financial Institutions & their Guarantees /Corporations		80,381,310	45%	88,735,637	50%	8,354,327	5%
	BA's Schedule A Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	79,892,819	45%	88,735,637	50%	8,842,818	5%
Bank of Montreal (R-1 High)	Open	17,124,871	10%	17,747,127	10%	622,257	0%
BMO - Instruments		0					
BMO - Account		17,124,871					
Bank of Nova Scotia (R-1 High)	Open	12,935,911	7%	17,747,127	10%	4,811,216	3%
Bank of Nova Scotia - Effective Cash		-761,964					
Bank of Nova Scotia - Notice Account		13,697,875					
Canadian Imperial Bank of Commerce (R-1 High)	Open	17,127,814	10%	17,747,127	10%	619,514	0%
CIBC - Instruments		0					
CIBC - Account		17,127,814					
Royal Bank (R-1 High)	Open	15,875,605	9%	17,747,127	10%	1,871,522	1%
RBC - Instruments		0					
RBC - Account		15,875,605					
Toronto Dominion (R-1 High)	Open	16,828,818	9%	17,747,127	10%	918,309	1%
TD - Instruments		0					
TD - Account		16,828,818					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	488,491	0%	44,367,819	25%	43,879,328	25%
National Bank of Canada (R-1 Mid)	Open	0	0%	8,873,564	5%	8,873,564	5%
OMERS Realty Corporation (R-1 High)	Open	0	0%	8,873,564	5%	8,873,564	5%
CDP Financial Inc (R-1 High)	Open	0	0%	8,873,564	5%	8,873,564	5%
Desjardins Total		488,491	0%	8,873,564	5%	8,365,073	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centrale Desjardins (R-1 High)	Open	488,491					
Total Cash and Equivalents		156,317,557	88%				
Federal Government & its Guarantees							
Money Market		0	0%	0	20%	0	0%
Reserves - Bond Pool		3,990,795	2%	177,471,274	100%	173,480,479	98%
Canada Mortgage & Housing Corp		3,990,795					
Provincial Government & their Guarantees		17,162,923	10%	88,735,637	50%	71,572,715	40%
Money Market		5,087,942	10%	88,735,637	50%	71,572,715	40%
Alberta		2,346,948	7%	17,747,127	10%	5,498,472	3%
Alberta		780,633					
Alberta Capital Finance Authority		1,566,315					
Alberta Treasury Branches							
British Columbia		0	1%	17,747,127	10%	15,573,854	9%
Manitoba		0	0%	17,747,127	10%	17,747,127	10%
New Brunswick		0	0%	17,747,127	10%	17,747,127	10%
Ontario		0	0%	17,747,127	10%	17,747,127	10%
Quebec		2,740,994	2%	17,747,127	10%	15,006,134	8%
Quebec		0					
Financement Quebec		2,740,994					
Saskatchewan		0	0%	17,747,127	10%	17,747,127	10%
Bond Pool		12,074,981	10%	88,735,637	50%	71,572,715	40%
Alberta		9,901,708	7%	17,747,127	10%	5,498,472	3%
Alberta		7,820,649					
Alberta Capital Finance Authority		2,081,059					
Alberta Treasury Branches		0					
British Columbia		2,173,273	1%	17,747,127	10%	15,573,854	9%
Manitoba		0	0%	17,747,127	10%	17,747,127	10%
New Brunswick		0	0%	17,747,127	10%	17,747,127	10%
Ontario		0	0%	17,747,127	10%	17,747,127	10%
Quebec		0	2%	17,747,127	10%	15,006,134	8%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	17,747,127	10%	17,747,127	10%
Total Fixed		21,153,718	12%	177,471,274	100%	156,317,557	88%
Total Investments		177,471,274					

Trust Funds
Sector Weights @ June 30, 2014

SCHEDULE E

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	3,377,892	100%	3,377,892	100%
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	0	0%				
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	1,586,177	47%	3,377,892	100%	1,781,715	53%
Total Alberta (R-1 High)	Open	65,244	2%	844,473	25%	730,205	22%
Alberta (R-1 High)	Open	65,244					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0	0%				
British Columbia (R-1 High)	Open	653,014	19%	844,473	25%	191,459	6%
Manitoba (R-1 Mid)	Open	116,283	4%	844,473	25%	726,190	21%
New Brunswick (R-1 Mid)	Open	24,480	1%	844,473	25%	819,993	24%
Nova Scotia (R-1 Mid)	Open	82,408	2%	844,473	25%	762,065	23%
Ontario (R-1 Mid)	Open	426,090	13%	844,473	25%	418,383	12%
Quebec (R-1 Mid)	Open	145,678	4%	844,473	25%	641,541	19%
Saskatchewan (R-1 High)	Open	70,980	2%	844,473	25%	773,493	23%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		844,473	25%	844,473	25%
Calgary (R-1 High)	Open	0		337,789	10%	337,789	10%
Financial Institutions & their Guarantees /Corporations	BA's Schedule A Canadian Banks R-1	1,679,027	50%	1,688,946	50%	9,919	0%
Tier 1 - Financial Institutions & their Guarantees	Mid	1,688,823	49%	1,688,946	50%	20,123	1%
Bank of Montreal (R-1 High)	Open	357,709	11%	337,789	10%	-19,920	-1%
BMO - Instruments		0					
BMO - Account		357,709					
Bank of Nova Scotia (R-1 High)	Open	270,209	8%	337,789	10%	67,580	2%
Bank of Nova Scotia - Effective Cash		-15,916					
Bank of Nova Scotia - Notice Account		286,125					
Canadian Imperial Bank of Commerce (R-1 High)	Open	357,768	11%	337,789	10%	-19,977	-1%
CIBC - Instruments		0					
CIBC - Account		357,768					
Royal Bank (R-1 High)	Open	331,614	10%	337,789	10%	6,175	0%
RBC - Instruments		0					
RBC - Account		331,614					
Toronto Dominion (R-1 High)	Open	351,525	10%	337,789	10%	-13,736	0%
TD - Instruments		0					
TD - Account		351,525					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	10,204	0%	844,473	25%	834,268	25%
National Bank of Canada (R-1 Mid)	Open	0	0%	168,895	5%	168,895	5%
OMERS Realty Corporation (R-1 High)	Open	0	0%	168,895	5%	168,895	5%
CDP Financial Inc (R-1 High)	Open	0	0%	168,895	5%	168,895	5%
Desjardins Total		10,204	0%	168,895	5%	158,691	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centrale Desjardins (R-1 High)	Open	10,204					
Total Cash and Equivalents		3,285,204	97%				
Federal Government & its Guarantees							
Money Market		0	0%	0	20%	0	0%
Reserves - Bond Pool		0	0%	3,377,892	100%	3,377,892	100%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		108,278	3%	3,377,892	100%	3,271,614	97%
Money Market		108,278	100%	3,377,892	100%	3,271,614	97%
Alberta		49,024	1%	337,789	10%	288,766	9%
Alberta		16,306					
Alberta Capital Finance Authority		32,718					
Alberta Treasury Branches		0					
British Columbia		0	0%	337,789	10%	337,789	10%
Manitoba		0	0%	337,789	10%	337,789	10%
New Brunswick		0	0%	337,789	10%	337,789	10%
Ontario		0	0%	337,789	10%	337,789	10%
Quebec		57,255	2%	337,789	10%	280,535	8%
Quebec		0					
Financement Quebec		57,255					
Saskatchewan		0	0%	337,789	10%	337,789	10%
Bond Pool		0	3%	3,377,892	100%	3,271,614	97%
Alberta		0	1%	337,789	10%	288,766	9%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	337,789	10%	337,789	10%
Manitoba		0	0%	337,789	10%	337,789	10%
New Brunswick		0	0%	337,789	10%	337,789	10%
Ontario		0	0%	337,789	10%	337,789	10%
Quebec		0	2%	337,789	10%	280,535	8%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	337,789	10%	337,789	10%
Total Fixed		108,278					
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		3,377,892					

Appendix A

Economic Statistics

	Canada	US
Unemployment Rate	Jan 7.0%, Feb 7.0%, Mar 6.9%	Jan 6.6%, Feb 6.7%, Mar 6.7%
Jobs Created / (Lost) ('000's)	Jan 29, Feb (7), Mar 43	Jan 144, Feb 197, Mar 192
CPI (year over year)	Jan 1.5%, Feb 1.1%, Mar 1.5%	Jan 1.6%, Feb 1.1%, Mar 1.5%
CPI-X (Core) (year over year)	Jan 1.4%, Feb 1.2%, Mar 1.3%	Jan 1.6%, Feb 1.6%, Mar 1.7%
GDP	TBA	Q1 A 0.1%

Central Bank Activities

- January 22nd Bank of Canada Maintains overnight rate at 1.0%
- January 29th U.S. Federal Open Market Committee maintains Target Range of 0% to .25%
- March 5th Bank of Canada Maintains overnight rate at 1.0%
- March 19th U.S. Federal Open Market Committee maintains Target Range of 0% to .25%

Appendix B

List of Eligible Investments

The Government of Canada & Its Guarantees:

Federal Government

Business Development Bank

Canada Mortgage & Housing Corporation

Canadian Wheat Board

Export Development Canada

Farm Credit Corporation

Provincial Governments & Their Guarantees:

The Province of Alberta & Its Guarantees

The Province of British Columbia & Its Guarantees

The Province of Manitoba & Its Guarantees

The Province of New Brunswick & Its Guarantees

The Province of Ontario & Its Guarantees

The Province of Quebec & Its Guarantees

The Province of Saskatchewan & Its Guarantees

The Province of Nova Scotia

Municipal Governments & Their Guarantees:

The Municipality of Calgary & Its Guarantees

Financial Institutions & Their Guarantees (Tier 1):

The Bank of Montreal & Its Guarantees

The Bank of Nova Scotia & Its Guarantees

Canadian Imperial Bank of Commerce & Its Guarantees

Royal Bank of Canada & Its Guarantees

Toronto Dominion Bank & Its Guarantees

Financial Institutions & Corporations (Tier 2):

Desjardins Group

Caisse Centrale Desjardins

CDP Financial Inc.

National Bank of Canada

OMERS Finance Trust

Appendix C

Dominion Bond Rating Service (DBRS) Rating Scale

R-1 (high)

Short-term debt rated R-1 (high) is of the highest credit quality, and indicates an entity possessing unquestioned ability to repay current liabilities as they fall due. Entities rated in this category normally maintain strong liquidity positions, conservative debt levels, and profitability that is both stable and above average. Companies achieving an R-1 (high) rating are normally leaders in structurally sound industry segments with proven track records, sustainable positive future results, and no substantial qualifying negative factors. Given the extremely tough definition DBRS has established for an R-1 (high), few entities are strong enough to achieve this rating.

R-1 (middle)

Short-term debt rated R-1 (middle) is of superior credit quality and, in most cases, ratings in this category differ from R-1 (high) credits by only a small degree. Given the extremely tough definition DBRS has established for the R-1 (high) category, entities rated R-1 (middle) are also considered strong credits, and typically exemplify above average strength in key areas of consideration for the timely repayment of short-term liabilities.

R-1 (low)

Short-term debt rated R-1 (low) is of satisfactory credit quality. The overall strength and outlook for key liquidity, debt, and profitability ratios is not normally as favourable as with higher rating categories, but these considerations are still respectable. Any qualifying negative factors that exist are considered manageable, and the entity is normally of sufficient size to have some influence in its industry.