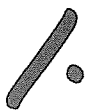




PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada



Halifax Regional Council
June 17, 2003

TO: Mayor Kelly and Members of Halifax Regional Council

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

DATE: June 9, 2003

SUBJECT: Investment Policy Advisory Committee Report - Quarter Ending
December 31, 2002

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 December 31, 2002 and accepts the report and the findings contained in the report that the investment activities reported are in compliance with the Policy.

The issue raised in the Committee's previous report to Council regarding the dis-aggregation of the Sector Weight Schedule to show investments attributable to the various Funds of HRM has been dealt with by staff.

The previous suggestion by the Committee for more detailed reporting of cash flows in relation to the Liquidity Objective has also been addressed. However, the Committee and staff have agreed to continue to refine this reporting.

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

Recommended Sector Weight schedules at December 31, 2002

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Approved by: Investment Policy Advisory Committee

Date: March 3, 2003

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

**Total Investments
Sector Weights
December 31, 2002**

Schedule A

<u>Category Status</u>	<u>Cumulative Amount Invested @ Book Value</u>	<u>%</u>	<u>Guideline Limit</u>	<u>%</u>	<u>Limit Available</u>	<u>%</u>	
<u>CASH & EQUIVALENTS</u>							
Federal Government & its Guarantees	Open	\$152,347,615	79%	\$192,847,522	100%	\$40,499,907	21%
Federal Government	Open	\$69,792,160	36%				
Business Development Bank	Open	\$30,656,010	16%				
Canada Mortgage & Housing Corp	Open	\$2,468,875	1%				
Canadian Wheat Board	Open	\$45,458,290	24%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$3,972,280	2%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$17,811,450	9%	\$192,847,522	100%	\$175,036,072	91%
Alberta (R-1 High)	Open			\$48,211,880	25%	\$48,211,880	25%
Alberta Municipal Finance Corp (R-1 High)	Open	\$0		\$48,211,880	25%	\$48,211,880	25%
Alberta Treasury Branches (R-1 High)	Open			\$48,211,880	25%	\$48,211,880	25%
British Columbia (R-1 Mid)	Open			\$48,211,880	25%	\$48,211,880	
Manitoba (R-1 Low)	Closed			\$48,211,880	25%	\$48,211,880	
New Brunswick (R-1 Low)	Closed			\$48,211,880	25%	\$48,211,880	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$48,211,880	25%	\$48,211,880	
Nova Scotia (R-1 Low)	Closed			\$48,211,880	25%	\$48,211,880	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$48,211,880	25%	\$48,211,880	
Ontario (R-1 Mid)	Open	\$17,811,450	9%	\$48,211,880	25%	\$30,400,430	16%
Prince Edward Island (R-1 Low)	Closed			\$48,211,880	25%	\$48,211,880	
Quebec (R-1 Low)	Closed			\$48,211,880	25%	\$48,211,880	
Saskatchewan (R-1 Low)	Closed			\$48,211,880	25%	\$48,211,880	
Municipal Governments & their Guarantees	R-1 Mid or Greater	\$0		\$48,211,880	25%	\$48,211,880	25%
Calgary (R-1 Mid)	Open			\$19,284,752	10%	\$19,284,752	10%
Edmonton (R-1 High)	Open			\$19,284,752	10%	\$19,284,752	10%
Winnipeg (R-1 Mid)	Open			\$19,284,752	10%	\$19,284,752	10%
Financial Institutions & their Guarantees	BA's Schedule A Canadian Banks R-1 Mid	\$22,627,872	12%	\$48,211,880	25%	\$25,584,008	13%
Bank of Montreal (R-1 Mid)	Open	\$5,961,720	3%	\$19,284,752	10%	\$13,323,032	7%
Bank of Nova Scotia (R-1 Mid)	Open	\$3,974,880	2%	\$19,284,752	10%	\$15,309,872	8%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$0		\$19,284,752	10%	\$19,284,752	10%
Laurentian Bank (R-1 Low)	Closed			\$19,284,752	10%	\$19,284,752	
National Bank of Canada (R-1 Low)	Closed			\$19,284,752	10%	\$19,284,752	
Royal Bank (R-1 Mid)	Open	\$0 } \$12,691,272 }	7%	\$19,284,752	10%	\$6,593,480	3%
Royal Bank 1 Day BA				\$19,284,752	10%	\$19,284,752	10%
Toronto Dominion (R-1 Mid)	Open			\$19,284,752	10%	\$19,284,752	10%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS INVESTMENTS		\$192,786,937	100%	\$192,847,522	100%	\$60,585	0%
<u>FIXED (Bonds, etc. over one year)</u>							
Federal Government & its Guarantees		\$54,175		\$192,847,522	100%	\$192,793,347	100%
Federal Government		\$54,175		\$192,847,522	100%	\$192,793,347	100%
TOTAL FIXED		\$54,175	0%	\$192,847,522	100%	\$192,793,347	100%
<u>EQUITIES</u>							
Bank of Montreal		\$6,410	0%	\$3,856,950	2%	\$3,850,541	2%
TOTAL EQUITIES		\$6,410	0%	\$19,284,752	2%	\$19,278,343	10%
TOTAL INVESTMENTS		\$192,847,522	100%				
Interest Bearing Bank Accounts O/S Cheque Coverage		\$11,023,041					
TOTAL INVESTMENTS & O/S CHEQUE COVERAGE		\$203,870,563					

**Operating Fund
Sector Weights
December 31, 2002**

Schedule B

<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	\$58,484,272	79%	\$74,008,403	100%	\$15,524,131	21%
Federal Government	Open	\$26,792,304	36%				
Business Development Bank	Open	\$11,768,444	16%				
Canada Mortgage & Housing Corp.	Open	\$947,769	1%				
Canadian Wheat Board	Open	\$17,450,847	24%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$1,524,907	2%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$6,837,584	9%	\$74,008,403	100%	\$67,170,818	91%
Alberta (R-1 High)	Open			\$18,502,101	25%	\$18,502,101	25%
Alberta Municipal Finance Corp (R-1 High)	Open	\$0		\$18,502,101	25%	\$18,502,101	25%
Alberta Treasury Branches (R-1 High)	Open			\$18,502,101	25%	\$18,502,101	25%
British Columbia (R-1 Mid)	Open			\$18,502,101	25%	\$18,502,101	25%
Manitoba (R-1 Low)	Closed			\$18,502,101	25%	\$18,502,101	
New Brunswick (R-1 Low)	Closed			\$18,502,101	25%	\$18,502,101	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$18,502,101	25%	\$18,502,101	
Nova Scotia (R-1 Low)	Closed			\$18,502,101	25%	\$18,502,101	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$18,502,101	25%	\$18,502,101	
Ontario (R-1 Mid)	Open	\$6,837,584	9%	\$18,502,101	25%	\$11,664,516	16%
Prince Edward Island (R-1 Low)	Closed			\$18,502,101	25%	\$18,502,101	
Quebec (R-1 Low)	Closed			\$18,502,101	25%	\$18,502,101	
Saskatchewan (R-1 Low)	Closed			\$18,502,101	25%	\$18,502,101	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$18,502,101	25%	\$18,502,101	25%
Calgary (R-1 Mid)	Open			\$7,400,840	10%	\$7,400,840	10%
Edmonton (R-1 High)	Open			\$7,400,840	10%	\$7,400,840	10%
Winnipeg (R-1 Mid)	Open			\$7,400,840	10%	\$7,400,840	10%
BA's Schedule A							
Canadian Banks R-1							
Financial Institutions & their Guarantees	Mid	\$8,686,546	12%	\$18,502,101	25%	\$9,815,554	13%
Bank of Montreal (R-1 Mid)	Open	\$2,288,627	3%	\$7,400,840	10%	\$5,112,213	7%
Bank of Nova Scotia (R-1 Mid)	Open	\$1,525,905	2%	\$7,400,840	10%	\$5,874,935	8%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$0		\$7,400,840	10%	\$7,400,840	10%
Laurentian Bank (R-1 Low)	Closed			\$7,400,840	10%	\$7,400,840	
National Bank of Canada (R-1 Low)	Closed			\$7,400,840	10%	\$7,400,840	
Royal Bank (R-1 Mid)	Open	\$0	7%	\$7,400,840	10%	\$2,528,826	3%
Royal Bank 1 Day BA		\$4,872,015			10%		
Toronto Dominion (R-1 Mid)	Open			\$7,400,840	10%	\$7,400,840	10%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS INVESTMENTS		\$74,008,403	100%				
FIXED (Bonds, etc. over one year)	Nil						
Total Investments		\$74,008,403	100%				
Interest Bearing Bank Accounts - O/S Cheque Coverage		\$11,023,041	*				
TOTAL INVESTMENTS & O/S CHEQUE COVERAGE		\$85,031,444					

* Cheques O/S Over \$50,000 \$11,023,041

**Capital Fund
Sector Weights
December 31, 2002**

Schedule C

<u>Category Status</u>		<u>Cumulative Amount Invested @ Book Value</u>	<u>%</u>	<u>Guideline Limit</u>	<u>%</u>	<u>Limit Available</u>	<u>%</u>
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$0	0%	\$0	100%	\$0	0%
Federal Government	Open	\$0	0%				
Business Development Bank	Open	\$0	0%				
Canada Mortgage & Housing Corp.	Open	\$0	0%				
Canadian Wheat Board	Open	\$0	0%				
Export Development Canada	Open	\$0	0%				
Farm Credit Corp	Open	\$0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$0	0%	\$0	100%	\$0	0%
Alberta (R-1 High)	Open	\$0		\$29,026,920	25%	\$29,026,920	25%
Alberta Municipal Finance Corp (R-1 High)	Open	\$0		\$29,026,920	25%	\$29,026,920	25%
Alberta Treasury Branches (R-1 High)	Open			\$29,026,920	25%	\$29,026,920	25%
British Columbia (R-1 Mid)	Open			\$29,026,920	25%	\$29,026,920	
Manitoba (R-1 Low)	Closed			\$29,026,920	25%	\$29,026,920	
New Brunswick (R-1 Low)	Closed			\$29,026,920	25%	\$29,026,920	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$29,026,920	25%	\$29,026,920	
Nova Scotia (R-1 Low)	Closed			\$29,026,920	25%	\$29,026,920	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$29,026,920	25%	\$29,026,920	25%
Ontario (R-1 Mid)	Open	\$0	0%	\$29,026,920	25%	\$29,026,920	
Prince Edward Island (R-1 Low)	Closed			\$29,026,920	25%	\$29,026,920	
Quebec (R-1 Low)	Closed			\$29,026,920	25%	\$29,026,920	
Saskatchewan (R-1 Low)	Closed			\$29,026,920	25%	\$29,026,920	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$0	25%	\$0	0%
Calgary (R-1 Mid)	Open			\$11,610,768	10%	\$11,610,768	10%
Edmonton (R-1 High)	Open			\$11,610,768	10%	\$11,610,768	10%
Winnipeg (R-1 Mid)	Open			\$11,610,768	10%	\$11,610,768	10%
Financial Institutions & their Guarantees	BA's Schedule A Canadian Banks R-1 Mid	\$0	0%	\$0	25%	\$0	0%
Bank of Montreal (R-1 Mid)	Open	\$0	0%	\$11,610,768	10%	\$11,610,768	10%
Bank of Nova Scotia (R-1 Mid)	Open	\$0	0%	\$11,610,768	10%	\$11,610,768	10%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$0		\$11,610,768	10%	\$11,610,768	
Laurentian Bank (R-1 Low)	Closed			\$11,610,768	10%	\$11,610,768	
National Bank of Canada (R-1 Low)	Closed			\$11,610,768	10%	\$11,610,768	
Royal Bank (R-1 Mid)	Open	\$0 }	0%	\$11,610,768	10%	\$11,610,768	10%
Royal Bank 1 Day BA		\$0 }			10%		
Toronto Dominion (R-1 Mid)	Open			\$11,610,768	10%	\$11,610,768	10%
Corporations & their Guarantees	Closed						
FIXED (Bonds, etc. over one year)	Nil						
TOTAL INVESTMENTS		<u>\$0</u>	<u>0%</u>				

**Reserve Funds
Sector Weights
December 31, 2002**

Schedule D

<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	\$91,752,733	79%	\$116,107,681	100%	\$24,354,948 21%
Federal Government	Open	\$42,032,961	36%			
Business Development Bank	Open	\$18,462,860	16%			
Canada Mortgage & Housing Corp.	Open	\$1,486,902	1%			
Canadian Wheat Board	Open	\$27,377,667	24%			
Export Development Canada	Open					
Farm Credit Corp	Open	\$2,392,342	2%			
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$10,727,107	9%	\$116,107,681	100%	\$105,380,574 91%
Alberta (R-1 High)	Open			\$29,026,920	25%	\$29,026,920 25%
Alberta Municipal Finance Corp (R-1 High)	Open	\$0		\$29,026,920	25%	\$29,026,920 25%
Alberta Treasury Branches (R-1 High)	Open			\$29,026,920	25%	\$29,026,920 25%
British Columbia (R-1 Mid)	Open			\$29,026,920	25%	\$29,026,920 25%
Manitoba (R-1 Low)	Closed			\$29,026,920	25%	\$29,026,920
New Brunswick (R-1 Low)	Closed			\$29,026,920	25%	\$29,026,920
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$29,026,920	25%	\$29,026,920
Nova Scotia (R-1 Low)	Closed			\$29,026,920	25%	\$29,026,920
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$29,026,920	25%	\$29,026,920
Ontario (R-1 Mid)	Open	\$10,727,107	9%	\$29,026,920	25%	\$18,299,813 16%
Prince Edward Island (R-1 Low)	Closed			\$29,026,920	25%	\$29,026,920
Quebec (R-1 Low)	Closed			\$29,026,920	25%	\$29,026,920
Saskatchewan (R-1 Low)	Closed			\$29,026,920	25%	\$29,026,920
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$29,026,920	25%	\$29,026,920 25%
Calgary (R-1 Mid)	Open			\$11,610,768	10%	\$11,610,768 10%
Edmonton (R-1 High)	Open			\$11,610,768	10%	\$11,610,768 10%
Winnipeg (R-1 Mid)	Open			\$11,610,768	10%	\$11,610,768 10%
BA's Schedule A						
Financial Institutions & their Guarantees	Mid	\$13,627,841	12%	\$29,026,920	25%	\$15,399,079 13%
Bank of Montreal (R-1 Mid)	Open	\$3,590,500	3%	\$11,610,768	10%	\$8,020,268 7%
Bank of Nova Scotia (R-1 Mid)	Open	\$2,393,908	2%	\$11,610,768	10%	\$9,216,861 8%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$0		\$11,610,768	10%	\$11,610,768 10%
Laurentian Bank (R-1 Low)	Closed			\$11,610,768	10%	\$11,610,768
National Bank of Canada (R-1 Low)	Closed			\$11,610,768	10%	\$11,610,768
Royal Bank (R-1 Mid)	Open	\$0	7%	\$11,610,768	10%	\$3,967,334 3%
Royal Bank 1 Day BA		\$7,643,434			10%	
Toronto Dominion (R-1 Mid)	Open			\$11,610,768	10%	\$11,610,768 10%
Corporations & their Guarantees	Closed					
TOTAL CASH & EQUIVALENTS INVESTMENTS		\$116,107,681	100%			
FIXED (Bonds, etc. over one year)	Nil					
TOTAL INVESTMENTS		\$116,107,681	100%			

**Trust Funds
Sector Weights
December 31, 2002**

Schedule E

<u>Category/Status</u>	<u>Cumulative Amount Invested @ Book Value</u>	<u>%</u>	<u>Guideline Limit</u>	<u>%</u>	<u>Limit Available</u>	<u>%</u>
CASH & EQUIVALENTS						
Federal Government & its Guarantees	Open	\$2,110,610	77%	\$2,731,437	100%	\$620,827 23%
Federal Government	Open	\$966,894	35%			
Business Development Bank	Open	\$424,706	16%			
Canada Mortgage & Housing Corp.	Open	\$34,204	1%			
Canadian Wheat Board	Open	\$629,775	23%			
Export Development Canada	Open					
Farm Credit Corp	Open	\$55,032	2%			
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$246,758	9%	\$2,731,437	100%	\$2,484,679 91%
Alberta (R-1 High)	Open			\$682,859	25%	\$682,859 25%
Alberta Municipal Finance Corp (R-1 High)	Open	\$0		\$682,859	25%	\$682,859 25%
Alberta Treasury Branches (R-1 High)	Open			\$682,859	25%	\$682,859 25%
British Columbia (R-1 Mid)	Open			\$682,859	25%	\$682,859
Manitoba (R-1 Low)	Closed			\$682,859	25%	\$682,859
New Brunswick (R-1 Low)	Closed			\$682,859	25%	\$682,859
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$682,859	25%	\$682,859
Nova Scotia (R-1 Low)	Closed			\$682,859	25%	\$682,859
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed	\$246,758	9%	\$682,859	25%	\$436,101 16%
Ontario (R-1 Mid)	Open			\$682,859	25%	\$682,859
Prince Edward Island (R-1 Low)	Closed			\$682,859	25%	\$682,859
Quebec (R-1 Low)	Closed			\$682,859	25%	\$682,859
Saskatchewan (R-1 Low)	Closed			\$682,859	25%	\$682,859
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$682,859	25%	\$682,859 25%
Calgary (R-1 Mid)	Open			\$273,144	10%	\$273,144 10%
Edmonton (R-1 High)	Open			\$273,144	10%	\$273,144 10%
Winnipeg (R-1 Mid)	Open			\$273,144	10%	\$273,144 10%
BA's Schedule A						
Financial Institutions & their Guarantees	Canadian Banks R-1 Mid	\$313,485	11%	\$682,859	25%	\$369,375 14%
Bank of Montreal (R-1 Mid)	Open	\$82,593	3%	\$273,144	10%	\$190,551 7%
Bank of Nova Scotia (R-1 Mid)	Open	\$55,068	2%	\$273,144	10%	\$218,076 8%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$0		\$273,144	10%	\$273,144 10%
Laurentian Bank (R-1 Low)	Closed			\$273,144	10%	\$273,144
National Bank of Canada (R-1 Low)	Closed			\$273,144	10%	\$273,144
Royal Bank (R-1 Mid)	Open	\$0 } 6%		\$273,144	10%	\$97,320 4%
Royal Bank 1 Day BA		\$175,824 }				
Toronto Dominion (R-1 Mid)	Open			\$273,144	10%	\$273,144 0%
Corporations & their Guarantees	Closed					
TOTAL CASH & EQUIVALENTS		\$2,670,853	98%	\$2,731,437	100%	\$60,585 2%
FIXED (Bonds, etc. over one year)						
Federal Government & its Guarantees		\$54,175		\$2,731,437	100%	\$2,677,262 98%
Federal Government		\$54,175		\$2,731,437	100%	\$2,677,262 98%
TOTAL FIXED		\$54,175	2%	\$2,731,437	100%	\$2,677,262 98%
EQUITIES						
Bank of Montreal		\$6,410	0%	\$273,144	10%	\$266,734 10%
				\$54,629	2%	\$48,219 2%
TOTAL EQUITIES		\$6,410	0%	\$273,144	2%	\$266,734 10%
TOTAL INVESTMENTS		\$2,731,437	100%			