

APPENDIX 3



Update on ONE Investment's Turnkey Solution of Prudent Investor

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The ONE Investment Turnkey PI Solution

ONE Investment is a non-profit corporation founded by LAS (a corporation of the Association of Municipalities of Ontario) and CHUMS Financing Corporation (a subsidiary of the Municipal Finance Officers' Association of Ontario). Its purposes are to:

- “**facilitate investment** by municipalities and public sector bodies in investment products and vehicles
- to make available, **and lower the cost of**, such products and services **in a manner consistent with the investment objectives of such municipalities** and public sector bodies.”

ONE Investment has long offered investment options for municipalities that are compliant with “legal list” requirements. ONE Investment has more than 25 years experience serving the municipal sector.

Two challenges noted by the Institute for Municipal Finance and Governance in its report on Ontario’s prudent investor (PI) standard are that it:

- (1) is costly, requiring outside expertise and additional institutional layers for management and monitoring, and,
- (2) requires expertise on the part of public officials and a more “hands on” approach to investing.

It is ONE Investment’s goal to meet its purposes for municipalities who wish to partake in the PI regime, to reduce costs by pooling funds and to facilitate investing in a manner that is consistent with the municipality’s objectives. To do so, it is in the process of developing standardized templates and working through the complex legal issues and governance structures to develop processes that will be simple, understandable and flexible for municipalities while also meeting the requirements of the legislation.

The following sections of the document will detail the planned processes, roles and responsibilities for:

- (1) establishing the ONE Joint Investment Board (ONE JIB)
- (2) ongoing management of investments with ONE JIB

Establishing ONE JIB

In order to take advantage of the potential opportunity afforded by the PI regime, municipalities that meet the financial thresholds set out in O. Reg. 438/97 (Regulation) can establish an authorized investment board, like ONE JIB, through which they can invest their money that they do not require immediately. After ONE JIB is established by the founding municipalities (Founding Municipalities) and after they fulfill other requirements which include adopting an investment policy statement (IPS) and entering into an agreement with ONE JIB and all of the Founding Municipalities pursuant to which ONE JIB agrees to invest on their behalf under the PI regime, Founding Municipalities can pass a by-law to opt into the PI regime under section 418.1 of the *Municipal Act, 2001* (Act). The PI regime will apply to each Founding Municipality as of the effective date set out in its by-law. This by-law is irrevocable: once a municipality passes the by-law, it will not have the ability to opt out of the PI regime and go back to the Legal List (LL) for the investment of its money that it does not require immediately without a regulation by the Lieutenant Governor in Council approving the transition.

Once the effective date has passed and Founding Municipalities are subject to the PI regime, any future investment of monies not required immediately will be made through ONE JIB.

ONE Investment cannot establish an investment board (IB) or a joint investment board (JIB) on its own, as the Regulation only permits municipalities meeting the prescribed financial thresholds to establish an IB or JIB. To establish ONE JIB, ONE Investment is actively recruiting Founding Municipalities who will jointly establish a JIB that will act as the cornerstone for offering all municipalities in Ontario an affordable cost-shared PI solution. Under the Act, all municipalities whether or not they meet the prescribed financial

thresholds are eligible to delegate their investment powers to previously established IBs or JIBs allowing them to opt into the PI regime.

The following section details how municipalities can become Founding Municipalities and help establish ONE JIB. It is organized by roles and responsibilities. See appendix B for the steps to establish ONE JIB, organized chronologically.

Roles and Responsibilities

Council

Council in this instance refers to a municipal council considering jointly establishing ONE JIB as a Founding Municipality. Council's role in establishing ONE JIB as a Founding Municipality is important because the Founding Municipalities are the decision-makers with the authority to provide input in respect of the terms and conditions of the agreement establishing ONE JIB and the agreement allowing ONE JIB to invest under the PI regime on behalf of the Founding Municipalities and of other municipalities that may subsequently agree to invest through ONE JIB (ONE JIB Agreement). Council's primary role in the process created by ONE Investment is to formally establish ONE JIB.

Role	Responsibility
<ul style="list-style-type: none"> Enter an Initial Formation Agreement establishing ONE JIB Complete the Municipal Client Questionnaire Adopt an Investment Policy Statement (IPS) Approve a draft investment plan Enter into the ONE JIB Agreement 	<ul style="list-style-type: none"> Pass the "Authorizing By-law" which authorizes: (i) the entering into of the Initial Formation Agreement; (ii) the completion of the Municipal Client Questionnaire; (iii) the adoption of an IPS; (iv) the approval of a draft investment plan; and (v) the entering into of the ONE JIB Agreement
<ul style="list-style-type: none"> Formally opt into the PI regime 	<ul style="list-style-type: none"> Pass the Prudent Investor Enabling By-law

Passing the Authorizing By-law and the Prudent Investor Enabling By-law

Municipalities will be able to enter into the Initial Formation Agreement establishing ONE JIB, adopt their IPS, enter into the ONE JIB Agreement and fulfill other requirements through an Authorizing By-law. ONE Investment has been consulting with legal experts to draft a single Authorizing By-law document that is compliant with legislation.

Once council and staff are comfortable with the guidelines and parameters they have set out in their IPS (see section below on [Managing Investments](#) for more details), council can pass the Authorizing By-law to establish ONE JIB. This, however, has one important caveat; the Authorizing By-law authorizes the entering into of an agreement with other Founding Municipalities to establish ONE JIB. The other Founding Municipalities must be prepared to enter into the agreement at that time as well and the total of all municipal money or investments not immediately required, in the opinion of the treasurers, at that time must be at least \$100 million (collectively).

Council are the ultimate decision-makers in becoming a Founding Municipality that establishes ONE JIB. Being a Founding Municipality for ONE JIB is a significant decision to lead the sector not only as an early mover on PI investing but in establishing a framework for the benefit of all municipalities in Ontario

In order to opt into the PI regime council must pass a Prudent Enabling Investor By-law which provides that section 418.1 of the Act applies to the municipality.

Municipal Staff

Municipal staff will play an integral role in guiding council throughout the process of opting into the PI regime.

Role	Responsibility
<ul style="list-style-type: none">• Perform due diligence to ensure Council has the information it requires and recommendations that it can consider on:<ul style="list-style-type: none">○ the PI regime○ the ONE Investment PI option	<ul style="list-style-type: none">• Ongoing updates and reports to council
<ul style="list-style-type: none">• Prepare the Authorizing By-law based on the template provided by ONE Investment	<ul style="list-style-type: none">• Present the Authorizing By-law to Council
<ul style="list-style-type: none">• Prepare the Prudent Investor Enabling By-law based on the template provided by ONE Investment	<ul style="list-style-type: none">• Present the Prudent Investor Enabling By-law to Council

While ONE Investment will provide regular updates on the progress towards establishing ONE JIB, municipal staff will need to conduct its own independent due diligence.

Once a council directs staff to work with ONE Investment to become a Founding Municipality, ONE Investment will provide template copies of all necessary documentation to and work with staff to prepare an Authorizing By-law and a Prudent Investor Enabling By-law. During this period, municipal staff will also be working with ONE Investment to develop a draft IPS (further details in section on [Managing Investments](#)) which will be required before the Authorizing By-law can be passed.

ONE Investment's PI turnkey services are designed to assume as much as possible of the municipality's workload. ONE Investment takes care of the administrative work while leveraging staff and council for their unique municipal insights for customization. All key decisions remain with the municipality

ONE Investment

ONE Investment's role through the process is to aid and provide information. ONE Investment began conducting its research and analysis of the PI regime when the legislation was first introduced in late 2016 and has developed a lot of knowledge and expertise in PI implementation during that period.

Role	Responsibility
<ul style="list-style-type: none">• To support staff and Council through the due diligence process	<ul style="list-style-type: none">• Provide ongoing updates and reports to staff on the progress of establishing and organizing ONE JIB.
<ul style="list-style-type: none">• To facilitate the Authorizing By-law process by providing a standardized, legislatively compliant template• To facilitate the Prudent Investor Enabling By-law process by providing a standardized, legislatively compliant template	<ul style="list-style-type: none">• Develop and provide templates to staff• Provide municipal staff advice in customizing templates• Ensure legal compliance of documentation

ONE Investment's responsibilities will leverage the knowledge and expertise acquired over the last three years of performing its due diligence on PI - helping staff guide council through the process of establishing ONE JIB and opting into the PI regime. As such, ONE Investment is available to answer

questions that may arise during the process whether they be related to due diligence or process and implementation expertise. ONE Investment with legal counsel has developed legislatively compliant by-laws and IPS templates.

As part of its support for municipalities during this process, ONE Investment will consult with legal counsel to ensure that the documentation is customized to meet the needs of the municipality and is compliant with legislation before the documentation is submitted to council for approval.

Managing Investments

Once ONE JIB is established and the Founding Municipalities have passed the Prudent Investor Enabling By-law, responsibility for managing the day-to-day investments of the municipality will be the responsibility of ONE JIB with assistance from ONE Investment staff and municipal staff; however, council retains ultimate control over the strategic direction of its investments through the IPS. The following section will detail the roles and responsibilities of each party in the ongoing management of investments.

Roles and Responsibilities

Council

Role	Responsibility
<ul style="list-style-type: none">To provide overall strategic direction on investments	<ul style="list-style-type: none">To direct municipal staff to complete the Municipal Client QuestionnaireTo adopt and maintain an IPS and to review it at least annually, and update it as necessary

Council establishes and maintains control of the strategic direction of its investments through development of its IPS. The IPS is a requirement under section 18 of the Regulation.

Subsection 18(2) of the Regulation details the requirements of the IPS which are:

- The municipality's objectives for return on investment
- The municipality's risk tolerance
- The municipality's need for liquidity including, for greater certainty, the municipality's anticipated needs for funds for planned projects and the municipality's needs to have funds available for unanticipated contingencies

In addition, subsection 18(3) allows municipalities to include "other requirements with respect to investment matters that council considers to be in the interests of the municipality."

Subsection 18(4) requires that council review the IPS, and update it if necessary, *at least* annually. This ensures that the IPS remains aligned with council priorities and provides council with the flexibility to update it at any point should circumstances require.

ONE Investment has prepared an IPS template and will provide detailed guidance on all decision points in a future update.

As mentioned in the previous section, [Establishing ONE JIB](#), a Founding Municipality's council will adopt its IPS by enacting the Authorizing By-law.

The Investment Policy Statement (IPS) is a document required by legislation that ensures that a municipality's funds are invested to meet its specific needs at its accepted level of risk. It is through this policy that council retains ultimate control of its investments.

ONE JIB

A Joint Investment Board is a “municipal service board that is established under section 202 of the Act by two or more municipalities for the purposes of” enabling municipalities to invest in accordance with the PI regime¹. ONE JIB is a Joint Investment Board that is established by the Founding Municipalities, in accordance with Part II of the Regulation.

ONE JIB will be primarily comprised of highly qualified independent investment professionals. As per the Regulation, no councillors are permitted to sit on ONE JIB. As stipulated in the Regulation, the only staff allowed to sit on an IB is the municipal treasurer or, in the case of a JIB, several treasurers provided they do not comprise more than 25% of the JIB.

ONE JIB will have a representative municipal perspective through the appointment of municipal treasurers.

NOTE: As per the Regulation, no other members of municipal staff or councillors are permitted to sit on ONE JIB.

See appendix A for a description of the inaugural ONE JIB and brief biographies of its proposed members.

Role	Responsibility
<ul style="list-style-type: none">To exercise the municipality’s investment powers in a manner that is compliant with the relevant section (418.1) of the Act.	<ul style="list-style-type: none">Establishing and maintaining an investment plan that is informed by, and in compliance with, the municipality’s IPS (Investment Plan). This includes reviewing the Investment Plan to ensure alignment following a Council IPS review (at least once per year).Providing an annual report to Council that is compliant with the RegulationMaking decisions regarding investment managersReporting any breaches to the municipality

As per the Regulation, the Investment Plan deals with how ONE JIB will invest the municipality’s money. Consistent with legislation, the municipality’s Investment Plan will be developed with consideration for:

- (1) General economic conditions
- (2) The possible effect of inflation or deflation
- (3) The role that each investment or course of action plays within the municipality’s portfolio of investments
- (4) The expected total return from income and the appreciation of capital
- (5) Needs for liquidity, regularity of income and preservation or appreciation of capital.
- (6) Any other criteria that are relevant to the circumstances

See table 5 for an example of what an investment plan will include.

¹ O. Reg. 438/97 Section 13.

Table 1: Proposed sections of the ONE JIB Investment Plan

Section	Description
Purpose of the Investment Plan	This section establishes how ONE JIB will invest the municipality's money that it does not require immediately (Long-Term Funds)
Responsibility for the Investment Plan	This section will detail the actions in an Investment Plan and provide detail for who will be responsible for execution
Custodian	This section will detail the financial institution(s) that hold the municipality's investments
Portfolio Overview	This section will detail the objectives, risk tolerance and liquidity, and time horizon for investments on an account-by-account basis.
Investment Goals and Objectives	This section will provide a more detailed account of how the IPS has shaped the decisions within the Investment Plan, including the account structure, asset allocations, and asset mixes
Constraints	This section will detail any additional constraints placed on investments and may authorize the consideration of Environment, Social, and Governance (ESG) factors and securities lending
ONE Investment External Investment Managers	This section will provide details of the chosen investment managers for assets the municipality will invest in
Rebalancing Provisions	This section will detail the processes and mechanisms for rebalancing the portfolio should interest, dividends paid, or a change in the value of securities alter the overall asset allocation from the Investment Plan.

Additionally, ONE JIB is also responsible for providing an annual report to municipalities. This report will contain, at minimum:

- A statement about the performance of the municipality's portfolio of investments during the period covered by the report;
- A statement by the treasurer of the municipality as to whether or not, in the opinion of the treasurer, all investments are consistent with the municipality's IPS, and the Investment Plan.
- Such other information that the council may require or that, in the opinion of the treasurer, should be included.

This will be in addition to the ongoing detailed performance reporting and communication provided by ONE Investment.

ONE Investment

ONE Investment is assisting in the establishment of ONE JIB to provide access to the PI regime for municipalities that do not qualify for the standard on their own or for municipalities that do not wish to incur the up front and ongoing maintenance costs associated with the prescribed investment governance model on their own.

Role	Responsibility
<ul style="list-style-type: none"> • Hands-on Investment Advice & Support 	<ul style="list-style-type: none"> • Investment advice • Support ONE JIB, including providing secretary functions • Assist municipalities in writing their IPS • Support ONE JIB in creating municipal Investment Plans

	<ul style="list-style-type: none"> • Provide robust reporting to municipalities on investment performance
<ul style="list-style-type: none"> • Investment Education and Training 	<ul style="list-style-type: none"> • Provide advice on how to integrate the municipality's investment program with all facets of municipal finance • ONE Investment will build on education and training currently delivered through MFOA and LAS • Training has included courses on investment basics, the impact of interest rate changes on bond prices as well as municipal finance training on linking investment programs to capital budgets • ONE Investment will meet with municipal finance staff to discuss investment options

ONE Investment is designed to augment municipal staff by pooling investor resources to make available the investment and municipal finance expertise municipalities require for decision making purposes. ONE Investment will accomplish this in two ways: (1) by relieving some of the burden of the technical workload from staff through hands-on investment advice and support, and (2) by ensuring municipalities understand the municipal finance implications of investment decisions through education and training.

ONE Investment has received an exemption from the Ontario Securities Commission (OSC) to enable it to perform certain advisory and other functions without registration. This enables ONE Investment to provide expert advice to municipal investors, bridging the worlds of municipal finance and financial markets. As few municipalities have the resources to hire in-house expertise or contract an expert consultant, ONE Investment is developing a delivery model whereby a CFA charterholder and a municipal finance expert will be available to provide advice to municipal clients – a solution that is made affordable to all through pooled resources.

It would usually be the case that support for a joint municipal service board would be the responsibility of the municipalities establishing the joint board. In the case of ONE JIB, significant and specialized advice will be required to support its activities. Support can range from arranging and running meetings, preparing reports, crafting Investment Plans, obtaining expertise to advise ONE JIB when needed, remunerating members and keeping participating municipalities fully informed of ONE JIB activities and decisions. It is assumed that municipalities considering investing under the PI regime would find it difficult to provide this level of support to ONE JIB. Consequently, ONE Investment fully expects to provide these various support functions to ONE JIB and will enter into agreements with participating municipalities to permit it to do so.

Under ONE Investment's turnkey PI solution, ONE Investment will be the municipality's primary service provider in addition to providing all necessary support functions for ONE JIB. In its role as primary service provider for the municipality ONE Investment will design the composition of ONE JIB in accordance with the legislation. ONE Investment has already developed and initiated the recruitment process for the independent investment experts who will sit on ONE JIB and will also initiate the recruitment of treasurers from the Founding Municipalities who will also sit on the board. However, the Founding Municipalities will decide who are the members of ONE JIB. As part of the turnkey solution, ONE Investment will make recommendations for the initial members of the board of ONE JIB and will support future recruitment. As noted previously the Regulation limits the participation of treasurers on the board of ONE JIB to no more than 25% of the board composition.

In its duty as primary service provider to municipal clients, ONE Investment will work with municipalities to develop drafts of their IPS. To do so, ONE Investment will work with municipal council and staff to complete a Municipal Client Questionnaire. ONE Investment will then use the responses provided in the questionnaire to pre-populate a draft of the IPS that is aligned with the municipality's goals and level of risk tolerance. ONE Investment will provide ongoing advice and support to municipal council and staff as they work through ensuring the draft IPS is truly reflective of the municipality's needs.

Once the IPS is approved, ONE Investment will work with staff on developing a draft Investment Plan that is reflective of the municipality's IPS. As municipal investing authority is delegated to ONE JIB, it is ONE JIB who will make the final adjustment and have final approval of the municipality's Investment Plan. Once the plan is finalized, ONE Investment will fulfill the role of implementing the plan, as directed by ONE JIB.

On an ongoing basis, ONE Investment will act as a primary point of contact for clients and ensure that any necessary communication with ONE JIB is established in a timely fashion. It will fulfill all monitoring and reporting requirements. This includes but is not limited to:

- regular reporting to the municipality
- reporting to the Ontario Securities Commission
- regular reporting to ONE JIB on client holdings
- monitoring the performance of the Investment Manager

ONE Investment will also coordinate with municipal staff in preparation of the annual investment report to council. It will compile the information required for ONE JIB to provide appropriate commentary, and it will work with the municipality's treasurer to incorporate the treasurer's opinion into the annual investment report.

See [Figure 2](#) for a detailed flow-chart of the roles and responsibilities and how ONE Investment manages all the coordination work required under the PI regime.

Municipal Staff

As noted in the previous section, ONE Investment provides all the support functions for ONE JIB. The municipal staff's role in ONE's turnkey PI solution is to work with ONE Investment staff to provide council and ONE JIB with the information they require to make key decisions. Staff will also be required to report on investments to council.

Role	Responsibility
<ul style="list-style-type: none"> Ensure Council and ONE JIB have the information they need to perform their roles under the PI regime. 	<ul style="list-style-type: none"> Work with Council to complete the Municipal Client Questionnaire Work with ONE Investment to develop a draft IPS Work with Council to modify the draft IPS so that Council can formally approve the IPS. Work with ONE Investment on the draft Investment Plan to ensure that it is aligned with the IPS.
<ul style="list-style-type: none"> Reporting on investments to council 	<ul style="list-style-type: none"> Provide treasurer's opinion for ONE JIB's annual report Notify Council as soon as it learns of any investments or investment issues that, in the treasurer's opinion, fail to comply with the IPS.

Role	Responsibility

Ensure Council and the ONE JIB have the information they need to perform their roles under PI.

The responsibilities entailed in this role include providing the information council requires to make decisions regarding its IPS and using its knowledge of the IPS and council's objectives to help develop the initial draft of the Investment Plan.

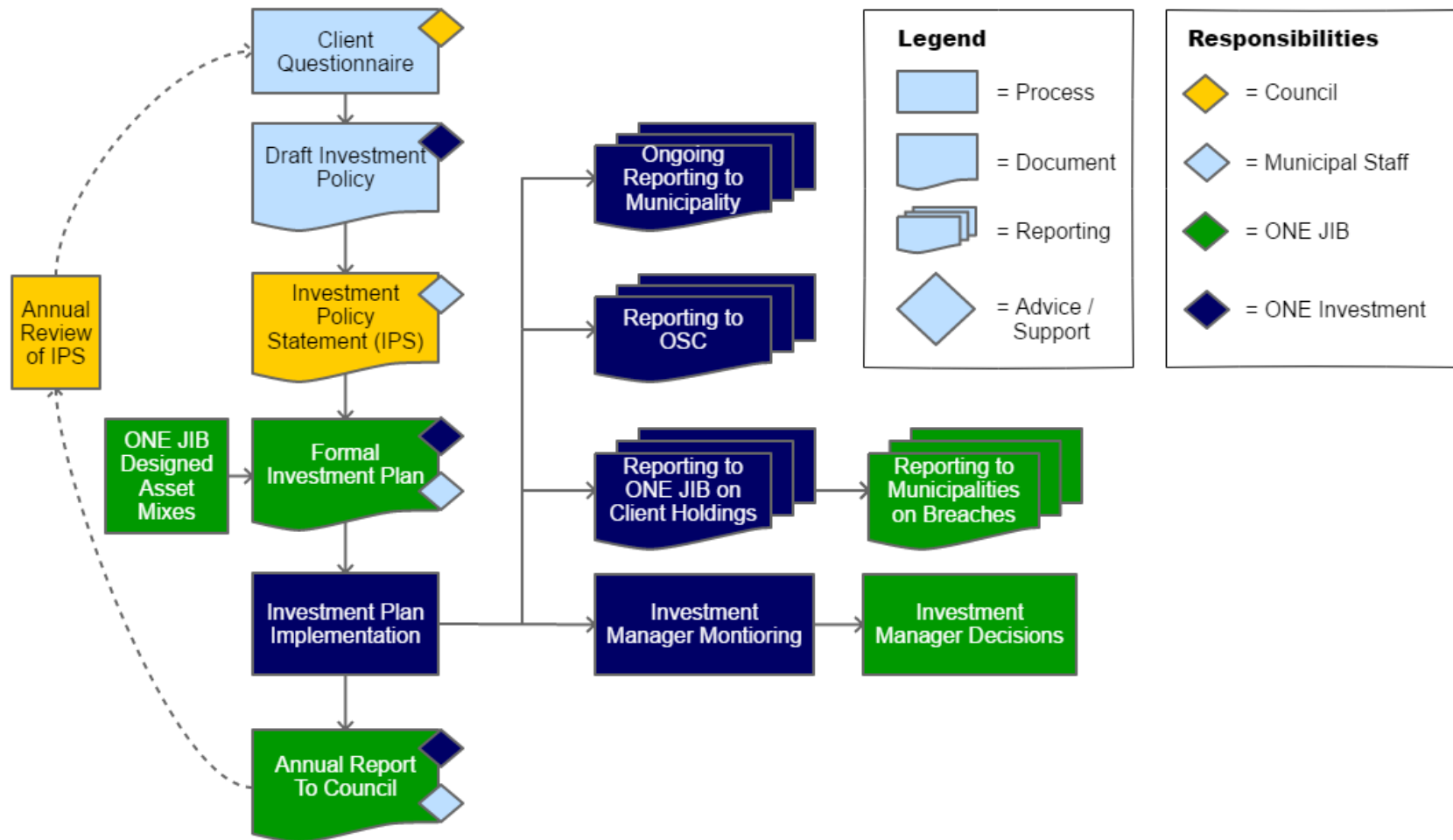
This will entail working with council and ONE Investment to complete the Municipal Client Questionnaire annually. Once the questionnaire is complete, staff will work with ONE Investment on the development (or revision) of a draft IPS. Once the draft IPS is reflective of the Municipal Client Questionnaire, municipal staff will work with council to make any refinements necessary for council to approve the adoption of its IPS.

Once the IPS is adopted and shared with ONE Investment and ONE JIB, municipal staff will work with ONE Investment to develop a draft Investment Plan. As outlined in the previous section, ONE Investment will carry out the majority of the activities in drafting the Investment Plan for ONE JIB, but municipal staff will provide support where necessary to ensure interpretive alignment with the municipality's IPS. ONE JIB will have ultimate responsibility for approval of municipal Investment Plan.

Reporting on investments to council

Additionally, municipal staff will play an ongoing role in reporting on investments to council. Outside of any council direction to report on investments, the treasurer has a legislative role in reporting on investments. In particular, the treasurer is required to provide an opinion for the annual investment report. This opinion will include a statement on whether the investments are consistent with the municipality's IPS and Investment Plan. This is similar to the treasurer's opinion required under the current legal list regime.

Figure 1: Typical Roles and Responsibility of ONE's Turnkey PI Solution*



*Division of responsibilities between council and staff may vary by municipality

Benefits and Risks of a Founding Municipality

The PI standard for municipalities in Ontario is, other than in the case of the City of Toronto, untested. The legislation for establishing an IB or JIB to take advantage of PI is complex and requires a lot of upfront work with only the City of Toronto to learn from. Once a municipality puts in the effort to clear these obstacles (with ONE Investment's guidance and assistance), and passes a by-law opting into the PI regime, the municipality can take advantage of a much wider array of investments for the money that it does not require immediately, but the municipality also does not have the option to revoke the by-law to revert to the Legal List legislation in respect of such money. The Lieutenant Governor in Council does have the power to make a regulation to have the PI regime no longer apply to a municipality.

ONE Investment firmly believes that all of Ontario's municipalities making investments will eventually opt into the PI regime. Those who lead the sector and opt in early are demonstrating their commitment to leading the sector by working to establish a governance structure that all other municipalities could use to maximize their risk-adjusted returns in the future.

Benefits of Founding Municipality Status

To reward Founding Municipalities for being first movers and taking a leadership role in the sector, ONE Investment is offering a few incentives.

Fees reduction

The first incentive involves a reduction in basis points in the fee charged by ONE Investment. The reduction of 2 basis points in the fee charged by ONE Investment on all prudent investor offerings for a period of at least 10 years.

ONE JIB Representation

Additionally, the two municipal treasurer representatives on ONE JIB will be selected from the Founding Municipalities; Founding Municipality treasurers will serve rotating two-year terms so each Founding Municipality will eventually have its treasurer as a member of ONE JIB.

This role is particularly important in the formative years of ONE JIB and Founding Municipalities can shape how ONE JIB operates for years to come. Treasurers who sit on ONE JIB will also be eligible to sit on any of ONE JIB's committees.

Table 2: Potential ONE JIB Committees

Committee	Purpose
Nomination	Advises on the membership & structure of ONE JIB, recommended IPS template, Investment Plan, among other things.
Client service	Advises on media and content for reporting, newsletters, seminars, education, complaints process, service standards, and relationship practices
New Products	Advises on investment strategies, features of current offerings and preferred new offerings.
Audit and Risk	Oversees strategies for monitoring financial management and reporting, risk management strategies, IT systems, internal controls, etc.

Risks of Founding Municipality Status

As noted previously, one of the most important considerations for municipalities conducting their due diligence on adopting the PI regime is the limitation around revoking the Prudent Investor Enabling

By-law. Once a municipality adopts the PI regime, it cannot go back to the LL for the investment of its money that is not required immediately without a special regulation. This, however, applies to all municipalities adopting the PI regime. There are specific risks worth considering that would only apply to those who partner to establish ONE JIB. Table 3 below identifies many of these risks; ONE Investment has carefully considered each of these risks and, where there are no mitigating factors already built into the legislation, has developed plans to deal with these situations should they arise.

Table 3: Risks to becoming a founding municipality and mitigating factors

Risk	Mitigating Factor
A Founding Municipality leaves	Not an issue if remaining Founding Municipalities' investments remain >\$100M; otherwise, new JIB must be struck
Founding Municipalities holdings fall below \$100M	Not an issue unless they fall because a Founding Municipality leaves
Disagreement among Founding Municipalities	Dispute resolution process is included in the ONE JIB Agreement
Political change of heart	ONE Investment expects to invest substantially in municipal staff, Council education to manage this risk. Council provides direction to the ONE JIB via the IPS which can adapted to reflect updated risk tolerance
Change in council policy regarding long-term reserves	Council education is the first step, ONE will support municipal staff in communicating the trade-offs and impacts to the IPS.
Desire to exit ONE JIB	Any municipality leaving must have another IB/JIB to move to or must receive a provincial regulation allowing them to return to the Legal List, as per the Act and the Regulation
ONE Investment business or its PI offerings fail	ONE would work to settle clients with a new provider.
Poor market: many members exit at once while returns are weak	Legislative governance was designed to minimize this risk by placing the control and management of the funds with an IB or JIB
Cost escalation	ONE Investment is a non-profit corporation founded by LAS (a corporation of AMO) and CHUMS (a subsidiary of MFOA). ONE Investment is committed to adjusting its fees on a regular basis and adjusting them to ensure fee revenues are closely aligned to budgeted projections

Appendix A - Investment Advisory Committee Biographies

The ONE JIB will be comprised of the six members of ONE's current Investment Advisory Committee (IAC) plus one additional member, as well as two Treasurers from ONE JIB's founding member municipalities. The IAC has been working with ONE since November 2016 to support the Legal List offering and to prepare for Prudent Investing. In summary:

- This group of five institutional investment experts has developed an understanding of municipal finance through coaching by ONE staff and by its expert municipal finance member, Bill Hughes.
- In total, they have 155 years of investment and municipal finance experience, an average of 26 years per member.
- Except for Bill Hughes, they are all Chartered Financial Analyst (CFA) charterholders with distinguished careers either directly managing institutional investments or consulting to institutions on their investments.
- Bill Hughes is a recognized expert on municipal finance who teaches the subject at University of Toronto's Munk School of Global Affairs.

The IAC has worked with ONE to define an appropriate investment offering for all of Ontario's municipalities with effective implementation. To date, their work has included the following:

- Regular review of current ONE offerings;
- Confirmation of desired investment outcomes that meet municipal needs and for which prudent solutions should be designed;
- Advice on the appropriate asset classes to generate those solutions and the asset allocations for the solutions;
- Advice on the managers to fill those mandates;
- Review of the documentation required to fulfill prudent investor offerings, including the Client Questionnaire, template Investment Policy Statement and Investment Plan.



James C.L. Clark (CPA, CA, CFA) is the President of Dunhelm Consulting and has more than 25 years of broad pension experience in pension fund management, investment consulting, marketing, sales and client service. A former manager of a \$1 billion pension plan with the Bank of Montreal, he currently provides investment and communication consulting services to institutional investors and investment managers. Mr. Clark also serves on the University of Ottawa's Treasury Committee and on several other boards and committees dealing with investment and portfolio management issues. He has lectured for York University's MBA program and contributed to numerous pension industry publications.



Jennifer Dowty (CFA) is an equities analyst and business reporter at The Globe and Mail. She has approximately 18 years of experience working in the financial industry, of which nearly 14 years was at Manulife Asset Management. While at Manulife, Jennifer was a portfolio manager overseeing Canadian and global equity mutual funds, institutional funds, and pension plans.



James G. Giles (CPA, CFA) retired from his role as Chief Investment Officer of Foresters Financial (Foresters), where he directly oversaw over \$6 billion of investment assets, including international insurance and Canadian pension funds. James broadened the asset exposure of Foresters and hired external managers, where necessary. Prior to that, he managed real estate income trusts and preferred shares, as well as investment accounting. With over 25 years in the financial sector, he has lectured students seeking the Chartered Financial Analyst designation and the then Society of Management Accountants. He has been quoted in the media on investment matters and represented Foresters on industry groups such as the Pension Investment Association of Canada



Bill Hughes (MBA, MES) is a Senior Fellow at the Institute on Municipal Finance and Governance at the University of Toronto. Bill has over 35 years' experience in finance and public policy in both the provincial and municipal governments. Before joining the Institute, Bill was the Commissioner of Finance and Treasurer for the Regional Municipality of York. He has held senior positions in the Ontario government, mainly at the Ministries of Finance and Infrastructure, where he was the Assistant Deputy Minister of Infrastructure Policy and Planning. Bill was a member of the board of directors of the Move Ontario Trust until its wind-up in 2017. He is a lecturer at the University of Toronto's Munk School of Global Affairs and Public Policy, where he co-teaches a course on policy development.



Christine Tessier (CFA) is Vice-President, Investments and Treasury at CAA Club Group, where she is responsible for oversight and management of the company's nearly \$1B in pension, corporate and insurance assets. Christine brings over 16 years' investment experience, with a specific focus in product development and design, investment consulting and strategic planning. She has experience in retail and institutional markets and has developed or researched products across the asset class spectrum, spanning straightforward and complex solutions. Christine has a Bachelor of Commerce degree from Laurentian University.



Geri James (CFA) has over 25 years' experience designing, implementing and monitoring investment strategies for pension plans, non-profits, sovereign wealth funds, governments and other institutional investors. As well, she has designed and launched investment vehicles such as pooled funds, mutual funds and exchange traded funds. Geri spent nine years as an investment consultant with AON Hewitt followed by 17 years in various roles, including Head of Business Development, Head of Product and Chief Operating Officer, for BlackRock Asset Management Canada Limited. She was an ongoing guest lecturer on investments at Humber College. In addition to her work with The One Investment Advisory Committee, Geri is currently a Director of the Board of the Police Credit Union, Board Chair of the Wilderness Canoe Association and a founding member of Sparrow, a refugee sponsorship and resettlement program.

As the ONE JIB is a municipal board, ONE Investment will also retain the secretarial services normally provided by a Municipal Clerk to the ONE JIB.



Denis Kelly received a Bachelor of Laws from Queen's University and was called to the Bar in 1981. He was a Solicitor in the City of North York Legal Department from 1981 to 1987. Denis then served in municipal Clerk's Offices in various capacities -- as Deputy City Clerk (1987 to 1991) and City Clerk (1991 to 1997) for the City of North York, Clerk-Administrator for the Town of East Gwillimbury (1998 to 1999) and Regional Clerk for the Regional Municipality of York (1999 to 2017). Over his long career in the municipal sector, Denis' portfolio included providing legal services and leading the Council and Committee, Access and Privacy and Information Management programs for three municipalities. Denis also acted as the Corporate Secretary for the Greater Toronto Services Board between 1999 and 2001. Denis lives in Thornhill, Ontario, with his family.

Appendix B - STEPS TO ESTABLISH ONE JOINT INVESTMENT BOARD (ONE JIB)

1. ONE Staff will work with municipal staff of each founding municipality ("Founding Municipality") to assist in drafting a report to Council for initial direction and authority to establish ONE JIB in conjunction with ONE Investment and to opt into the prudent investor regime on or after January 1, 2019 by passing a by-law under subsection 418.1(2) of the *Municipal Act, 2001* (the "Act").

Council: (after the inaugural meeting of council in December, 2018)	Founding Municipalities authorize staff in conjunction with ONE Investment to develop an agreement to establish ONE JIB, together with all related matters such as Codes, policies and appointments and to adopt the prudent investor regime on or after January 1, 2019.
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2. ONE Staff will develop an Initial Formation Agreement and a ONE JIB Agreement.
3. The Initial Formation Agreement will establish ONE JIB as a joint municipal service board, authorize investment through ONE JIB of the money and investments that the Founding Municipalities do not require immediately (the "Investible Funds") and provide for those matters necessary or desirable to facilitate the establishment and operation of ONE JIB.
4. The ONE JIB Agreement will set out the basis on which the Founding Municipalities and other municipalities that wish to participate by investing their Investible Funds through ONE JIB will be able to do so.
5. ONE Staff will develop job descriptions for the members of ONE JIB, interview and recommend the appointment of members and arrange for indemnity/insurance for the members of ONE JIB.
6. ONE Staff will develop a Code of Conduct and Conflict of Interest Policy as well as recommend an integrity commissioner (interim).
7. ONE Staff will develop a Know Your Client Framework which will be called a Municipal Client Questionnaire.
8. In light of existing municipal Statements of Investment Policies and Goals, ONE Staff will develop one or more investment policy statement "IPS" templates which reflect a range of possible investment objectives and strategies.
9. ONE Staff will formulate a monitoring system to provide assurance that investments comply with each IPS and investment plan.
10. ONE Staff will establish the mechanism for regular reviews of the IPS to assist participating municipalities in their efforts to update or amend their IPSs.
11. ONE Staff will develop guidelines to help the Founding Municipalities review and organize investments in anticipation of a transfer of their Investible Funds on or after January 1, 2019.
12. As they develop draft materials ONE Staff will periodically meet with municipal staff to review and obtain input on these policies and documents.

13. Each Founding Municipality will complete and provide ONE Staff with its Municipal Client Questionnaire.
14. After ONE Staff has completed the various drafts and templates, and each Founding Municipality has provided the required Municipal Client Questionnaire, each Founding Municipality will work with municipal staff as they prepare reports to Council setting out their recommendations, a draft IPS, a draft investment plan that complies with the draft IPS and the related authorizing by-law (Authorizing By-law).

<p>Council: (before or after January 1, 2019)</p>	<p>Enact an Authorizing By-law that authorizes: the execution of the Initial Formation Agreement; the establishment of ONE JIB pursuant to that agreement; the completion of a Municipal Client Questionnaire; the approval of the IPS; the approval of a draft investment plan; and the execution of the ONE JIB Agreement, which will have a future effective date. Also authorize, approve or adopt, all the necessary Codes, Policies, and appointments set out above.</p> <p>Each Founding Municipality must certify as at the day ONE JIB is established that it meets the criteria in s. 15(2) of the regulation (O. Reg. 438/97, Part II).</p>
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15. ONE JIB will hold its initial meeting at which it will approve and execute the ONE JIB Agreement following which the ONE JIB Agreement will be executed by each of the Founding Municipalities.
16. ONE Staff will consult with ONE JIB about potential updates to each IPS, each investment plan and other documents.
17. ONE Staff will assist municipal staff as they prepare reports recommending the adoption of the prudent investor regime pursuant to a Prudent Investor Enabling By-law, required updates to the IPS and related policies and decisions and they prepare the required by-law pursuant to which each Founding Municipality will opt into the prudent investor regime.

<p>Council: (on or after January 2019 and after the ONE JIB Agreement has been entered into by each Founding Municipality and ONE JIB)</p>	<p>Formally opt into the prudent investor regime by enacting a Prudent Investor Enabling By-law (under subsection 418.1(2) of the Act) with a future effective date. Approve any modifications to the IPS or other documents.</p>
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18. Founding Municipalities will transfer Investible Funds to ONE JIB for investment.