



ONE JIB

Regular Board Meeting

Minutes

Meeting #: 2020-02
Date: May 20, 2020, 9:00 a.m.
Location: Zoom Virtual Meeting

Members Present:
Board Chair Hughes
Board Vice-Chair James
A. Basdeo
J. Dowty
H. Franken
J. Giles
S. Rettie

Others Present:
J. Dezell, Co-President/Co-CEO, ONE Investment
D. Herridge, Co-President/Co-CEO, ONE Investment
H. Douglas, WeirFoulds LLP, Legal Counsel
E. Foo, Chief Compliance Officer, ONE Investment
D. Kelly, Board Secretary
C. Macdonald, Manager of Investments, ONE Investment
K. Taylor, Chief Investment Officer, ONE Investment

1. Chair's Welcome

Board Chair Hughes welcomed all to the second ONE JIB meeting.

2. Disclosures of Pecuniary Interest

There were no disclosures of pecuniary interest.

3. Delegations

There were no delegations.

4. Strategy and Policy

4.a Fund Offerings and Investment Managers

Keith Taylor, Chief Investment Officer, ONE Investment, made a presentation on the proposed Fund Offerings and Investment Managers.

Moved by Board Member Basdeo

THAT the Board adopt the recommendation to provide the following fund offerings;

- ONE HISA for cash
- ONE Canadian Government Bond Fund for domestic sovereign bonds
- ONE Corporate Bond Fund for domestic corporate credit
- ONE Global Bond for global fixed income (including high yield bonds)
- ONE Canadian Equity Fund for domestic equity
- ONE Global Equity Fund for global equity (including emerging markets)

Carried

Moved by Board Member Franken

THAT the Board adopt the recommendation to hire the following external fund managers:

- ONE HISA - Not applicable
- ONE Canadian Government Bond Fund - MFS Investment Management
- ONE Corporate Bond Fund - MFS Investment Management
- ONE Global Bond - Manulife Asset Management
- ONE Canadian Equity Fund - Guardian Capital LP
- ONE Global Equity Fund - Mawer Investment Management Ltd.

Carried

Moved by Board Member Rettie

THAT the Board receive the information in the Fund Offerings and Investment Managers report including the following:

- a. The legislative backdrop for the prudent investor standard
- b. The process of establishing a Joint Investment Board
- c. Investing under the Prudent Investment Standard versus the Legal List
- d. Founding Municipalities' money not required immediately and how it is defined
- e. Description of the key planning tools to be used under the ONE Prudent Investor program
 - i. The Investment Policy Statement
 - ii. Municipal Client Questionnaire
 - iii. Investment Plan
- f. Risk and return analysis
 - i. Why moving to prudent investor improves risk/return by municipalities
 - ii. Risk Tolerance of Founding Municipality versus proposed allocations
- g. The building blocks of Prudent Investor allocations - Outcomes and Funds
- h. The Investment Manager selection process and review of the managers selected
- i. Canadian investment exposures - mandates and managers

Carried

Moved by Board Member Basdeo

THAT staff bring back a report on the cost of passive vs. active income funds and potential correlations between global unconstrained fixed income investments with equities and alternative fixed income investments by the fall 2020.

Carried

Moved by Board Member Giles

THAT the Board recess for 10 minutes.

Carried

The Board recessed at 11:00 a.m. and reconvened at 11:13 a.m.

4.b Outcomes Framework and Formulating Investment Plans

Keith Taylor, Chief Investment Officer, ONE Investment, made a presentation to the Board on the outcomes framework.

Moved by Board Vice-Chair James

That the Board adopt

1. the revised outcomes framework described in Table 1 of this report, amended by the following changes:
 - i. Changing the name of the first outcome category from “Cash Plus” to “Cash”.
 - ii. Deleting the word “stable” from the description of the objective for the stable return and asset management reserves outcomes.
 - iii. Adding the words “and infrequent” after “unexpected” in the description of the objective for the contingency outcome.
 - iv. Replacing the word “specific” with “capital” in the description of the objective for the target date outcomes.
 - v. Deleting the “Cash Plus 3-5 yrs” Outcome Strategy from the “Cash” Outcome Category and adding a “Target Date 3-5 yrs” Outcome Strategy to the “Target Date” Outcome Category, so that Table 1 now reads as follows:

**Table 1
Investment Outcomes**

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon
Cash	Cash	Preservation of capital	Low risk, high liquidity	< 3 years
Stable Return	Stable Return	Income generation: To generate returns to fund recurring needs	Moderate risk with emphasis on growth and stable returns, regular liquidity	> 5 years (Perpetual)
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk, emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)
	Asset mgt reserves	Contributions to generate returns to fund asset management reserves	Higher risk, emphasis on longer-term capital growth, low liquidity	> 10 years (Perpetual)
Target Date	Target Date 3-5 yrs	Preservation of capital	Low risk, high liquidity	3 - 5 years
	Target Date 5-10 yrs	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Moderate risk, liquid	5 - 10 years
	Target Date 10+ yrs	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long term inflation-adjusted growth	> 10 years

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- Adopt the investment allocations shown in Table 2 of this report as amended by the amendments to the Investment Outcomes in Table 1 so that Table 2 now reads as follows:

**Table 2
Outcomes – Investment Allocation**

Name	HISA	Allocation						Equity	Fixed Income	Cash	Total
		Canadian Equity Fund	Global Equity Fund	Canadian Government Bond Fund	Canadian Corporate Bond Fund	Global Bond Fund					
Cash	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%			100.0%	100%	
Stable Return	10.0%	9.0%	21.0%	9.0%	9.0%	42.0%	30.0%	60.0%	10.0%	100%	
Contingency	0.0%	18.0%	42.0%	6.0%	6.0%	28.0%	60.0%	40.0%		100%	
Asset Management	0.0%	27.0%	63.0%	1.5%	1.5%	7.0%	90.0%	10.0%		100%	
Target Date 3-5	20.0%	3.0%	7.0%	10.5%	10.5%	49.0%	10.0%	70.0%	20.0%	100%	
Target Date 5-10	0.0%	15.0%	35.0%	7.5%	7.5%	35.0%	50.0%	50.0%		100%	
Target Date 10+	0.0%	22.5%	52.5%	3.75%	3.75%	17.5%	75.0%	25.0%		100%	

- Direct staff to prepare investment plans for each founding municipality for the Board's consideration at its meeting on June 23, 2020.
- Direct staff to apply the revised outcomes framework in developing the investment plan for each municipality, while ensuring that the proposed investment plan is consistent with the municipality's Investment Policy Statement, where consistent means consistent with the municipality's investment objectives, risk tolerance and investment horizons for the amounts it is defining as money not required immediately under the prudent

investor standard, as described in the Investment Policy Statement and Municipal Client Questionnaire. For clarity, consistency does not require adherence to the initial version of the outcomes framework discussed with municipalities prior to approval of an outcomes framework by ONE JIB.

Recommendations 1, 3 and 4.

Carried

Amendment:

Moved by Board Vice-Chair James

THAT the Board adopt the Investment Allocations shown in Table 2 of this report as amended.

A recorded vote on the adoption of recommendation 2 relating to the investment allocations was as follows:

In favour: Basdeo, Franken, Hughes, James, Rettie (5)

Opposed: Dowty, Giles (2)

Recommendation 2.

Carried

Moved by Board Member Giles

THAT the Board recess for a period of approximately 45 minutes.

Carried

The Board recessed at 1:05 p.m. and reconvened at 1:52 p.m.

4.b.1 Town of Bracebridge

The Board continued with a presentation and discussion on the appendices reports relating to the Investment Plans for each of the Founding Municipalities.

Keith Taylor, Chief Investment Officer, ONE Investment, gave a brief summary, background and analysis on the investment mapping and proposed investment allocations for the Town of Bracebridge.

4.b.2 Town of Huntsville

Keith Taylor, Chief Investment Officer, ONE Investment, gave a brief summary, background and analysis on the investment mapping and proposed investment allocations for the Town of Huntsville.

4.b.3 Town of Innisfil

Keith Taylor, Chief Investment Officer, ONE Investment, gave a brief summary, background and analysis on the investment mapping and proposed investment allocations for the Town of Innisfil.

4.b.4 City of Kenora

Keith Taylor, Chief Investment Officer, ONE Investment, assisted by Colin Macdonald, Manager of Investments, ONE Investment, gave a brief summary, background and analysis on the investment mapping and proposed investment allocations for the City of Kenora.

4.b.5 District of Muskoka

Keith Taylor, Chief Investment Officer, ONE Investment, gave a brief summary, background and analysis on the investment mapping and proposed investment allocations for the District of Muskoka.

4.b.6 Town of Whitby

Keith Taylor, Chief Investment Officer, ONE Investment, gave a brief summary, background and analysis on the investment mapping and proposed investment allocations for the Town of Whitby.

Moved by Board Member Franken

THAT the Board receive Appendices reports 4.b.1 to 4.b.6, inclusive.

Carried

4.c Benchmark for Prudent Investor Funds

Keith Taylor, Chief Investment Officer, ONE Investment, briefed the Board on the benchmark for prudent investor funds.

Moved by Board Vice-Chair James

THAT the Board refer the report to staff for further development and a report back to the Board on June 23, 2020.

Carried

5. Other Business

Sensitivity Analysis - Equity Reduction

Moved by Board Member Dowty

That staff provide a sensitivity analysis report reducing the equity and increasing the fixed income allocations by both 5% and 10% and report back to the Board on June 23, 2020.

Carried

6. Meeting Outcomes

Board Chair Hughes outlined the meeting outcomes from today's meeting:

1. Approved the ONE JIB suite of Investment offerings.
2. Approved the fund managers for each of the building block funds.
3. Approved the revised outcomes framework with some amendments.
4. Directed staff to use the revised outcomes framework in developing investment plans for the six Founding Municipalities.
5. Approved allocations of funds for each of the outcomes.
6. Reviewed the appendices containing the draft investment plans for each of the Founding Municipalities.
7. Discussed benchmarks and will consider them at the June 23, 2020 meeting.

7. Closed Session

There was no closed session.

8. Authorizing Motion

Moved by Board Member Basdeo

THAT the appropriate staff of ONE JIB and ONE Investment be given the authority to do all things necessary, including executing any documents, to give effect to the Board's decisions today.

Carried

9. Adjournment

Moved by Board Member Dowty

THAT the Board adjourn its meeting.

Carried

The meeting adjourned at 3:49 p.m.

10. Next Meeting: June 23, 2020 - 9:00 a.m.

Denis Kelly, Board Secretary