



REPORT

To: ONE Joint Investment Board
From: Keith Taylor, Chief Investment Officer, ONE Investment
Date: February 26, 2026
Re: Municipality of Neebing's 2026 Investment Plan
Report: ONE JIB 2026-002

1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the Municipality of Neebing's Investment Policy Statement
(Attachment 1)
2. Receive the Municipality of Neebing's Municipal Client Questionnaire
(Attachment 2)
3. Approve the Municipality of Neebing's proposed Investment Plan
(Attachment 3)

2. SUMMARY

The Municipality of Neebing has updated its Municipal Client Questionnaire (MCQ), providing information on its MNRI and the investment horizons associated with its reserve balances. Neebing's council has also reviewed its Investment Policy Statement (IPS) as part of the annual review process, making no changes. Neebing's IPS does not permit the use of long-term alternative investments.

A significant portion of MNRI has a very long investment horizon, but the Treasurer has also noted that about \$1.2 million of MNRI drawdowns may occur within the next 3 years. The recommended allocation reflects a relatively long average investment horizon and will accommodate liquidity needs that may arise over the next few years. It is possible that up to \$300,000 in drawdowns will be required to fund the purchase of firefighting equipment within the next 12 months, and the proposed investment plan will accommodate this drawdown if needed.

Overall, Neebing's circumstances have not changed significantly since the last Investment Plan was updated. Investment Model E continues to be recommended for Neebing, which has a 50% allocation to equities. A summary of the proposed investment allocation is shown below:

50% EQUITY MODEL (E)		
Asset Classes	Target Weight	Total Invested
Cash & Equivalent	0%	\$0
Canadian Fixed Income	37.5%	\$1,206,039
Global Fixed Income and Credit	12.5%	\$402,013
Canadian Equities	25%	\$804,026
Global Equities	25%	\$804,026
Alternatives	0%	\$0
Total	100%	\$3,216,104

3. BACKGROUND

Needing's annual review of its IPS resulted in no changes

Needing Council completed its annual review of the IPS on January 21, 2026, and reapproved it without any changes. The IPS addresses the option of long-term alternative investments, such as real estate and infrastructure, but Needing has chosen not to permit their use in Needing's allocation at this time.

Investment income can help provide Participating Municipalities with an additional source of revenue

Ontario municipalities are under growing pressure to deliver the infrastructure residents expect — recreation facilities, fire halls, roads, and libraries — while keeping property tax rate increases at a reasonable level. Balancing these expectations with available revenue sources is becoming increasingly difficult as costs rise and demand grows.

When funding for capital projects cannot be secured through other channels, such as government grants or the existing tax or rate base, municipalities often have no choice but to delay or scale back their plans or resort to debt financing. Under the *Municipal Act*, municipalities are prohibited from running an operating deficit, which further limits their ability to respond to these demands.

Earnings from municipal investments can make a meaningful difference. By applying these returns to capital costs, municipalities can reduce pressure on the tax base, maintain service levels, and advance key projects in a manner that is both financially sustainable and responsible.

In Needing, each one percent increase in property tax rates yields approximately \$33,000 in additional annual revenue. However, there are limits to how much municipalities can rely on tax increases to fund capital projects, which underscores the importance of investment income as a complementary source of funding.

Needing's updated MCQ indicated that near-term drawdowns may be expected

The Treasurer has provided details of the time horizon associated with MNRI reserves, which have informed the allocation decisions in the Investment Plan. As shown in Table 1

below, more than half of Neebing’s MNRI has an investment horizon that exceeds 10 years, with about one-third of the overall MNRI expected to be required within the next 5 years.

Table 1: Summary of the investment horizon of MNRI, from Table 3.1 of MCQ

Description (i.e. Funding Objective, Investment Purpose, or Municipal Reserve)	Total MNRI (\$ million)	Investment Horizon < 5 Years (\$ million)	Investment Horizon 5-10 Years (\$ million)	Investment Horizon >10 Years (\$ million)
Capital Projects	\$1,410,077	\$1,213,400	\$196,677	-
Long Term Contingencies	1,806,027	30,000	-	1,776,027
Total MNRI	\$3,216,104	\$1,243,400	\$196,677	\$1,776,027

Neebing anticipates meaningful drawdowns of MNRI annually through 2029

The Treasurer's analysis indicates that Neebing expects potentially significant reserve drawdowns in the coming years, including up to \$300,000 within the next 12 months. The municipality plans to purchase a tanker fire truck later this year, which may require a drawdown from the MNRI reserve to partially fund the purchase. Additional drawdowns may be required through 2029 to fund capital spending.

Table 2 below provides details of the anticipated contributions and withdrawals of MNRI in future years. These details are based on Table 3.3 of the MCQ and feedback from the Treasurer.

Table 2: Anticipated Cash Flow Projections, MNRI by year, adapted from Table 3.3 of MCQ.

	2026	2027-2028	2029	2030	2031-2035
Anticipated MNRI Drawdowns	(\$ 300,000)	(\$ 600,000)	(\$ 330,000)		(\$ 200,000)
Anticipated MNRI Contributions				\$50,000	\$500,000
Net change in MNRI	(\$ 300,000)	(\$ 600,000)	(\$ 330,000)	\$50,000	\$300,000

4. ANALYSIS

Neebing’s Investment Plan accommodates both the anticipated need for near-term drawdowns and long-term (10+ year) investments

A review of Neebing’s expected cashflows and expected future reserve balances was conducted as part of the annual review process. The Treasurer noted that drawdowns of up to \$300,000 may be required in 2026, which has been reflected in the proposed investment plan. This drawdown may be utilized if Neebing purchases a new fire truck instead of a used truck – the municipality would prefer to buy a used truck.

Further MNRI drawdowns may be needed through 2029, mainly to support road “chip-sealing” projects. The precise cost of this road chip-sealing work will vary based on actual road conditions at the time the road work is completed. This makes the exact cost for this work difficult to project. The investment allocations assigned will be able to address any liquidity needs. Additionally, the municipality is finding that its roadways are lasting longer than predicted in the Asset Management Plan, which uses factors based on warmer climates with higher traffic. Currently, the biggest threat to their roadways is the weather and freeze/thaw cycles, which could prompt unexpected roadway repairs for small sections of roadway well before their planned rehabilitation in the asset management plan. The municipality intends to postpone road work wherever feasible, except when road conditions require immediate action.

The Municipality of Neebing has a relatively long investment horizon overall, with about half of its MNRI funds having an investment horizon of more than 10 years. These longer-term reserves include over \$700,000 in landfill-related funds, where planned expansions may extend landfill operations beyond 20 years.

The Investment Plan recommends Neebing’s MNRI remains invested in model E, which has a 50% allocation to equity within a well-diversified portfolio

The investment allocations proposed in the Investment Plan reflect Neebing’s relatively long investment horizon, with sizable near-term drawdowns anticipated. The Treasurer expects to resume contributing to MNRI after 2030 and feels that an allocation that includes the opportunity for longer-term growth is appropriate. The overall investment circumstances and investment horizon associated with municipal reserves remain largely unchanged vs. the 2025 Investment Plan, and the CIO continues to recommend that Neebing’s MNRI remain invested in Model E. This proposed allocation has a 50% exposure to equities, which is appropriate considering Neebing’s circumstances. For any withdrawals needed during the year, investments will be sold to maintain the allocation weights associated with Model E. This process may also include rebalancing the portfolio to ensure it aligns with the target asset allocation. Table 3 below provides some summary statistics of Model E and Table 4 further details Neebing’s investment allocations.

Table 3: Summary statistics for Model E

Summary Statistics	Model E	Notes:
Long-Term Return	6.4%	¹ Annual Downside Risk (CVaR95) represents the expected loss during the worst 5% of return outcomes. Hypothetical performance analyses are for illustrative purposes only and there is no guarantee that hypothetical returns or projections will be realized.
Annual Downside Risk ¹	-12.7%	
Annual Volatility	7.6%	
Sharpe Ratio	0.44	

Table 4: 50% Equity Model (E)

50% EQUITY MODEL (E)			
Asset Classes	Minimum (%)	Target Weight	Maximum (%)
Cash & Equivalent	0	0%	10
Canadian Fixed Income	25	37.5%	45
Global Fixed Income and Credit	0	12.5%	25
Canadian Equities	15	25%	35
Global Equities	15	25%	35
Alternatives	0	0%	0
Total		100%	

5. CONCLUSION

Neebing has a long investment horizon but anticipates drawing down about one-third of its MNRI over the next three years. The updated Investment Plan projects a possible in-year drawdown of up to \$300,000, with additional drawdowns expected through 2029. Neebing’s overall circumstances and needs have largely remained unchanged over the last 12 months, so the allocation of its MNRI to Model E, with a 50% allocation to equities, remains appropriate. This proposed asset mix and fund allocation align with the investment objectives and risk preferences outlined in its IPS and MCQ, and they will provide sufficient liquidity for the municipality’s needs over the next few years while offering potential for capital growth over time.

ATTACHMENTS

Attachment 1: Municipality of Neebing’s Investment Policy Statement 2026

Attachment 2: Municipality of Neebing’s Municipal Client Questionnaire 2026

Attachment 3: Municipality of Neebing’s proposed Investment Plan 2026

Drafted by: Keith Taylor, Chief Investment Officer; Jennifer Hess, Manager Investment Services
 Approved by: Donna Herridge and Afshin Majidi (interim), Co-Presidents/CEOs