



# REPORT

To: ONE Joint Investment Board  
From: Jennifer Hess, Manager of Investment Services, MFOA  
Date: February 26, 2026  
Re: Prudent Investment Template Review  
Report: ONE JIB 2026-007

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Approve the Municipal Client Questionnaire template, the Investment Policy template and the Investment Plan template included in Attachments 1 to 3 in this report.
2. Direct ONE Investment staff to provide a biennial review of the templates in the future, unless an earlier review is requested or warranted.

## 2. SUMMARY

After reviewing the ONE Investment Prudent Investment Templates, staff are recommending minor changes to the Municipal Client Questionnaire and Investment Plan template, and no changes to the Investment Policy template.

Staff are also recommending that the review occur every other year (biennial) in the future. The review process timing could be advanced (if needed) due to legislative changes, ONE JIB request, or feedback from Participating Municipalities.

## 3. BACKGROUND

### **The Prudent Investment templates were last reviewed in September 2024**

The 2024 review included several modifications required for the Municipal Client Questionnaire (MCQ), the Investment Policy template and the Investment Policy template because of changes to the ONE Prudent Investment Program, including bringing on an OCIO partner, new funds and investment classes approved by ONE JIB, as well as changes to how MNRI is defined, including Restricted Special Assets.

### **The 2026 review of the MCQ, Investment Policy and Investment Plan templates includes input from ONE Investment staff, PH&N Institutional and informal feedback from the Participating Municipalities**

Since 2024 included significant changes from a governance / program standpoint and all required changes have been captured in the templates, the overall approach to the 2026

review focused on helping the Participating Municipalities tell their MNRI “story”. The recommendations were based on input and feedback from ONE Investment staff, PH&N Institutional and the Participating Municipalities.

#### **4. ANALYSIS**

##### **Understanding municipal risk tolerance as it relates to investment portfolios remains an essential component of all client discussions**

During the 2024 template review, the “check-box” risk question was removed from the MCQ, as it provided limited insight and was consistently answered with generic responses such as “low” or “moderate.” As a result, it did not meaningfully differentiate the risk appetite of municipalities.

To ensure more consistent and informed evaluations, risk tolerance is now assessed by the CIO and PH&N Institutional based on their understanding of each municipality’s circumstances, investment horizon, and ongoing dialogue with municipal staff. This evaluation process is informed by details in the Investment Policy, MCQ and feedback provided by municipal staff that typically captures contextual factors that standardized checkboxes cannot reliably convey.

Any risk-related considerations identified through this process are brought forward to the JIB as part of Investment Plan recommendations.

All Municipal Investment Plans approved by the JIB must comply with each municipality’s Council-approved Investment Policy. Under O. Reg. 438/97, Part II, Section 18, the policy must address the municipality’s risk tolerance. While ONE cannot enforce the content of municipal policy, our role is to provide guidance and recommendations. The current policy template (Section 5.2.1) discusses risk at a high level and allows municipalities flexibility in defining it. Most municipalities choose to keep their risk statements similarly high level.

The MCQ is not a Council-approved document, and given that it is completed by the Treasurer, subjective bias may influence responses. The Council-approved Investment Policy remains the authoritative source for determining overall risk tolerance.

Risk evaluation will continue to be a key part of the process in the annual review of existing municipalities and onboarding of new municipalities. Recognizing that enhanced risk-tolerance language would benefit both municipalities and the JIB, ONE staff plan to expand discussions with Participating Municipalities in 2026, encouraging them to enhance their own Investment Policy with greater detail to support the evaluation of risk tolerance and with the potential to include strengthened wording in a future Investment Policy template.

## **For 2026, only minor changes are being recommended for the MCQ (Attachment 1)**

The MCQ is the “Know Your Client” form that accompanies every Municipal Investment Plan reviewed by ONE JIB. This template allows the municipality to tell its financial story as it relates to MNRI.

When the MCQ was last reviewed in 2024, several changes were made. Feedback to those changes has been positive. Most of the proposed changes in 2026 are minor and are summarized below. In preparing the proposed changes, ONE Investment staff consulted with PH&N Institutional.

- Three questions regarding general demographic information for each municipality have been added.
  - *What is the population?*
  - *Is your municipality a single tier, upper tier, or lower tier?*
  - *How much does a 1% tax rate increase generate?*
  - An optional box has also been added to allow the municipality to provide any other demographic information it feels is relevant.
  
- The Municipal MNRI Information section/table has been moved forward in the document.
  - Based on feedback, this change should make it easier for a municipality to touch on MNRI at a high level and then break down and expand its MNRI story later in the MCQ. Logically that is the way most municipalities look at their MNRI.
  - An optional box has also been added to allow the municipality to provide any additional details
  
- The column headers in the Cash Flow Projections Potentially Affecting Future MNRI Table (Question 5.2) have been changed.
  - The proposed column headers – *Next Year, 2 Years, 3-5 Years, 5-10 Years and 10 Years+*, now reflect the same categories that were in the MCQ before the last review.
  - During the last review in 2024 the column headers were changed to *Next Year, 2 Years, 3 Years, 4 Years and 5+ Years*. Staff are recommending the change based on feedback and the desire to have a better understanding of a municipality’s longer-term MNRI cash flows if available.
  
- Other changes in the document are simply formative or descriptive in nature and provide more space for input in the fillable PDF form or to make question descriptions clearer.

Once approved the form will be converted to a fillable PDF which is the preference of the municipalities.

## **No changes are recommended to the Investment Policy template (Attachment 2)**

Under Ontario Regulation 438/97 each municipality that adopts a Prudent Investment by-law must have an investment policy that is reviewed annually by Council. The usage of the ONE Investment Policy template is not mandated, although most ONE JIB Participating Municipalities choose to use it as an informative document when crafting their own policy.

In prior reviews the Investment Policy Template has seen significant changes as the ONE JIB has grown and the Prudent Investment Offering model has changed. As a result, for the last couple of years the Participating Municipalities have had to seek Council approval on an updated policy annually. The simpler process for municipal staff would be to seek an annual review by Council (i.e., no proposed changes), as mandated by legislation.

Staff are recommending no changes to the template since there has been no change to the legislation, and no significant changes related to the Prudent Investment Program. This would support the Participating Municipalities that have communicated they would appreciate not having to update their own policies every year, and instead a simpler review of the existing policy.

Of note for future consideration, there has been some municipal feedback (especially from smaller municipalities) that the current Investment Policy template is too complex for Staff and Council who do not have in depth investment knowledge. Staff continue to work with each municipality to address individual concerns, and in the future will determine if a simplified template option could be beneficial.

## **A minor change is being recommended to the Investment Plan template (Attachment 3)**

The current Investment Plan template was approved in 2024 and the tables in the document have been updated periodically to reflect changes to the applicable funds approved by ONE JIB.

Additional wording is recommended to be added to Section 5.2 Allocations of the Investment Plan. The wording (below) thereby allows the JIB to make changes to the approved model portfolios without needing to update and reapprove all municipal investment plans impacted.

*“To the extent that ONE JIB revises the model portfolios while this IP is effective, which creates any inconsistencies between this IP and the revised model portfolios, this IP will be deemed amended in order to conform to the revised and approved model portfolios approved by ONE JIB”.*

ONE Staff have consulted with PH&N Institutional and are not recommending any other changes.

**Staff recommends that the formal template review be conducted every other year (biennial), unless an earlier review is warranted or requested.**

Currently, the Prudent Investment templates are reviewed annually. This was warranted over the last six years given the growth and change in the ONE Prudent Investment offering. Staff believe that the program is sufficiently mature that an annual review is no longer required and recommends a review every other year. The current templates for the most part are favourably received, and only minor changes are being recommended to the MCQ and Investment Plan in 2026.

Staff acknowledge that, if warranted, based on legislation change, municipal feedback, or a request by ONE JIB, the review timeline could be advanced.

## **5. CONCLUSION**

ONE Investment Staff have conducted a review of the MCQ, the Investment Policy template and the Investment Plan template and have recommended only minor changes to the MCQ and Investment Plan. Staff also recommend a regular review every two years.

## **ATTACHMENTS**

- Attachment 1: Municipal Client Questionnaire
- Attachment 2: Investment Policy Template
- Attachment 3: Investment Plan Template

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