

To: ONE Joint Investment Board  
From: Colin MacDonald, Manager of Investments, ONE Investment  
Date: July 14, 2021  
Re: Withdrawals of Money Not Required Immediately (MNRI) Policy  
Report: ONE JIB-O13-21

---

## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Approve the Withdrawals of Money Not Required Immediately (MNRI) Policy.

## 2. SUMMARY

When Participating Municipalities request withdrawals of MNRI, it may not always be possible for the ONE JIB to be actively involved in the planning of such withdrawals – the timing simply might not permit this. In such circumstances the Chief Investment Officer (CIO) may need to act on the ONE JIB's behalf to facilitate such requests. The Policy is intended to provide guidance, so the actions taken by the CIO can facilitate such requests and be reflective of the ONE JIB's intentions.

## 3. BACKGROUND

### The Policy reflects ONE JIB input

On February 17, 2021, ONE JIB discussed various points with a goal of developing a Delegation of Authority Policy and directed ONE Investment to incorporate the feedback into a Policy that would be brought back to the Board for approval.

In considering ONE JIB's feedback, ONE Investment noted that the Delegation of Authority discussion covered different topics and could be simplified if divided into a Rebalancing Policy and a Withdrawals of MNRI Policy.

### The ONE JIB Agreement anticipated parameters for withdrawals

The ONE JIB Agreement specifies parameters for Withdrawals of MNRI. Except in exceptional circumstances, ONE JIB must work with a Participating Municipality to return the requested MNRI within 30 days. ONE JIB has the option to waive the 30-day period as well. The CIO may be required to execute transactions to facilitate the withdrawals. This time frame may preclude ONE JIB from being able to meet and provide guidance on the transactions. The principles established in the Withdrawals of MNRI Policy provide direction guiding transactions executed

by the CIO to facilitate such withdrawals.

## 4. ANALYSIS

### ONE Investment is proposing a principles-based approach to the Withdrawals of MNRI Policy

Consistent with best practices in the municipal sector, staff has developed a draft Policy that is focused on the principles that would govern rebalancing decisions. The draft Policy applies to the CIO and is intended to ensure that decisions are aligned with the direction of ONE JIB with respect to managing withdrawals of MNRI. ONE Investment will also use the Policy to guide the development of an internal procedures document to be used for compliance and succession planning purposes.

### Key principles will provide guidance for withdrawals

The key principles in the Policy are summarized in Table 1 below. These represent the key points that the CIO should consider for withdrawals.

*Table 1 – Summary of Principals*

Principal or situation	Description
Follow Direction already in place	Withdrawals should be consistent with the provisions of the Investment Plan and the Investment Policy Statement
Work with Participating Municipalities	Withdrawal details/timing will be determined in consultation with the Participating Municipality making the withdrawal
Present to ONE JIB – If Possible	If practical, the planning of withdrawals should be discussed with ONE JIB prior to implementation and approval from ONE JIB obtained, if the withdrawals are not part of the approved Investment Plan
Update Chair - If ONE JIB meeting not possible before withdrawal	Inform the Chair before trading
Update ONE JIB and seek approval of revised Investment Plan	Prepare draft updated Investment Plan and discuss with ONE JIB, if revisions to the Investment Plan are needed
Minimize Trading Impact	If possible, the impact of trading should be minimized.
Review Key Considerations	When implementing a withdrawal, the CIO should consider liquidity, realized gains/losses, impact on portfolio and weights, impact on other clients in Pooled Funds, and timing
Obtain Compliance review	All transactions should be reviewed and approved by Chief Compliance Officer

### **The proposed Policy contains parameters for reporting on withdrawals of MNRI to ONE JIB**

The CIO will provide a report on any withdrawals of MNRI at the subsequent ONE JIB meeting if timing of the withdrawal does not allow a discussion with ONE JIB in advance. This will give ONE JIB the opportunity to evaluate all decisions with respect to withdrawals of MNRI. The CIO will also provide a report to ONE JIB on the impact of the withdrawal on the Investment Plan and provide an updated draft Plan based on these changes at the subsequent meeting, if necessary.

### **The Policy has a minimum three-year review schedule**

The Policy must be reviewed by ONE JIB at least every three years. However, if a review is deemed warranted by ONE JIB or ONE Investment it may be reviewed more frequently.

## **5. CONCLUSION**

The Withdrawal of MNRI Policy is intended to provide guidance to the CIO to help direct how withdrawals of MNRI are managed, so they can be facilitated in a timely fashion. Additionally, the Policy will ensure ONE JIB's policies with respect to Withdrawals of MNRI are reflected in any decisions made by the CIO.

Prepared by: Colin Macdonald, Manager of Investments and Keith Taylor Chief Investment Officer

Approved for submission by: Judy Dezell and Donna Herridge, Co-Presidents/CEO