

**ONE JOINT INVESTMENT BOARD
SERVICES AGREEMENT**

THIS agreement (the “**Agreement**”) is made as of May 19, 2020.

BETWEEN:

ONE JOINT INVESTMENT BOARD

(hereinafter “**ONE JIB**”)

- and -

ONE INVESTMENT

(hereinafter “**ONE**”)

RECITALS:

- A. The *Municipal Act, 2001* permits municipalities to invest under a prudent investment regime under which control and management of certain monies and investments are given to an investment board or joint investment board.
- B. The Founding Municipalities (as defined herein) have together formed a joint investment board to be known as ONE Joint Investment Board (“**ONE JIB**”).
- C. ONE has been formed as a not-for-profit corporation to supply management, administrative and other services required by ONE JIB in the discharge of ONE JIB’s duties and responsibilities.
- D. Under section 22 of the Regulation (as defined herein), ONE JIB may authorize an agent to exercise any of its functions to the same extent that a prudent investor, acting in accordance with ordinary investment practice, would authorize an agent to exercise any investment function.
- E. ONE JIB wishes to appoint and authorize ONE as its agent to carry out the investment functions as provided herein, subject to and on the terms and conditions herein set out.

NOW THEREFORE, for value received, the Parties agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 **Definitions.** Unless otherwise defined in this Agreement, capitalized terms used herein shall have the meaning ascribed to them in the ONE JIB Agreement. In addition, in this Agreement,

“**Act**” means the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended from time to time;

“**Agreement**” means this services agreement and any schedules attached to it from time to time, as it may be amended, supplemented or replaced from time to time;

“**AMO**” means the Association of Municipalities of Ontario, the founder of LAS.

“Applicable Securities Law” means the securities laws and regulations applicable to ONE, ONE JIB, the Portfolios and the ONE Pools from time to time, and includes all policies, directives, rules, consents, approvals, authorizations, guidelines, orders and decisions (including exemptive relief) of securities regulatory authorities having authority or jurisdiction over a person, property, transaction or event;

“Business Day” means a day, other than a Saturday or Sunday, on which commercial banks are open for business in Toronto, Ontario;

“CHUMS” means CHUMS Financing Corporation, an Ontario corporation.

“Eligible Investor” any person eligible to participate in the ONE Legal List Products, or the ONE Prudent Investment Program or other ONE Investment Offerings from time to time, as applicable;

“Founding Municipalities” means the municipalities who have established ONE JIB under section 202 of the Act;

“HISA” means the high interest savings account, a Canadian dollar bank account with a Canadian financial institution, offered to Eligible Investors as part of the ONE Investment Offerings;

“LAS” means Local Authority Services, a not-for-profit corporation.

“MFOA” means the Municipal Finance Officers’ Association of Ontario, and the shareholder of CHUMS.

“Municipal Legislation” means all applicable legislation that applies to the ONE Joint Investment Board including, without limitation, the Act, the *Municipal Conflict of Interest Act*, R.S.O., c. M.50, as amended from time to time, the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. M.56, as amended from time to time, the Regulation and any other applicable regulations made under such Acts, as they may be amended from time to time;

“ONE Investment Offerings” means the suite of products and services to be offered to the municipal sector under the ONE brand and includes the ONE Legal List Products, the ONE Prudent Investment Program, ONE Savings Accounts and such other products and services as may be developed and offered hereafter;

“ONE JIB” means ONE Joint Investment Board, a joint municipal services board established by the Founding Municipalities as a Joint Investment Board pursuant to section 202 of the Act in accordance with Part II of the Regulation, as constituted from time to time;

“ONE JIB Agreement” means the agreement entered into between ONE JIB, the Participating Municipalities and ONE pursuant to which the Participating Municipalities agree to invest their money and investments that are not required immediately through ONE JIB under section 418.1 of the Act;

“ONE Legal List Products” means the various commingled funds that are comprised of securities that are prescribed in the Regulation and are offered to municipalities who invest under section 418 of the Act through the ONE Investment Program;

“ONE Prudent Investment Program” means the program for municipal investment in which a municipality has appointed ONE JIB as such municipality’s Joint Investment Board and has entered into the ONE JIB Agreement;

“ONE Savings Account” means a cash management or savings account, including but not limited to HISA, made available to Eligible Investors, and, for greater certainty, a ONE Savings Account may be a Canadian dollar account or a foreign currency account, provided that the account is with a deposit-taking Canadian financial institution regulated by the Office of the Superintendent of Financial Institutions;

“Participating Municipalities” means municipalities, including the Founding Municipalities, that invest their money and investments that are not required immediately through ONE JIB under section 418.1 of the Act;

“Party” means either of ONE JIB or ONE, as the context requires;

“person” includes any individual, corporation, limited partnership, joint stock company or association, joint venture, trust, bank, trust company, land trust, investment trust, society or other entity, organization, syndicate whether incorporated or not, trustees, executors or other legal representatives, and municipalities, governments, agencies and political subdivisions thereof;

“Regulation” means Ontario Regulation 438/97 entitled “Eligible Investments, Related Financial Agreements and Prudent Investment”, as it may be amended from time to time;

“Term” has the meaning ascribed to it in Section 7.3.

1.2 **Governing Law.** This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable thereto.

1.3 **Headings.** The division of this Agreement into sections, subsections, paragraphs, subparagraphs, clauses and schedules and the insertion of headings are for convenience of reference only and are not to affect the construction of this Agreement.

1.4 **Number and Gender.** Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders.

1.5 **Severability.** If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect the legality, validity or enforceability of the remaining provisions of this Agreement.

ARTICLE 2 MANAGEMENT SERVICES

2.1 **Services Required for ONE Prudent Investment Program.** ONE JIB hereby appoints ONE as its agent as permitted under section 22 of the Regulation to provide ONE JIB with such management, administrative, secretarial and support services as ONE JIB may require in connection with the provision of the One Prudent Investment Program to Participating Municipalities and other Eligible Investors. ONE is hereby authorized and empowered to direct the day-to-day business, operations and affairs pertaining to the ONE Prudent Investment Program on a continuing basis, subject to the provisions of the Act and the Regulation as amended from time to time. ONE hereby accepts such appointment.

2.2 **Duties and Responsibilities.** In the performance of its duties and responsibilities hereunder, ONE shall at all times and in all material respects, carry out and give effect to the provisions of any

investment policy of a Participating Municipality and the corresponding investment plan. In accordance with Applicable Law, ONE shall provide certain investment advisory services required in the operation of the ONE Prudent Investment Program and shall provide all such services to or on behalf of ONE JIB as described below.

Without limiting its general rights and obligations but subject to the terms and conditions hereof, ONE shall:

- (a) take direction from ONE JIB with respect to the provision of portfolio advisory and investment management services for Participating Municipalities in accordance with the applicable investment policies and investment plans;
- (b) monitor the performance of and evaluate any investment or portfolio advisors appointed by ONE JIB under the ONE Prudent Investment Program and provide such reports thereon to ONE JIB as ONE JIB may reasonably request from time to time;
- (c) provide, or cause to be provided, advice and assistance in connection with the operation of ONE Savings Accounts to be made available as part of the ONE Prudent Investment Program, including but not limited to the HISA;
- (d) monitor the performance of the ONE Savings Accounts and the creditworthiness of the financial institutions providing the ONE Savings Accounts and provide such reports thereon to ONE JIB as ONE JIB may reasonably request from time to time;
- (e) make arrangements for all dealings with the assets under the control and management of ONE JIB under the ONE Prudent Investment Program including execution of all portfolio transactions, selection of markets, dealers or brokers and the negotiation, where applicable, of commissions, subject always to the direction of ONE JIB and, in connection therewith, execute or arrange for execution of all documents evidencing or relating to any portfolio securities;
- (f) arrange for the purchase and sale, exchange, transfer or other disposition of any property or securities held under the ONE Prudent Investment Program and make decisions as to the execution of all portfolio transactions;
- (g) execute all such documents (including all new account, margin and other agreements with brokers or other financial institutions) and perform any and all other acts as may be in its judgment necessary or appropriate, except as otherwise contemplated hereby;
- (h) exercise all rights, powers, options, privileges, including conversion privileges, and other powers incidental to ownership of the securities held under the ONE Prudent Investment Program as may be exercised by any person owning such property or securities in their own right, but subject always to the direction and supervision of ONE JIB;
- (i) determine whether and in what manner to vote, and execute or cause to be executed proxies respecting the voting of, securities held under the ONE Prudent Investment Program at all meetings of holders of such securities, but subject always to the investment policies and any direction from ONE JIB;
- (j) advise ONE JIB promptly of all information which is relevant to the valuation of the portfolio investments, any circumstances of which it is or should be aware which would necessitate an adjustment to a valuation, and any adjustments to the valuation of investments which are subject to a hold period, resale restriction or similar constraint; and
- (k) provide all other incidental or ancillary services required in connection with the investment management of securities held under the ONE Prudent Investment Program.

2.3 **Ancillary Services.** In connection with the investment advisory services set out in section 2.2, ONE JIB may request ONE to provide, and ONE agrees to provide as requested, the following ancillary and supplemental services:

- (a) provide or arrange for all clerical, accounting and administrative functions and maintain or arrange for the maintenance of proper and complete books and records in connection with the provision of the ONE Prudent Investment Program;
- (b) conduct day-to-day relations on behalf of ONE JIB with other persons, including other service providers;
- (c) administer or cause to be administered, the payment of net income or other distributions from securities under the control and management of ONE JIB under the ONE Prudent Investment Program;
- (d) provide, or cause to be provided, statistical and research services relating to the ONE Prudent Investment Program;
- (e) provide, or cause to be provided, services in respect of any or all of the daily operations of the ONE Prudent Investment Program, including the processing of applications for admission, the collection and remittance to the custodian of monies received, and the processing of requests for redemptions or withdrawal or transfer of monies;
- (f) arrange for the provision of such directors and officers liability insurance or other contracts of indemnity for the benefit of ONE JIB and its members as ONE JIB considers to be reasonable;
- (g) provide, or cause to be provided all other administrative and other services and facilities required in relation to Eligible Investors, including the preparation for and holding of meetings of Eligible Investors, and the maintenance of records regarding transactions of Eligible Investors;
- (h) arrange for the preparation, execution and filing of all returns, reports and filings which may be required from time to time by any municipal, provincial, federal or other governmental authority, including, without limitation, the preparation and filings which may be required pursuant to the Income Tax Act (Canada) and Applicable Securities Law; and
- (i) appoint, and negotiate contracts with third party service providers, including but not limited to custodians, administrators, valuation agents, registrar and transfer agents, sub-advisors, auditors, consultants and printers.

2.4 **Conduct of Business.** ONE agrees to comply in all material respects with Applicable Securities Law and the Parties shall work together so that the ONE Prudent Investment Program is at all times in compliance with, in all material respects, the Act, the Regulation, Municipal Legislation and Applicable Securities Law.

2.5 **Regular Reporting to ONE JIB.** Notwithstanding any other provision hereof, ONE shall report at least annually to ONE JIB as to its activities performed as agent of ONE JIB, as required by paragraph 22(2)(b) of the Regulation. Such report may be a summary or compilation of reports delivered to ONE JIB through the year, but in any event shall be such as to enable ONE JIB to monitor ONE's performance as required by subsections 22(3) and (4) of the Regulation.

2.6 **Standard of Care.** In the provision of its management and administrative services hereunder, ONE shall exercise its powers and discharge its duties hereunder honestly, in good faith and with a view to the best interests of the Eligible Investors and shall exercise the degree of care, skill, diligence and judgment that a reasonably prudent person would exercise in the circumstances.

ARTICLE 3 SECRETARIAL AND OTHER PROFESSIONAL SERVICES

3.1 **Services of the Secretary.** ONE shall make available to ONE JIB the services of one or more duly qualified individuals to act as the Secretary of ONE JIB as contemplated in the Terms of Reference which are attached as a schedule to the ONE JIB Agreement.

3.2 **Services of a Chief Investment Officer.** ONE shall engage or employ a duly qualified individual to carry out the functions of a Chief Investment Officer (CIO). The CIO (or individual performing such functions) shall be the most senior officer responsible to oversee investment, and shall advise ONE JIB as to investment objectives of Participating Municipalities as reflected in their investment policies, portfolio structure and asset allocation, selection of portfolio managers and investment mandates and compliance with the Participating Municipalities' investment policies, investment plans and investment mandates. The CIO shall be empowered to report directly to ONE JIB, and to engage in open and forthright discussions with ONE JIB without interference by management of ONE and free of any fear of reprisal by management of ONE.

3.3 **Services of a Chief Compliance Officer.** ONE shall engage or employ a duly qualified individual to carry out the functions of a Chief Compliance Officer (CCO). The CCO (or individual performing such functions) shall be the most senior officer responsible for the design and implementation of the compliance program for ONE and the ONE Investment Offerings. The CCO shall be empowered to report directly to ONE JIB, and to engage in open and forthright discussions with ONE JIB without interference by management of ONE and free of any fear of reprisal by management of ONE.

3.4 **Preparation of Program Documents.** ONE agrees to perform, or cause to be performed, during the term of this Agreement and any renewal thereof the following services:

- (a) preparation of a template investment policy for presentation to and discussion with a Participating Municipality, and updates and modifications as may be appropriate from time to time, as contemplated in the ONE JIB Agreement;
- (b) preparation of an investment plan for each Participating Municipality, and updates and modifications as may be appropriate from time to time, as contemplated in the ONE JIB Agreement;
- (c) preparation of the investment report(s) to be provided to the Council of each Participating Municipality under the terms of the ONE JIB Agreement;
- (d) preparation of the compliance reports to be delivered by ONE JIB to Participating Municipalities under the terms of the ONE JIB Agreement; and
- (e) preparation of such other reports to Participating Municipalities as ONE JIB may reasonably request.

3.5 **Measures for Compliance with Municipal Legislation.** ONE shall ensure that ONE JIB is supplied with all services and supports so that ONE JIB is in compliance with Municipal Legislation. In this regard, ONE shall participate in the process of identifying and making available to ONE JIB an Integrity Commissioner and a Closed Meeting Investigator.

3.6 **Administrative Support Services.** ONE agrees to provide, or cause to be provided, during the term of this Agreement and any renewal thereof the following administrative services:

- (a) office accommodation, office facilities and personnel, internet, telephone, telecommunications and other information technology, communication services, stationery, office supplies, and other usual and ordinary office services as may be required by ONE JIB in the discharge of its duties and responsibilities;

- (b) all administrative and other services and facilities required by ONE JIB in relation to its communications with Participating Municipalities and their representatives, including the preparation for and holding of any meetings with Participating Municipalities;
- (c) such other services as ONE JIB may reasonably require from time to time or as may be necessary to comply with the Municipal Legislation.

3.7 **Personnel.** The services to be provided by ONE hereunder may be furnished through individuals who are (for income tax, employment, benefits and other compensation and similar purposes) employed or engaged by any of ONE, LAS, CHUMS, MFOA or AMO.

3.8 **Fee Collection and Disbursements.** Amounts, if any, payable by any person to ONE JIB may be collected by ONE and ONE JIB shall direct any such payments to be made to ONE. ONE shall be responsible to disburse to the individual members of ONE JIB their remuneration and any reimbursement of expenses to which individual members may be entitled. ONE may operate one or more bank accounts to facilitate such collection and disbursement.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 **ONE's Representations, Warranties and Covenants.** ONE represents and warrants to ONE JIB that:

- (a) it is duly incorporated and validly existing as a not-for-profit corporation;
- (b) under Applicable Securities Law, it currently holds such licenses and registrations as are necessary to perform its duties hereunder except to the extent that it is exempt from the requirement to hold and maintain any licenses and registrations and is not aware of any reason such licenses or registrations might be cancelled or any exemption revoked;
- (c) it has the corporate power and capacity to enter into this Agreement and to perform its duties and obligations hereunder;
- (d) this Agreement has been duly authorized, executed and delivered by ONE and is a valid and binding obligation, enforceable against ONE in accordance with its terms;
- (e) ONE employs or engages appropriately qualified personnel and consultants so as to be able to perform its obligations hereunder;
- (f) ONE will obtain and maintain appropriate policies of insurance consistent with policies and coverages maintained by an investment manager; and
- (g) ONE will provide prompt notice to ONE JIB if any of the foregoing representations and warranties are not true and accurate in any material respect.

4.2 **ONE JIB's Representations, Warranties and Covenants.** ONE JIB represents and warrants to ONE that:

- (a) it is a duly constituted joint municipal service board and a local board of each Participating Municipality under Municipal Legislation;
- (b) under Applicable Securities Law, it currently holds such licenses and registrations as are necessary to perform its duties as a Joint Investment Board except to the extent that it is exempt from the requirement to hold and maintain any licenses and registrations and is not aware of any reason such licenses or registrations might be cancelled or any exemption revoked;

- (c) it has the corporate power and capacity to enter into this Agreement and to perform its duties and obligations hereunder; and
- (d) this Agreement has been duly authorized, executed and delivered by ONE JIB and is a valid and binding obligation, enforceable against ONE JIB in accordance with its terms.

ARTICLE 5 FEES AND EXPENSES

5.1 **Fees and Expenses.** In consideration of the services provided hereunder, ONE shall be entitled to fees as set out in Schedule A hereto. Any fees and expenses to be charged to, or recovered from, Participating Municipalities under the ONE JIB Agreement must receive the prior consent of ONE. Such fees and expense may be set off against or deducted from monies belonging to the Participating Municipalities over which ONE JIB has management and control.

ARTICLE 6 LIMITATION OF LIABILITY AND INDEMNITY

6.1 **Indemnification of ONE.** ONE and ONE JIB agree that ONE, its officers, directors, agents and employees (each a “**Indemnified Party**”) shall at all times be entitled to be indemnified and saved harmless from and out of the assets under the control and management of ONE JIB under the ONE Prudent Investment Program, from and against all actions, proceedings, claims, costs, demands and expenses (including legal fees and expenses on a full indemnity basis, judgments and amounts paid in settlement), brought, commenced or prosecuted against any Indemnified Party for or in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of ONE’s duties under this Agreement, provided such action or inaction was done in a manner consistent with the standard of care set out in Section 2.6 of this Agreement. Without limiting the generality of the foregoing no Indemnified Party shall be liable for any taxes, assessments or other governmental charges levied with respect to the Portfolios or any part thereof or upon the income thereof or of any Eligible Investor.

6.2 **Limitation of Liability.** No Indemnified Party shall be liable to ONE JIB, any Eligible Investor or any other person for any loss or damage relating to any matter regarding the operation of the ONE Prudent Investment Program, including any loss or diminution in the value of the assets if the Indemnified Party has acted in a manner consistent with the standard of care set out in Section 2.6 of this Agreement.

ARTICLE 7 GENERAL

7.1 **Notice.**

- (a) Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be delivered or sent by registered mail, postage prepaid or email to the recipient addressed as follows:

To ONE:

200 University Avenue, Suite 801
Toronto ON M5H 3C6

Attention: Co-President / CEO

To ONE JIB:

200 University Avenue, Suite 801
Toronto ON M5H 3C6

Attention: The Secretary

Changes to the addresses and facsimile numbers may be made in the manner set out in this Section 7.1.

- (b) Any such notice or other communication shall be deemed to have been given and received, if delivered, on the day of delivery (or, if the day is not a Business Day, on the next following Business Day) or, if mailed, on the second Business Day following the day on which it is mailed. If a strike or lockout of postal employees is in effect or generally known to be impending on the date of mailing, any such notice or other communication shall be delivered and not sent by mail.

7.2 **Insurance.** ONE shall obtain and maintain errors and omissions insurance in amounts and on terms consistent with those held by a portfolio manager or investment fund manager with similar assets under management.

7.3 **Term.** This Agreement shall continue in force until the earlier of (i) dissolution of ONE JIB; and (ii) termination by mutual agreement of the Parties.

7.4 **Action on Termination.** ONE JIB acknowledges that the goodwill attached to the name and brand "ONE" belongs to ONE and to CHUMS and LAS as the founders of ONE. Upon termination of this Agreement, ONE JIB shall immediately change its name to remove the distinctive element "ONE", cease all use of the ONE design, and shall immediately cease to identify or to associate itself with ONE Investment.

7.5 **Relationship of Parties.** The execution of this Agreement and any other arrangements with respect to the ONE Prudent Investment Program are not intended to create and shall not be treated as having created a general or limited partnership, joint venture, corporation, joint stock company, investment trust or mutual fund.

7.6 **Assignment.** Neither Party may assign the whole or any part of its rights or obligations under this Agreement without the express written consent of the other Party.

7.7 **Further Assurances.** Each Party shall promptly do, execute, deliver or cause to be done, executed or delivered all further acts, documents and matters in connection with this Agreement that the other Party may reasonably require.

7.8 **Enurement.** This Agreement shall enure to the benefit of and be binding upon the Parties and their respective administrators, trustees, receivers, directors, officers, successors and permitted assigns.

7.9 **Entire Agreement.** This Agreement is the entire agreement between the Parties with respect to the subject matter herein and supersedes any prior correspondence, agreements, discussions and understandings, whether written or oral.

7.10 **Waiver.** A waiver of any provision of this Agreement shall not constitute either a waiver of any other provision or a continuing waiver, unless otherwise expressly indicated in writing. Failure or delay in enforcing any right under this Agreement shall not be deemed a waiver of such right.

7.11 **Amendment.** This Agreement may be supplemented, amended, restated or replaced only by written agreement signed by the Parties.

7.12 **Time of the Essence.** Time is of the essence of this Agreement.

7.13 **Counterparts.** This Agreement may be executed in counterparts each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

7.14 **Electronic Signatures.** This Agreement may be executed by the Parties electronically in accordance with the *Electronic Commerce Act, 2000, S.O. 2000, c.17*.

[signature page immediately follows]

SCHEDULE A FEES AND EXPENSES

Unless otherwise defined in this Schedule A, defined Terms used in this Schedule A have the meanings ascribed to them in the ONE JIB Agreement.

Approach to Fees and Expenses

As a not-for-profit entity, ONE Investment structures fees so as to recover its operating costs and set aside appropriate reserves for future investment. Neither ONE JIB nor ONE Investment will charge fees directly to Participating Municipalities. By entering into the ONE JIB Agreement, a Participating Municipality agrees that the Managed Assets (subject to exceptions as set out in the Participating Municipality's IPS and Investment Plan) will be invested in ONE Investment Pools as selected by ONE JIB on the advice and recommendation of ONE Investment and as set out in the Participating Municipality's IPS and Investment Plan.

The ONE Investment Pools will be subject to management fees and other expenses, which are described in the ONE JIB Agreement and in particular in Schedule D to the ONE JIB Agreement, "Fees and Expenses". Except for taxes, ONE Investment expects to bundle such fees and expenses into a single fee, where the rate of such fee will differ depending on the ONE Investment Pool. ONE Investment fees are approved by the ONE Investment Board and are reviewed, at least annually. The details of the fee structure will be publically available.

Amounts Payable under Services Agreement

There are no fees directly payable by ONE JIB to ONE Investment for the provision of services under the Services Agreement. As described above, ONE Investment recovers its costs through fees charged for products and services provided to Participating Municipalities.

Any out-of-pocket expenses incurred by ONE Investment on behalf of ONE JIB in connection with the provision of services under the Services Agreement which are not included in management fees charged to the ONE Investment Pools will be recoverable as expenses of the applicable ONE Investment Pool, or from Participating Municipalities, as may be appropriate in the circumstances.