

To: ONE Joint Investment Board
From: Judy Dezell, Co-President/Co-CEO, ONE Investment
Date: March 1, 2023
Re: Board Governance Self-Evaluation Report – Fall 2022
Report: ONE JIB 2023-007

1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the Board Governance Self-Evaluation Report.
2. Direct ONE Investment staff to bring forward the 2023 Board Governance Self-Evaluation Survey in the fourth quarter.

2. SUMMARY

The Board Governance Self-Evaluation was completed by board members in December 2022. The response rate was 67%.

The priorities identified by ONE JIB are in the approved 2023 Futures List.

2023 in-person conferences and events will provide ONE JIB members with many opportunities to meet and learn from municipal investors.

3. BACKGROUND

ONE JIB's Terms of Reference require an annual self-assessment

Board evaluation is a critical part of good governance and is intended to help boards improve their effectiveness. Evaluation results can inform boards' continuous improvement efforts, identify substantive and process strengths and weaknesses, help orient new board members, and validate the board's future priorities. As contemplated in section 4.13 of ONE JIB's Terms of Reference, the ONE JIB directed ONE Investment staff to develop an online self-assessment. The first self-assessment survey was completed in Fall 2020, and a self-assessment survey has been completed every Fall since 2020.

The self-assessment is part of the continuous improvement process

The ONE JIB is a groundbreaking collective effort by the six Founding Municipalities. 2022 saw growth in the number of Participating Municipalities and consideration of fund offering changes through the work of the New Products Committee. Undertaking a self-assessment is a critical

part of the continuous improvement process. The self-evaluation questions were designed to identify where improvements could be made, celebrate successes, and plan the future work of ONE JIB.

The following initiatives in Table 1 below are ongoing as part of the goal of ONE JIB being a highly functional skills-based board.

Table 1 - Ongoing Board Activities

Key ONE JIB Areas of focus	Progress as of December 31, 2022
Developing education and training materials on investments for municipalities, in cooperation with ONE Investment	Municipal education and training remain a high priority for ONE Investment. In 2022, ONE Investment retained the services of two individuals dedicated to providing investment training for municipalities. Dan Cowin has extensive municipal finance experience and Jim Giles has extensive investment industry experience, including being an instructor for the CFA Society. Combined, the approach mirrors ONE's Investment Advisory Team to support municipal finance professionals on their investment learning journey.
Gaining a better understanding of municipal finance as it relates to investments	Municipal finance is complex and highly dependent on senior government decisions, particularly those of the province. Quarterly updates on the municipal landscape, as well as training on specific topics are some of the ways ONE Investment is supporting ONE JIB members' learning.
ONE JIB training	Institute of Corporate Directors' Governance training occurred in February 2023. Ongoing identification of potential training opportunities by ONE Investment and ONE JIB members will inform future training.
Succession plan for ONE JIB	ONE JIB is a skills-based board that recruits using two tools - a job description and skills matrix. Both tools are reviewed each time a vacancy occurs on the Board based on current needs of the Board in the context of the Strategic Plan.
Strategic Plan	ONE Investment will be identifying progress on the Strategic Plan through quarterly progress reports starting in Q2 2023.

4. ANALYSIS

How well has ONE JIB done its job?

The survey received a 67% response rate from ONE JIB members who indicated that ONE JIB is making good decisions within a strong governance framework. The following areas of focus were those identified consistently by ONE JIB members in the 2022 survey.

Table 2 - Areas of Focus for 2023

Key ONE JIB Areas of Focus	ONE Investment Response
The Outcomes Framework is an effective means of translating municipal reserves and investment objectives into asset allocations.	Consistently identified by ONE JIB as an area of focus. ONE JIB has identified the need to continuously refine the framework. The ongoing work of the New Products Committee on fixed income products will influence future revisions to the Outcomes Framework.
The core documents (Municipal Client Questionnaire, Investment Policy Statement template, Investment Plan template) are adequately designed to meet ONE JIB's needs.	Consistently identified by ONE JIB as an area of focus. ONE Investment is reviewing these documents after the recent onboarding of new Participating Municipalities. The review will come forward to ONE JIB in Fall 2023 with recommendations.
ONE JIB has a sound performance reporting framework in place.	Consistently identified by ONE JIB as an area of focus. ONE Investment has provided performance reports to ONE JIB quarterly since spring 2021. Supplemental performance analysis provided by an external consultant, done on an annual basis, started in late 2022 to enhance the performance reporting to ONE JIB.

How well has ONE JIB functioned?

Members also continue to feel they are receiving reports in sufficient time to review in advance of meetings and that agendas are well planned and allow for sufficient time to address all necessary ONE JIB business.

Table 3 - Functional Areas of Focus

Key ONE JIB Areas of Focus	ONE Investment Response
The training on municipal finance this year has been useful (MFOA training).	Municipal Finance is a complex and multi-faceted topic. The Board Orientation Refresh scheduled for February 2023 recapped

Key ONE JIB Areas of Focus	ONE Investment Response
	fundamental principles as well as discuss ongoing municipal finance issues. A new quarterly report to ONE JIB called Municipal Insights will keep ONE JIB up to date on recent and emerging developments.
The reports to ONE JIB are well written.	Consistently identified by ONE JIB as an area of focus. ONE Investment has made progress on improving the reports to ONE JIB. The focus for 2023 will be synthesizing technical information into easily understood concepts with clear options for consideration by ONE JIB.
The reports to ONE JIB contain the information that ONE JIB needs to make good decisions.	Consistently identified by ONE JIB as an area of focus. ONE Investment is committed to continue to improve reports to provide sufficient analysis and detail for ONE JIB to make good decisions.
The virtual meetings worked well.	ONE JIB is now meeting in person for all regularly scheduled meetings. The virtual option will be available in the case of special meetings or as directed by the Chair under the Procedure By-law.

Does ONE JIB have effective relationships?

ONE JIB's perspectives on effective relationships are a lingering effect of the pandemic. While ONE JIB members agree members are respectful and listen closely, the inability to meet in person is impacting the working relationship of ONE JIB members. As mentioned above, ONE JIB is now meeting in person for all regularly scheduled meetings.

Table 4 - Effective Relationships Areas of Focus

Key ONE JIB Areas of Focus	ONE Investment Response
The ONE JIB is clear about its relationship with the participating municipalities.	Consistently identified by ONE JIB as an area of focus. ONE Investment will identify opportunities for interaction with participating municipalities to strengthen ONE JIB's understanding of municipal needs and investment goals.
The ONE JIB is clear about its relationship with ONE Investment.	The Board Orientation Refresh scheduled for February 2023 covered the relationship between ONE Investment and ONE JIB.
ONE JIB is sufficiently familiar with fund managers.	Consistently identified by ONE JIB as an area of focus. A combination of factors should improve ONE JIB's familiarity with fund managers – specifically, the return of in-person meetings with fund managers on a quarterly basis and the annual fulsome review

Key ONE JIB Areas of Focus	ONE Investment Response
	of fund managers completed by Aon in the third quarter annually.
The ONE JIB is sufficiently familiar with the needs of its municipal investors.	A new quarterly report to ONE JIB called Municipal Insights will keep ONE JIB up to date on recent and continuing developments within the municipal sector, including feedback from municipal investors.
ONE JIB members have good relationships with each other.	The pandemic forced virtual meetings for over two years. ONE JIB is now meeting in person for all regularly scheduled meetings. The virtual option will be available in the case of special meetings or as directed by the Chair under the Procedure By-law.

What should ONE JIB's priorities be over the next 1-2 years?

This part of the survey offered Board members 14 different topics for consideration as priorities. Table 5 reflects the top three highest-ranked priorities. Topics not identified below are part of other initiatives (e.g., growing the Prudent Investment Program, reviewing core documents as part of the annual business cycle).

Table 5 - ONE JIB Priorities Next 1-2 Years

Key ONE JIB Areas of Focus	ONE Investment Response
Building relationships with municipal investors	2023 will see a different approach by ONE Investment in making connections between ONE JIB and municipal investors. ONE JIB members will have the opportunity to attend municipal conferences throughout the year to build further understanding of municipal investor needs.
Developing a strategy for expanding municipal participation in the prudent investor program.	The new ONE Strategic Plan has identified a key strategic objective of growing municipal participation in the Prudent Investment Program. ONE JIB will hear about key initiatives undertaken by ONE Investment to advance this key objective of the Strategic Plan.
Implementation of the Strategic Plan for ONE JIB with respect to municipal prudent investing	ONE Investment staff will provide quarterly updates on initiatives to advance the key objectives of the Strategic Plan.

Timing of the annual self-evaluation will shift slightly

The response rate for the annual survey was weaker than in previous years. This year the survey overlapped the holiday/year end period, which may have had an impact. ONE will bring the self-evaluation survey forward to ONE JIB's meeting in September 2023 with the survey being live throughout the month of October. This will give ONE JIB members the opportunity to complete the survey without competition from other priorities during the holiday season.

5. CONCLUSION

ONE JIB's Governance Self-Evaluation achieved a 67% response rate. The survey results provided useful feedback and are in the approved 2023 Futures List. Three key priorities for 2023 will be relationships with investors, expanding the program and implementation of the Strategic Plan.

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