



# REPORT

To: ONE Joint Investment Board  
From: Keith Taylor, Chief Investment Officer, ONE Investment  
Date: September 6, 2023  
Re: Town of Aurora's Investment Plan 2023  
Report: ONE JIB 2023-047

---

## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the Town of Aurora's Municipal Client Questionnaire (Attachment 1).
2. Approve the Town of Aurora's proposed Investment Plan (Attachment 2).

## 2. SUMMARY

The Town of Aurora ("Town" of "Aurora") has decided to join the ONE JIB as a Participating Municipality. As part of the process under the applicable provincial regulation, the ONE JIB must develop and approve an Investment Plan for Aurora.

Aurora will allocate \$42.8 million in MNRI to be invested under the care and control of ONE JIB. All long-term investments held by the Town will be liquidated prior to the Town joining the ONE JIB. Its contribution will be deployed into the investment Outcomes by September 30, 2023.

Investment allocations have been determined by reviewing expected cashflows affecting municipal reserve balances to produce a portfolio with an investment horizon appropriate for Aurora's circumstances based on the ONE JIB's Outcomes Framework. The proposed investment allocations, which reflect consolidated holdings across ONE Investment Outcomes, are presented below:

<b>ONE Investment Funds &amp; HISA</b>	<b>Total Invested (\$ millions)</b>	<b>Portfolio Weight (%)</b>
ONE HISA	-	-
ONE Canadian Equity Fund	5.8	13.5
ONE Global Equity Fund	13.5	31.4
ONE Canadian Government Bond Fund	5.4	12.6
ONE Canadian Corporate Bond Fund	3.2	7.5
ONE Global Bond Fund	15.0	35.0
<b>Total \$</b>	<b>\$ 42.8</b>	<b>100.0</b>

### 3. BACKGROUND

Aurora will be contributing MNRI of \$42.8 to ONE JIB that will be invested based on details in its MCQ and guidance from the Treasurer

Aurora is contributing \$42.8 million of MNRI that will be invested in the ONE JIB Outcomes. This MNRI amount is informed by analysis of expected cashflows affecting MNRI over the next 10 years. It is a conservative estimate due to a degree of uncertainty in the cashflow estimates. Table 1 below provides a summary of the reserve categories and the associated investment horizon of these reserves as disclosed in Aurora’s MCQ. As shown below, the bulk of MNRI has an investment horizon of 5 to 10 years.

*Table 1: MNRI by reserve and time horizon forecast, adapted from table 4.1 of MCQ (in thousands of \$)*

Reserve Type	Comments	MNRI Amount	Investment Horizon of MNRI			
			Less than 3 years	3-5 years	5-10 years	10+ years
Program Reserves and Reserve Funds	Roads & Related, Fleet, Facilities, Parks & Rec, Growth & New Capital, Gas Tax, Parks CIL, etc.	\$21,600		\$8,000	\$11,000	\$2,600
Development Charges	DC Roads, DC Parks & Rec, DC Water etc.	\$8,000		\$3,000	\$4,000	\$1,000
Contingency Reserves and Reserve Funds	Tax Rate Stabilization, WISB, Winter Control, Building etc.	\$13,200			\$13,200	
<b>MNRI Total</b>		<b>\$42,800</b>		<b>\$11,000</b>	<b>\$28,200</b>	<b>\$3,600</b>

### 4. ANALYSIS

**Aurora may be able to increase its contributions in future years**

The Town of Aurora anticipates that continuing population growth will result in incremental development charge revenue in future years. This may lead to increasing MNRI balances in the future. Setting aside reserves for other very long-term capital projects may also result in additional contributions to MNRI in the future. The Town currently has ample liquidity within MRI but wishes to gain more confidence in its cashflow forecasts before making additional contributions to the ONE JIB.

**Aurora is liquidating existing long-term investments prior to joining ONE JIB**

Aurora has sold holdings in the ONE Equity portfolio and is in the process of liquidating long-term bonds held at brokers. The Town anticipates that \$9.8 million in principal protected notes and nonredeemable guaranteed investment certificates may remain after this liquidation, which will be considered in-kind contributions of MNRI under the control and management of the ONE JIB. As long-term securities are being liquidated through the end of September 2023, the ultimate size of these in-kind contributions will be reported to ONE JIB at its next meeting. It is possible that the size of the in-kind contribution may be materially larger than the current \$9.8

million estimate.

Aurora has elected to continue to retain holdings in the ONE Canadian Government Bond Portfolio as a portfolio holding that reflects MRI balances. Proceeds from liquidated long-term securities will provide liquidity for the cash contribution of \$42.8 million in MNRI to ONE JIB.

The proposed mapping to Outcomes and resulting asset allocations are consistent with the time horizon of Aurora’s cashflow forecasts

Aurora’s reserves have a relatively long investment horizon, with over \$31 million having an investment horizon of 5 years or more. Aurora continues to experience population growth and may start building reserves for additional long-term capital projects that are not yet reflected in its cashflow projections. The MNRI estimate and associated investment horizon provided by the Town is therefore conservative. The allocation of investments within the ONE JIB Investment Outcomes reflects Aurora’s circumstances, consistent with the Town’s MCQ.

Mapping the MNRI to Outcomes relied on the MCQ and discussions with the Treasurer to ensure a common understanding of the uses and purpose of the MNRI. Asset allocations (Table 3 below) and fund allocations (Tables 4 and 5) were determined using the ONE JIB Outcomes Framework.

*Table 3: Proposed Outcome Mapping and Asset Allocation*

<b>Outcome</b>	<b>Total Invested (\$ millions)</b>	<b>Portfolio Weight (%)</b>	<b>HISA (%)</b>	<b>Fixed Income (%)</b>	<b>Equities (%)</b>	<b>Total (%)</b>
Contingency	\$ 13.2	30.8	-	40	60	100
Target Date 3-5 Years	11.0	25.7	-	90	10	100
Target Date 5-10 Years	15.0	35.0	-	50	50	100
Target Date 10+ Years	3.6	8.4	-	25	75	100
<b>Total</b>	<b>\$ 42.8</b>	<b>100.0</b>				

*Table 4: Proposed Pooled Fund-Level Allocation*

<b>ONE Investment Funds &amp; HISA</b>	<b>Total Invested (\$ millions)</b>	<b>Portfolio Weight (%)</b>
ONE HISA	n/a	n/a
ONE Canadian Equity Fund	5.8	13.5
ONE Global Equity Fund	13.5	31.4
ONE Canadian Government Bond Fund	5.4	12.6
ONE Canadian Corporate Bond Fund	3.2	7.5
ONE Global Bond Fund	15.0	35.0

Total \$	\$ 42.8	100.0
----------	---------	-------

*Table 1: Proposed Pooled Fund Allocations by Outcome (values in \$ millions)*

<b>Outcome</b>	<b>ONE HISA</b>	<b>ONE Canadian Equity Fund</b>	<b>ONE Global Equity Fund</b>	<b>ONE Canadian Govt Bond Fund</b>	<b>ONE Canadian Corporate Bond Fund</b>	<b>ONE Global Bond Fund</b>	<b>Total</b>
Contingency	-	\$ 2.4	\$ 5.5	\$ 0.8	\$ 0.8	\$ 3.7	\$ 13.2
Target Date 3-5 Years	-	0.3	0.8	3.4	1.2	5.4	11.0
Target Date 5-10 Years	-	2.3	5.3	1.1	1.1	5.3	15.0
Target Date 10+ Years	-	0.8	1.9	0.1	0.1	0.6	3.6
<b>Total \$</b>	-	<b>\$ 5.8</b>	<b>\$ 13.5</b>	<b>\$ 5.4</b>	<b>\$ 3.2</b>	<b>\$ 15.0</b>	<b>\$ 42.8</b>

## 5. CONCLUSION

The proposed Investment Plan is consistent with Aurora's IPS. The proposed asset mix and fund allocations reflect the investment objectives and risk preferences expressed in its IPS and MCQ. As a result, the Investment Plan is appropriate for Aurora's time horizons and available MNRI.

## ATTACHMENT

Attachment 1: Town of Aurora's Municipal Client Questionnaire

Attachment 2: Town of Aurora's proposed Investment Plan

Drafted by: Keith Taylor Chief Investment Officer and Jennifer Hess, Manager of Investment Services  
 Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEO