



# REPORT

To: ONE Joint Investment Board  
From: Judy Dezell, Co-President/Co-CEO, ONE Investment  
Date: November 29, 2023  
Re: ONE JIB Investment Plan and MCQ Template Survey Results  
Report: ONE JIB 2023-O62

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the report.

## 2. SUMMARY

Survey results indicate that overall, ONE JIB supports changes to the Investment Plan and Municipal Client Questionnaire templates, although there are some differing opinions regarding the best location for some of the information

This report summarizes the responses provided by the ONE JIB members through the Investment Plan and Municipal Client Questionnaire Survey. The feedback provided by ONE JIB members through the survey, was very valuable to staff. ONE JIB members, although not always in complete agreement, were able to provide insight into the documents and make additional minor recommendations for changes to improve the templates. Staff have taken the survey information along with the other components of the review and have brought forward a recommended new Investment Plan template and Municipal Client Questionnaire template in **Report 2026-O63** for ONE JIB's consideration.

## 3. BACKGROUND

Feedback on the current templates was gathered from ONE JIB as part of the annual template review

At the September 6, 2023 ONE JIB meeting, report 2023-O46 said that a survey would be sent to the JIB members to gather feedback on the annual review process and the current Investment Plan and Municipal Client Questionnaire templates. This report summarizes the feedback received from seven responses received between October 6, 2023 and October 26, 2023.

## 4. ANALYSIS

Overall, the ONE JIB supports the 2023 review parameters for updating the Investment

## Plan and Municipal Client Questionnaire templates

The four parameters for the 2023 review and ONE JIB's average level of agreement (*out of 10*) are:

- Assessing the templates for operational efficiency (*average score of 8.1*).
- Minimizing unnecessary redundancy between the templates, policies and process (*average score of 9.0*).
- Developing documents that are clear and easy to use for municipalities (*average score of 8.8*).
- Identifying and incorporating information essential to ONE JIB's decision-making process (*average score of 8.8*).

The majority of ONE JIB Members believe that the Investment Plan is the most appropriate location for Translation of Reserves to Outcomes and the Transition Plan. Opinions vary for the other information in the current Investment Plan Template.

The information categories in *Table 1* below are currently in the Investment Plan template. ONE JIB Members were asked to indicate their preferred location for the following information:

*Table 1 – Most Appropriate Location for Information Categories (# of votes)*

Information	Investment Plan	Investment Policy	MCQ	ONE JIB Staff Report	Plan Appendix	Publicly Posted Policy	Ref Material on ONE Website
Translation of Reserves to Outcomes	5			1	1		
Document Definitions	3				2	1	1
CIO Commentary	3			3			1
Outcome Framework Descriptions	3				1	2	1
Analysis of Economic Environment	3			3			1
Transition Plan	5			1	1		

Other suggestions provided by ONE JIB members included:

- Referencing the applicable policies in the Investment Plan, but not include the details.
- Removing the transition details and putting them in the ONE Staff Report
- Removing the generic Outcomes Framework details and putting them in a public report.
- Putting in a description of the municipality's fiscal strategy, including the asset management and capital plan where appropriate.

## **ONE JIB Members are slightly in favour of removing “ring fenced” assets from the ONE Investment Plan**

The survey asked if a Municipality has “ring fenced” MNRI Assets (i.e., hydro shares, sinking funds) in their IPS, to the extent that ONE Investment has no authority to manage those assets, should they remain in the ONE Investment Plan. Four of the seven respondents to the survey said they should not remain in the plan. One respondent suggested that the ONE JIB should know what other assets the Municipality has as part of the MCQ, however, to the extent that ONE JIB has no control over these assets, this information could go in the staff report rather than the investment plan.

## **The majority of ONE JIB Members support leaving the MCQ Objectives and Risk Tolerances (Section 3) unchanged**

Both the participating municipalities and the majority of ONE JIB members recommended leaving the MCQ Objectives and Risk Tolerances table unchanged (*6 of 7 respondents*). The respondent who voted “no” suggested slight changes to the wording by pointing out that the first two options speak to risk, but the third (higher risk/return) speaks to returns; the respondent would like all three to focus on risk.

## **The majority of ONE JIB Members support leaving the MCQ Municipal Accounts for Investment Planning Purposes (Section 4.1) unchanged**

Both the Participating Municipalities and the majority of ONE JIB members recommended leaving the Municipal Accounts for Investment Planning Purposes table unchanged (*6 of 7 respondents*). The respondent who voted “no” suggested that ONE JIB consider allowing municipalities to provide a document with the same information, rather than completing the table.

## **The majority of ONE JIB Members agreed with the Participating Municipalities that new questions should be added to the MCQ to help municipalities tell their story**

Both the Participating Municipalities and the majority of ONE JIB members recommended that the following questions be added to the MCQ to help municipalities tell their story:

- What assumptions or factors does your municipality include in the reserve cash flow forecast (i.e., inflation, assumptions on future tax-based reserve contributions, forecasted development charge revenue etc.) *Six of seven respondents are in favour.*
- Have there been any major changes in circumstances since the last MCQ update that you feel would require a reallocation of funds? What has changed since the last MCQ? *Six of seven respondents are in favour.*
- How sensitive is your municipality to recognizing investment gains and losses? *Seven of seven respondents are in favour.*
- To what extent is the municipal asset management plan integrated into the capital budget process? *Seven of seven respondents are in favour.*

The respondent who voted “no” to adding the questions, provided additional clarification; although the respondent doesn’t object to the questions if the Participating Municipalities want them included, the respondent is worried it may cause confusion. For example: 1) What if ONE JIB doesn’t agree with their assumptions, or is using very different assumptions?; or 2) If the Participating Municipality notes there was a significant change in circumstances why didn’t they inform the ONE JIB on the change form when it occurred?

Another respondent made a suggestion to expand on the sensitivity to recognizing gains and losses question. Although the respondent agrees with adding the statement the respondent would like to add a graph with selections. The respondent references as an example page 4 of RBC’s client risk profile, on Investment Objectives that shows an “acceptable volatility” graphical representation along with volatility selections. For the JIB’s reference, the screen shot (Figure 1) below shows the information referenced, and the link has also been provided.

<https://ca.rbcwealthmanagement.com/delegate/services/file/871908/content>

Figure 1 – RBC Wealth Management Risk Questionnaire Investment Objectives

**Investment Objectives**

3. To help us better understand your investment objectives, please indicate how you would prioritize between these three goals, when you are done, the total score should equal 100.

	Lower Expected Return & Lower Risk									Higher Expected Return & Higher Risk							
<b>Capital Safety</b>	The safety of my investment is paramount and I'm willing to accept limited income / returns	I am cautious, but will accept some investment risk to achieve my objectives	I seek a pragmatic balance between risk and return	I am willing to accept higher than average investment risk	I am willing to accept significant risk to my investment capital in order to maximize my expected return or income	100	90	80	70	60	50	40	30	20	10	0	
<b>Income Generation</b>	I do not need regular income from my portfolio	I require a modest level of income from my investments	I require significant income from my investments	I want to maximize the potential income from my portfolio and I am willing to accept significant liquidity restrictions and potential capital risk	0	10	20	30	40	50	60	70	80	90	100		
<b>Capital Growth</b>	I do not have any need for capital growth	I require some capital growth to offset inflation	I seek a moderate amount of capital growth	I seek substantial capital growth over the long-term period	I wish to maximize the long-term expected value of my portfolio and accept that this may result in significant volatility and risk to capital returns	0	10	20	30	40	50	60	70	80	90	100	

**Total (must equal 100)**

ONE JIB Members are slightly in favour of keeping the MCQ Table on Cash Flow Projections Affecting MNRI (Section 4.2)

When asked, Participating Municipalities were split in their opinion of Table 4.2 of the MCQ on Cash Flow Projections Affecting MNRI, although most favoured removing the table. ONE JIB members were asked which statement best reflects their thoughts, and *four of seven respondents voted in favour* of keeping the table.

- 1) No changes, the table is effective. *(four votes)*
- 2) The table could be removed because the cash flows in Section 4.1 (see picture on previous page), along with the new proposed MCQ questions would be sufficient to demonstrate the municipal financial picture. *(three votes)*
- 3) The table could be removed because municipal uncertainty in the longer term often results in a NULL 4.2 Table. *(no votes)*

### **ONE JIB Members also provided additional suggestions for changes to the MCQ**

Additional suggestions made related to the MCQ template included:

- Adding a tick box to indicate no changes to contact information so municipalities do not have to fill out every time.
- Changing the language to more gender-neutral alternatives e.g., ‘they/them’, or ‘the member’, etc.

## **5. CONCLUSION**

**Changes outlined above will be compiled in the revised Investment Plan Template and Municipal Client Questionnaire Template**

Staff will take the information provided by the ONE JIB members in the survey responses and, along with the information gathered from the Participating Municipalities and best practices research done by staff, will bring forward revised templates for the Investment Plan and Municipal Client Questionnaire in Staff Report **2023-O63**.

## **ATTACHMENTS**

Not Applicable

Drafted by: Jennifer Hess, Manager of Investment Services

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