



MEMO

To: ONE Joint Investment Board
From: Keith Taylor, Chief Investment Officer
Suzanna Dieleman, Manager, Investment Services (A)
Date: December 15, 2020
Re: Year End Reconciliation
Report: 20-O4O

As the ONE JIB is aware, the Founding Municipalities completed their Municipal Client Questionnaire, Investment Policy Statement and Investment Plan in Q2 of 2020, with sign off and approval by all parties. From an investor perspective, this can be a complicated process as reserves and reserve funds, investments and bank accounts are allocated to outcomes. Kenora was particularly complex with a request to establish two Prudent Investment accounts - the Citizens' Prosperity Trust Fund (CPTF) and the General Account.

Municipal interim audits are completed each year in October or November to ease the year end audit work conducted early in the new year. During an interim reconciliation process and following the issuance of the Q3 investment reports, Kenora determined that there had been an error in the designation of investments between CPTF and the General Account in the amount of \$1,440,346.90. The Treasurer for Kenora has indicated that this amount may need to be transferred from the High Interest Savings Account (HISA) for the CPTF to an outcome for the General Account. Currently, the Chief Investment Officer (CIO) and Kenora's Treasurer are working through the details, so no rebalancing recommendation can occur until the exact calculations are known.

Another investor, Huntsville, has identified during their interim reconciliations that their cemetery trust funds had been moved incorrectly into their Prudent Investor outcomes. Huntsville has requested approximately \$600,000 be redeemed into a Legal List investment portfolio. The CIO and Huntsville's Treasurer are currently discussing Legal List investment options.

Rebalancing may be required for both investors once specific determinations are made and direction is received. A rebalancing plan will be devised by the CIO and a report will be brought to the ONE JIB at its next meeting for approval.

Due to the approaching municipal year end, it is important that ONE JIB is aware of the issue, but timing does not allow for a policy to be written, reviewed and approved by ONE JIB. Since this is the first year of operations for ONE JIB, it is recommended:

- The CIO be directed to move the money between outcomes as required by investors;
- The CIO bring back to ONE JIB, at its next meeting, a full report on affected investors' outcomes and rebalancing for ONE JIB approval; and,
- ONE staff bring back to ONE JIB, at its next meeting, a policy on investment delegated authority.

Drafted by: Suzanna Dieleman, Manager, Investment Services (A)

Keith Taylor, Chief Investment Officer

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