

To: ONE Joint Investment Board
From: Judy Dezell, Co-President/Co-CEO, ONE Investment
Date: November 29, 2023
Re: ONE JIB Terms of Reference, Code of Conduct and Procedure By-law Review
Report: ONE JIB 2023-O75

1. RECOMMENDATIONS

It is recommended that the Board:

1. Adopt the proposed changes to the ONE JIB Terms of Reference as outlined in Attachment 1.
2. Adopt the proposed changes to the ONE JIB Code of Conduct as outlined in Attachment 2.
3. Adopt the proposed changes to the ONE JIB Procedure By-law as outlined in Attachment 3.

2. SUMMARY

- At the June 1, 2023 meeting of ONE JIB, the Board directed staff to undertake a complete review of the Terms of Reference and Procedure By-law and report to the ONE JIB at its meeting of February 28, 2024.
- The reviews of the Terms of Reference and Procedure By-law are now complete, and this report identifies recommended changes to both.
- A review of ONE JIB's Code of Conduct was also undertaken, as the Code of Conduct is embedded as an exhibit in the Terms of Reference. This report will also outline minor recommended changes to it.

3. BACKGROUND

The ONE JIB has been using the existing Terms of Reference since its inception in May 2020

The ONE JIB Terms of Reference were developed prior to the launch of the ONE JIB and formed part of the ONE JIB Agreement with the original Founding Municipalities and subsequently the Participating Municipalities. They were approved by the Board on May 19, 2020.

The ONE JIB has been using the existing Procedure By-law with minor modifications since the Board's inception in May 2020

The Procedure By-law was originally enacted at the same time as the Terms of Reference were approved on May 19, 2020. The only amendment to the By-law since then has been to reflect changes in the *Municipal Act* regarding virtual attendance at ONE JIB meetings.

Regular review of policies and key documents is a good governance practice

As a good governance practice, it is important to review the Terms of Reference and Procedure By-law every four years (aligned with the municipal election cycle). As the Code of Conduct is embedded as an exhibit in the Terms of Reference, the review included looking at the Code of Conduct as well. The review was also undertaken with a view to ensure the ONE JIB is prepared for growth of assets under management with the launch of the OCIO Offering.

4. ANALYSIS

There are various changes proposed to the Terms of Reference

A review of the Terms of Reference has identified an opportunity to address some smaller issues and housekeeping items. It also allows for a change to better position the ONE JIB to attract large municipalities and grow assets under management.

Every year, as contemplated in the ONE JIB Terms of Reference, ONE JIB undertakes a governance self-evaluation. Consistently since 2020's first evaluation, ONE JIB members have identified the need to build a deeper knowledge of municipal finance. That trend continues in 2023. In addition, ONE Investment and ONE JIB are actively working, through the development of an OCIO Offering, to attract large municipal investors into the prudent investor program. Municipalities that are bringing potentially more than \$0.5 billion in long term investments want a seat at the table.

In anticipation of a large municipal investor wanting to be actively involved with ONE JIB, and to support the desire of the Board to strengthen its municipal finance knowledge, the Board should consider adding more individuals with the desired skills. However, the *Municipal Act* limits the number of municipal treasurers that sit on ONE JIB to 25% of the members. The number of ONE JIB members would need to increase to 12 members to accommodate a third municipal treasurer on the Board. ONE Investment staff are recommending that section 4.1 of the Terms of Reference be amended to provide for ONE JIB being comprised of between seven and twelve members.

Through consultation with the Board's Legal Counsel, it has been determined that Clause (2) of Section 12.02 (a) of the ONE JIB Agreement requires that any increase in the size of ONE JIB must be approved by by-laws of the Participating Municipalities representing at least 75% of the Participating Municipalities who at the time (of the increase) are parties to the agreement and who represent not less than 50% by market value, of the money and investments that are under the control and management of ONE JIB.

Following approval of the changes to the Terms of Reference, ONE JIB will be asking each of the Participating Municipalities to pass the necessary by-law to approve the increase in the number of members on the ONE JIB.

The proposed amendments to the Terms of Reference are more extensive than those to the Code of Conduct and the Procedure By-law. Attachment 1 is a marked-up version of the existing Terms of Reference that includes the change to section 4.1 as well as other more minor and/or housekeeping items that are proposed to be addressed. These additional items include:

Clarification of parts of the Terms of Reference:

- Section 1 – inclusion of reference to both the “Founding Municipalities” and “Participating Municipalities” to reflect the current situation
- Section 2 and 3.1 – now includes specific references to the *Municipal Act, 2001* as it is the principal governing municipal statute
- Section 4.6 (e) – provides that a member can be removed if the member misses three consecutive regular meetings. This recognizes that the Board generally meets quarterly. It is a practical application of the *Municipal Act* provision that provides for removal if a member of council misses meeting for three consecutive months in a context where municipal councils generally meet monthly
- Section 4.13 – removal of references to annual reviews of the Terms of Reference and JIB Member compensation, as the former can be accomplished as necessary, and the latter is within the purview of the ONE Investment Board
- Section 10.2 – specifies that ONE JIB may amend the Terms of Reference from time to time, in consultation with ONE Investment, so long as they are in compliance with the Agreement

Codification of Existing Practices

- Section 3.4 – provides that Annual Investment Reports will be provided to the Treasurer of the municipality (who then decides whether to take them to the municipal council with an explanation or report)
- Section 4.3 – clarifies the current practice of the establishment of a Nominating Committee in consultation with ONE Investment
- Section 4.9 – sets out the current practice that the members’ terms of office and reappointments are set by ONE JIB on the recommendation of the Nominating Committee
- Section 5.5 – confirmation that records of closed sessions of the ONE JIB are distinct from the public Minutes. For transparency, the Board’s practice is that all closed session items are the subject of a motion and vote when the Board resumes in public session

Housekeeping

- Section 4.11 – removal of reference to the initial term of Chair and Vice-Chair as ONE JIB has moved past its start-up period
- Section 4.12 – clarification of the role of the Board’s Committees with wording to complement the Procedure By-law
- Section 5.1 – recognition of the legislative and procedural change that has allowed

- members to attend and participate in meetings electronically
- Section 8.1 – allows for Municipal Treasurer Representatives to receive compensation if this is approved by ONE Investment Board.

The review of the Code of Conduct has identified minor housekeeping matters

The Code of Conduct, approved by the ONE JIB in May 2020, has worked well and requires very few changes. There were a few housekeeping matters that can be addressed with minor changes to the Code. All proposed changes are outlined in a marked-up version of the Code of Conduct in Attachment 2. The most notable changes are related to the removal of gender-based pronouns where possible, instead using nouns like “member” and “Commissioner.” There are also amendments increasing the gifts and benefits limits to \$500 for an individual item and \$750 from one source each year to better reflect the norms in GTA municipalities (sections 12.5 and 12.8).

The review of the Procedure By-law has identified minor housekeeping matters

A review of the Procedure By-law confirmed that it is still effective. There are a few housekeeping matters to be addressed with minor changes to the by-law. All proposed changes are outlined in Attachment 3, which is a marked-up version of the Procedure By-law. The most notable changes are as follows:

- removal of gender-based pronouns where possible, instead using collective nouns like “member” and “Chair”
- provides that the Chair shall set the Agenda for Board meetings, in consultation with the Secretary and ONE Investment staff (Section 5)
- provides that personal items that can be discussed in closed session include those relating to ONE Investment employees, rather than ONE JIB employees, since there are no employees of ONE JIB. (Section 12.2(b))
- clarifies the practice regarding the establishment, membership and role of the Board’s Committees, and provides for mechanisms involving the Board Chair for bringing these forward to the Board for approval (Section 37)

Establishing a cycle for regular review of key documents

It is a good governance practice to establish a regular review cycle for key documents such as the Terms of Reference, Code of Conduct and Procedure By-law. Since ONE JIB is a municipal board, it is recommended that the future review cycle be the first quarter after a municipal election or sooner if there are legislative changes that need to be taken into consideration. ONE Investment staff will schedule the next review to commence in Q1 of 2027.

5. CONCLUSION

ONE JIB is now three years old. It is timely to review all key foundational documents on a regular cycle including the Terms of Reference, Code of Conduct and Procedure By-law.

ATTACHMENTS

Attachment 1: Redline – Amended Terms of Reference – November 2023

Attachment 2: ONE JIB Code of Conduct with proposed amendments – November 2023

Attachment 3: 2020-1 Consolidated Procedure By-law November 2023 with amendments

Drafted by: Judy Dezell, Co-President/CEO ONE Investment, and Jason Hagan, LAS Program Manager

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