



# REPORT

To: ONE Joint Investment Board  
From: Jennifer Hess, Manager of Investment Services, MFOA  
Date: May 29, 2024  
Re: The Regional Municipality of Durham – Request to Join ONE JIB  
Report: ONE JIB 2024-019

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Accept the Regional Municipality of Durham as a Participating Municipality with ONE JIB.
2. Authorize the Chair and Board Secretary to execute the ONE JIB Agreement on behalf of ONE JIB with the Regional Municipality of Durham and ONE Investment.

## 2. SUMMARY

The Regional Municipality of Durham (Durham) as authorized the execution of the ONE JIB Agreement once ONE JIB accepts it as a Participating Municipality under the Agreement. Durham has completed the necessary steps to enter into the ONE JIB Agreement. The ONE JIB Agreement is the primary operating document for municipalities that have decided to invest their money that they do not require immediately under the prudent investor regime through ONE JIB, and in the case of Durham, under the Outsourced Chief Investment Officer (OCIO) model. ONE Investment is also a party to the Agreement. ONE Investment provides support and administrative services to the other parties.

## 3. BACKGROUND

**ONE JIB is the only joint investment board currently constituted under the *Municipal Act***

Historically, Provincial legislation has restricted municipal investments of money not required immediately (MNRI) to a limited number of securities prescribed by regulation, often referred to as the Legal List. With amendments to municipal legislation and the formation of ONE JIB, municipalities that join ONE JIB can invest in any type of security under the prudent investor regime. Before formally opting into the prudent investor regime by passing an enabling by-law, a Participating Municipality must execute the ONE JIB Agreement.

## **Municipal legislation permits ONE JIB to accept any municipality in Ontario into the Prudent Investor Program**

Under the *Municipal Act* (the Act) and *Ontario Regulation 438/97* (the Regulation), a municipality must delegate its investment powers and duties in respect of its MNRI to an Investment Board or a Joint Investment Board before its MNRI can be invested under the prudent investor regime.

## **The ONE JIB Agreement is the formal document that establishes the terms and conditions under which ONE JIB agrees to invest on behalf of a municipality**

The ONE JIB Agreement is the primary operating document for municipalities that have decided to invest their MNRI under the prudent investor regime through ONE JIB. It governs the relationship between ONE JIB and a participating municipality. The initial municipal signatories to the agreement were the six municipalities that established ONE JIB, who are referred to as the Founding Municipalities. The municipalities that subsequently enter into the ONE JIB Agreement, together with the Founding Municipalities, are all referred to as Participating Municipalities. ONE Investment is also a party to the agreement. The ONE JIB Agreement was developed with input from the municipal and investment communities, including ONE Investment's members (LAS and CHUMS), its Directors (all municipal representatives) and the Founding Municipalities. The Agreement was executed by the Founding Municipalities effective July 2, 2020.

The ONE JIB Agreement is a foundational legal agreement and can only be amended in accordance with the procedures set out in the Agreement. The agreement was last amended in February 2024.

## **4. ANALYSIS**

### **The Durham's approved Investment Policy Statement (IPS), and proposed Investment Plan are individually tailored to meet the Region's needs**

Durham is the first municipality taking advantage of ONE JIB's OCIO offering; it is also a large investor with unique fiscal circumstances. The existing ONE JIB templates were adapted to meet Durham's needs, while achieving all legislative requirements.

Staff are reviewing ONE JIB's policies and templates in light of the OCIO offering, and will propose changes at a future meeting. It is anticipated that almost all municipalities onboarding to the OCIO offering, will use these revised templates (once approved). Very large investors may continue to require their own custom plans.

### **Durham has completed all the steps necessary to join ONE JIB as a Participating Municipality**

Durham's Council passed [By-Law 2021-21](#) on April 24, 2024 authorizing Durham to invest its money and investments that it does not require immediately in the Prudent Investment Program of ONE Joint Investment Board (ONE JIB) pursuant to section 418.1 of the Municipal Act, 2001, to approve various documents, the entering into of specific agreements and the delegation of certain powers and duties.

If ONE JIB confirms its acceptance of Durham as a Participating Municipality under the ONE JIB Agreement, the “Prudent Effective Date”, or the date after which section 418.1 will apply to Durham, will be the agreed upon effective date for the ONE JIB Agreement. The Investment Plan can be implemented on, or after that date.

### **Durham has adopted an IPS with objectives, risk tolerances and investment horizons**

On April 24, 2024, Durham adopted an IPS (*reference Attachment 1 of report ONE JIB 2024-022*). Municipal staff have customized the IPS to reflect their complex circumstances. Durham is using a three-year time frame to define MNRI, and is using time horizons groupings (3-5 years, 6-10 years and 10+ years) to categorize their investment horizons. The IPS demonstrates that Durham has considered all matters required by legislation in setting its investment objectives, and has done so in concert with ONE Investment and our sub-advisor, PH&N.

### **There are no restrictions or clauses in the Durham’s IPS that would limit ONE JIB’s ability to manage its MNRI prudently and effectively**

A key consideration for ONE JIB in deciding whether to accept a new Participating Municipality is its ability to manage investments in a prudent and effective manner. If, in the opinion of ONE JIB, a municipality has added clauses or restrictions to its IPS that would prevent the prudent investment of MNRI or would make such investment administratively impossible to implement, ONE JIB should not accept the municipality as a Participating Municipality.

In the opinion of the Chief Investment Officer, the IPS of Durham would not conflict with the mandates of the Prudent Investment Program and would not limit ONE JIB’s ability to manage Durham’s MNRI prudently and effectively.

### **Durham is expected to invest \$1.8 Billion**

Durham has submitted a Municipal Client Questionnaire (MCQ). The Region indicates that it will initially invest \$1.8 Billion of MNRI. Further details on the MCQ are provided in report ONE JIB 2024-022.

## **5. CONCLUSION**

ONE Investment recommends that ONE JIB agree to accept the Regional Municipality of Durham as a Participating Municipality and authorize ONE Investment to work with the Chair and Secretary of ONE JIB and the Regional Municipality of Durham to execute the ONE JIB Agreement and any other necessary documentation.

## **ATTACHMENTS**

Attachment 1: ONE JIB Agreement

Drafted by: Jennifer Hess, Manger Investment Services

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