



Attachment 2

Status: Draft Aug 26, 2024

ONE Joint Investment Board Policy Statement			
Policy:	In-Kind Securities	Date Approved:	Person Most Responsible:
		Date of Next Review:	Chief Investment Officer

Purpose Statement

The purpose of this policy is to establish the principles governing the treatment of In-Kind Securities from Participating Municipalities as part of their money and investments not required immediately that will be consistent with the relevant Investment Plans.

Scope

This policy is applicable to all In-Kind Securities that Participating Municipalities must transfer to ONE JIB's control and management through ONE Investment pursuant to section 418.1 of the *Municipal Act, 2001 (Act)*.

Definitions

- In-Kind Securities** means assets/securities, other than cash, including both debt and equity securities, that are invested under section 418 of the Act before the relevant municipality becomes a Participating Municipality. In certain cases, Participating Municipalities may transfer such securities to ONE JIB through ONE Investment pursuant to section 418.1 of the Act instead of liquidating first and then remitting cash proceeds.
- Money Not Required Immediately (MNRI)** means money and investments that are not required immediately by a Participating Municipality the control and management of which has been given to ONE JIB through ONE Investment. There is no universal definition of MNRI and it is at the discretion of each Participating Municipality to determine its MNRI in a way that is appropriate for its circumstances. A Participating Municipality's council must determine its MNRI.



- **OCIO Offering** means the comprehensive investment program made available through ONE JIB/ONE Investment pursuant to which a duly qualified investment manager who is an External Portfolio Manager, referred to as a “Sub-Investment Manager” is engaged by ONE Investment to advise a Participating Municipality with regard to the investment of the Participating Municipality’s MNRI and to invest and manage such MNRI in accordance with the terms and conditions set out in the ONE JIB Agreement.
- **Participating Municipalities** means from time to time each of the municipalities for whom ONE JIB acts as the JIB under the terms of the ONE JIB Agreement.
- **Proceeds from securities** means any distributions as well as proceeds received at maturity or on redemption or other disposition.
- **Restricted Special Asset** means securities identified by the Participating Municipality as not being MNRI, nor being MRI, such as the Participating Municipality’s own debentures.

Policy Statement

The control and management of MNRI is ONE JIB’s fiduciary obligation. That obligation must include the real ability to control and manage the securities including the monitoring and control of performance. Securities that preclude ONE JIB from monitoring and controlling performance should not be included as MNRI (e.g. Restricted Special Assets).

Holdings in the ONE Canadian Equity Portfolio (which are MNRI) must be liquidated by a date to be agreed upon by the Participating Municipality and ONE JIB through ONE Investment pursuant to the signed Prudent Effective Date Agreement and the proceeds will be invested in accordance with the relevant Investment Plan.

Certain debt securities will be considered as MNRI on the basis that ONE JIB has the real ability to control and manage the security. As In-Kind Securities that are debt securities mature, ONE JIB through ONE Investment would invest the proceeds in accordance with the relevant Investment Plan, unless the Participating Municipality designates the In-Kind Security as not constituting MNRI in which case ONE JIB through ONE Investment will have no further control and management of that security and it will be returned to the Participating Municipality.

Securities Acceptance Plan

When a Participating Municipality’s MNRI is transferred to the OCIO Offering then, subject



to concurrence from the municipal treasurer, In-Kind Securities will be assessed by the Sub-Investment Manager and dealt with in a manner consistent with the overall management of that Participating Municipality's portfolio. This may include disposition to enable the Sub-Investment Manager to include proceeds from such In-Kind Securities as part of its asset management approach to pursue more attractive opportunities or the Participating Municipality designates In-Kind Securities as Restricted Special Assets, which by definition do not constitute MNRI. This will be documented through a Securities Acceptance Plan, and a template can be found in Appendix 1.

Governance

When a municipality decides to invest through ONE JIB/ONE Investment under section 418.1 of the Act it must transfer control and management of its MNRI to ONE JIB through ONE Investment. Consequently, ONE JIB has a fiduciary obligation that includes monitoring the performance of any In-Kind Securities transferred to ONE JIB through ONE Investment as MNRI unless directed otherwise by the Participating Municipality (because the Participating Municipality has designated such securities as Restricted Special Assets). Where an In-Kind Security is not capable of being valued in real time, monitoring will largely be based on historical investment value.

Reporting

The CIO will report quarterly to ONE JIB on the holding of In-Kind Securities up until implementation of any Securities Acceptance Plan, including the following information:

- List of In-Kind Securities held;
- In-Kind Securities performance; and,
- List of In-Kind Securities sold (pursuant to a Securities Acceptance Plan).

Review

This policy may be amended from time to time and shall be reviewed every three years.



**APPENDIX 1
Securities Acceptance Plan**

**Guidelines on Delivery of MNRI¹
(based on an 18-month immediacy period)**

To: ONE JIB/ONE Investment (attention Chair and Co-Chair of ONE JIB)

Copy: Secretary of ONE JIB

Asset	MNRI (to be delivered to ONE JIB through ONE Investment)	MRI or Restricted Special Asset (to be retained by Participating Municipality)
Money/Cash	x (if not needed within the immediacy period)	x (if needed within the immediacy period)
Debt Securities (bonds, third party debentures, GICs, promissory notes)		x
Own Debt Securities (debentures issued and purchased by the Participating Municipality)		x
Equity Securities		
MSC Securities		x
LDC Securities		x
Sinking Funds	x2	

¹ Subject to Securities Acceptance Plan provisions.



Attached as Schedule A is a list with the specific details of the relevant In-Kind Securities, including where applicable: (i) a description of the types of In-Kind Securities that will be sold and the proposed [DATE(s)] by which they will be sold and the proceeds will be invested in the OCIO Offering; (ii) the [DATE] on which the In-Kind Securities, which do not constitute MNRI, will be returned to the Participating Municipality for its control and management; and (iii) any amounts of cash generated from the sale of In-Kind Securities to be held pending investment in the OCIO Offering.

During the transition to the OCIO Offering, the Chair and Vice-Chair of ONE JIB have discretionary power to approve temporary investments recommended by the Sub-Investment Manager that may not be expressly described in the Participating Municipality's Investment Plan or the Investment Policy Statement but which are, in the opinion of the Chair and Vice-Chair, in the best interests of the Participating Municipality and are entirely consistent with their fiduciary obligations to the Participating Municipality.

This Securities Acceptance Plan (SAP), the specific details of which are set out in Schedule A hereto, is hereby agreed to and accepted by [Participating Municipality] as evidenced by the signature of the Treasurer of the Participating Municipality effective [DATE]. The Treasurer is authorized to sign a copy of this SAP to evidence acceptance and approval and to deliver a copy of this SAP to ONE JIB/ONE Investment through ONE JIB's Secretary.

Signed by: [Name], Treasurer of [Participating Municipality]

Date



SCHEDULE A

[list relevant In-Kind Securities, including details where applicable: (i) a description of the types of In-Kind Securities that will be sold and the proposed [DATE(s)] by which they will be sold and the proceeds will be invested in the OCIO Offering; (ii) the [DATE] on which the In-Kind Securities, which do not constitute MNRI, will be returned to the Participating Municipality for its control and management; and (iii) any cash generated from the sale of In-Kind Securities to be held pending investment in the OCIO Offering]