



## Attachment 2

Status: **DRAFT**

| ONE Joint Investment Board Policy Statement |  |  |  |
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| Policy:                                     | Withdrawals of Money Not Required Immediately (MNRI) | Date Approved:<br><br>Date of Next Review: | Person Most Responsible:<br>Chief Investment Officer |

### Purpose

The purpose of this policy is to establish the principles governing withdrawals of MNRI.

This policy will establish the principles that govern decisions for managing withdrawals of MNRI. As per section 5.04 of the ONE JIB Agreement, ONE JIB must work with a Participating Municipality to ensure an “orderly liquidation” to withdraw amounts of Managed Assets within 30 days of written notice, barring exceptional circumstances. The 30-day notice period may be waived at ONE JIB’s discretion. The Chief Investment Officer will be required to coordinate transactions to facilitate any withdrawals of MNRI.

### Scope

This policy applies to ONE JIB, the Chief Investment Officer of ONE Investment, and the Sub-Investment Manager whose duties include the investment of MNRI of Participating Municipalities in accordance with the related Investment Policy Statement, and Investment Plan. This policy is intended to provide guidance pertaining to how staff and ONE JIB address requested the withdrawals of MNRI that occur in year.

### Definitions

- **Asset Allocation (Asset Mix)** means the proportion of each asset class in a portfolio or allocation.
- **Allocation Weight** means the percentage of a particular Investment Fund or Asset Class in relation to total holdings. The term should be associated with a qualifying term such as Asset Class or Investment Fund.



- **Asset Class** means the type of asset category in an investment portfolio. The primary Asset Classes are cash, cash-equivalent instruments, **alternative securities**, fixed income, equities and equity- equivalent securities. These primary Asset Classes can be further subdivided into government and corporate bonds, large and small cap equities and other widely recognized asset categories.
- **Investment Plan** refers to a document that defines how the ONE JIB will invest the MNRI of a Participating Municipality, as outlined in Ontario Regulation 438/97.
- **Managed Assets** means, with respect to a Participating Municipality, the assets of the Participating Municipality managed and controlled by ONE JIB pursuant to, and subject to, the terms and conditions set out in the ONE JIB Agreement.
- **Money Required Immediately (MRI)** means short-term money held by the Participating Municipality that is not under the control and management of ONE JIB. There is no universal definition of MRI, and it is the discretion of each Participating Municipality to define MRI in a way that is appropriate for their circumstances.
- **Money Not Required Immediately (MNRI)** means long-term money held by the Participating Municipality that is delegated to the ONE JIB to control and manage. There is no universal definition of MNRI, and it is the discretion of each Participating Municipality to define MNRI in a way that is appropriate for their circumstances.
- **ONE JIB** refers to the ONE Joint Investment Board that was formed on May 19, 2020 under section 202 of the *Municipal Act*, as required under Part II of Ontario Regulation 438/97, to manage the investments of Ontario municipalities under the prudent investor regime. ONE JIB has a services agreement with ONE Investment.
- **Participating Municipalities** refers to municipal investors having entered into a ONE JIB Agreement for the investment of MNRI.



- **Planned Withdrawal** means an anticipated reclassification of MNRI to MRI where the general amount and timing of the withdrawal is known in advance and was contemplated in **an approved** Investment Plan. Planned withdrawals are fully accommodated through the Investment Plan.
- **Sub-Investment Manager** means the portfolio manager retained by ONE JIB, to provide discretionary investment management services for those assets of the Participating Municipalities that ONE JIB places with the Sub-Investment Manager from time to time, and such earnings, profits, increments and accruals thereon as may occur from time to time.
- **Unplanned Withdrawal** means an unanticipated reclassification of MNRI to MRI due to a sudden change in circumstances that would not have been contemplated in the development of the Investment Plan.

### Policy

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ONE JIB is responsible for making investment decisions related to the MNRI of Participating Municipalities. The Chief Investment Officer **and the** Sub-Investment Manager of ONE Investment **are** authorized to execute trades, as appropriate, to implement ONE JIB decisions and maintain compliance with the Investment Plans. Withdrawals of MNRI **will be handled in** a manner that is consistent with the following principles:

- 1) Withdrawals shall be managed in accordance with the Participating Municipality's Investment Policy and the related Investment Plan.
- 2) Exact time requirements for the withdrawal will be determined in consultation with the Participating Municipality and, where practicable, a proposed withdrawal plan and revised Investment Plan will be presented to ONE JIB prior to any transactions.
- 3) As appropriate, the size and frequency of trading activities shall be minimized to help reduce the administration and costs of trading.
- 4) When developing a proposed withdrawal plan to accommodate the Participating Municipality's withdrawal request, the Chief Investment Officer **and Sub-Investment Manager** shall consider:
  - a. Liquidity of the Managed Assets.



- b. The realized gains or losses that may be triggered because of the transactions.
  - c. The overall impact on the Participating Municipality's portfolio and Allocation Weights.
  - d. In accordance with section 5.04(e) of the ONE JIB Agreement, whether the size of the request may warrant an extension of the 30-day standard.
- 5) The withdrawal plan, including any realized gains or losses that may be incurred by the proposed transactions, shall be discussed with the Participating Municipality prior to execution.
- 6) The withdrawal plan will be reviewed and approved by the Chief Compliance Officer and Chief Investment Officer prior to execution by the Sub-Investment Manager.
- 7) For Unplanned Withdrawals, the Chief Investment Officer will consult with the ONE JIB Chair and Vice Chair to determine if an updated Investment Plan is required.
  - a. If an updated Investment Plan is required and there is insufficient time for ONE JIB approval, the ONE JIB Chair can approve the withdrawal plan, with the revised Investment Plan to be presented at the next scheduled ONE JIB meeting.
- 8) Transactions relating to a Planned or Unplanned Withdrawal will be reported to ONE JIB and the Participating Municipality.
  - a. All investment transactions will be shared in regular investment reports to the Participating Municipality and ONE JIB.
  - b. The Chief Investment Officer will provide an implementation report with details and explanation of the transaction to ONE JIB at the next scheduled ONE JIB meeting.
  - c. As appropriate, a new Investment Plan may need to be drafted.
- 9) The ONE JIB Chair and Board Secretary will be informed in advance of any transactions related to a Planned or Unplanned withdrawal.
- 10) Notwithstanding the specific rules established for withdrawals, the Chief Investment Officer and the Sub-Investment Manager shall exercise good judgement in determining how to apply the principles in this policy.
- 11) Any matters deemed by both the Chief Investment Officer and the Chief Compliance Officer to warrant a possible extension of the 30-day standard will be referred to the ONE JIB Chair, Vice Chair and Secretary as soon as practicable.
- 12) During withdrawal of MNRI, the liquidity of the funds held may not only prevent the withdrawal from being immediately satisfied. ONE JIB acknowledges it may also disrupt the maintenance of intended allocation weights, potentially leading to



deviations from target allocations and temporary non-compliance of the account. The CIO and Sub-Investment will develop a plan to return to balance as quickly as practicable.

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#### Review

This policy shall be reviewed at least once every three years.