

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

Purpose statement

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 execute transactions to facilitate any withdrawals of MNRI. Unlike Planned Withdrawals of MNRI, which are accommodated through highly liquid short-term assets, Unplanned Withdrawals of MNRI may require the redemption of units in Investment Funds intended to be held long term, which requires additional duty of care. The principles established in this policy will provide strategic direction guiding transactions executed by the Chief Investment Officer with respect to withdrawals of MNRI.

Scope

This policy applies to ONE JIB and the Chief Investment Officer of ONE Investment, whose duties include the investment of MNRI of Participating Municipalities in accordance with the related Investment Policy Statement, and Investment Plan. The scope of the policy is limited to the execution of transactions on Participating Municipality portfolios as it pertains to withdrawals of MNRI.

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 in an Outcome. 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, 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 Fund** means a pooled investment vehicle in which a Participating Municipality's money is invested.
- **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.
- **Monies 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.
- **Outcomes** are a set of investment strategies with varying risk/return characteristics designed to align with the purpose, time horizon, and expected volatility of the associated MNRI. The Outcomes assigned to each Participating Municipality are intended to reflect the needs and

circumstances of the municipality.

- **Outcome Framework** means the framework established by ONE JIB for categorizing different types of MNRI by purpose, time horizon, and expected volatility.
- **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 for a planned project or need, where the general amount and timing of the withdrawal is known in advance and was contemplated in the development of the Investment Plan. Planned withdrawals are fully accommodated through the Cash Outcome in the Investment Plan.
- **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 and may have been deployed in a long-term Outcome. For the purposes of the policy, any withdrawals related to contingencies will be treated as unplanned withdrawals.
- **Target Weight** means the percentage weight of investment holdings defined in the Outcome Framework that represents the intended Allocation Weights for each Outcome. These Target Weights are intended to provide guidance to the Chief Investment Officer and ONE JIB to evaluate the positioning of Participating Municipality investments and, as appropriate, direct how the Outcomes should be rebalanced.

Policy Principles

ONE JIB is responsible for making investment decisions related to the MNRI of Participating Municipalities. The Chief Investment Officer of ONE Investment is authorized to execute trades, as appropriate, to implement ONE JIB decisions and maintain compliance with the Investment Plans. The Chief Investment Officer will manage withdrawals of MNRI 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) Decisions with respect to accommodating a withdrawal of MNRI will occur at the global level of the Investment Plan.

(4) As appropriate, the size and frequency of trading activities shall be minimized to help reduce the administration and costs of trading.

(5) When developing a proposed withdrawal plan to accommodate the Participating Municipality's withdrawal request, the Chief Investment Officer shall consider:

- a. Liquidity of the Managed Assets.
- b. The realized gains or losses that may be triggered as a result of the transactions.
- c. The overall impact on the Participating Municipality's portfolio and Allocation Weights. When possible, MNRI drawdown requests may be facilitated by reducing positions that exceed Target Weights.
- d. The overall impact of the transactions on the portfolios of other Participating Municipalities. As the Investment Funds are pooled, any significant transactions can have an impact on the other Participating Municipalities as the Investment Managers may need to sell underlying assets to raise the needed money. The Chief Investment Officer shall work with the Investment Managers of the Investment Funds to achieving a result that is fair and equitable to all affected parties.
- e. 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.

(6) The withdrawal plan, including any realized gains or losses that may be incurred by the proposed transactions, shall be discussed with the municipality prior to execution.

(7) Any and all transactions will be reviewed and approved by the Chief Compliance Officer prior to execution.

(8) For Unplanned Withdrawals, if there is insufficient time to obtain formal approval of changes in the Investment Plan by ONE JIB, the Chief Investment Officer will inform the ONE JIB Chair, Vice Chair and Secretary prior to initiating trades.

(9) Notwithstanding the specific rules established for withdrawals, the Chief Investment Officer shall exercise good judgement in determining when the rules-based approach to managing withdrawals results in a required action or inaction that is not logical or is imprudent.

(10) 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.

(11) Following an Unplanned Withdrawal, the Chief Investment Officer shall prepare an updated draft Investment Plan, incorporating the changes to MNRI, for discussion at the following ONE JIB meeting.

Reporting

Transactions or trades undertaken within the scope of this policy will be disclosed in the Quarterly Investment Report for each Participating Municipality. This information will be made available to ONE JIB for review. The Chief Investment Officer will provide a report on any withdrawals of MNRI to ONE JIB at the following scheduled meeting. Reporting to ONE JIB will also include a report on the impact of the withdrawal on the existing Investment Plan and a revised draft Investment Plan incorporating the changes to MNRI.

Review

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