



REPORT

To: ONE Joint Investment Board
 From: Keith Taylor, Chief Investment Officer, ONE Investment
 Date: November 25, 2025
 Re: Township of Georgian Bay's Investment Plan 2025
 Report: ONE JIB 2025-055

1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the Township of Georgian Bay's Investment Policy Statement (Attachment 1)
2. Receive the Township of Georgian Bay's Municipal Client Questionnaire (Attachment 2)
3. Approve the Township of Georgian Bay's proposed Investment Plan (Attachment 3)

2. SUMMARY

The Township of Georgian Bay (Georgian Bay) has requested to join ONE JIB as a Participating Municipality. Georgian Bay has provided a Municipal Client Questionnaire (MCQ) to provide information on its Money Not Required Immediately (MNRI) and the investment horizons associated with its reserve balances, which have informed the recommended allocations. Georgian Bay's initial \$6.7 million contribution to MNRI has a relatively long investment horizon; however, there is uncertainty about the timing and size of future drawdowns.

The proposed investment allocation in the Investment Plan has been determined by reviewing the municipality's circumstances, needs, and risk tolerance. It also incorporates the Treasurer's analysis of expected cash flows affecting municipal reserve balances. The recommended allocation for Georgian Bay is Model Portfolio D, which allocates 40% to equities within a fully diversified portfolio. A summary of this allocation is shown below:

40% EQUITY MODEL (D)		
Asset Classes	Target Weight	Total Invested
Cash & Equivalent	0%	\$0
Canadian Fixed Income	45%	\$3,015,000
Global Fixed Income and Credit	15%	\$1,005,000
Canadian Equities	20%	\$1,340,000
Global Equities	20%	\$1,340,000
Alternatives	0%	\$0
Total	100%	\$6,700,000

3. BACKGROUND

Georgian Bay is a lower-tier municipality in the District of Muskoka with unique circumstances due to the high proportion of seasonal residents

Georgian Bay faces several unique challenges not typically encountered by other municipalities. The Township has a relatively small permanent population of approximately 3,500 residents but welcomes around 18,500 seasonal residents each year, creating distinct demands on local services and infrastructure. Temporary residents also have a significant influence on municipal decision-making, shaping priorities and policies to reflect the needs of both seasonal and year-round populations. Limited road access during the winter months can make transportation and service delivery difficult, while waste disposal remains a key issue, particularly for seasonal residents. The Township collects very little in development charge revenue, which can constrain its ability to fund growth-related infrastructure and capital improvements.

Georgian Bay will be assigned an investment allocation based on the model portfolios approved by the ONE JIB September 4, 2025

The recommended investment allocations for Georgian Bay's MNRI were determined with consideration of the investment horizon associated with municipal reserves, while also reflecting the Township's current circumstances, needs, and investment restrictions. A single allocation is recommended based on the Model Portfolios reviewed and approved at the September 4, 2025 ONE JIB meeting.

Georgian Bay will contribute \$6.7 million of MNRI to invest with ONE JIB

The Treasurer has provided details of the time horizons associated with reserve balances, which have informed the proposed allocations in the Investment Plan. The Treasurer has noted that the Township is conducting several internal studies to assess future capital spending, which, when completed, may provide more clarity on the investment horizons associated with MNRI. Table 1 below summarizes current MNRI estimates and expected spending timelines. Future contributions of MNRI have not been contemplated in the Investment Plan, nor are they expected.

Table 1: Summary of the investment horizon of MNRI, from Table 3.1 of MCQ

Description (i.e. Funding Objective, Investment Purpose, or Municipal Reserve)	Total MNRI (\$ million)	Investment Horizon < 5 Years (\$ million)	Investment Horizon 5-10 Years (\$ million)	Investment Horizon >10 Years (\$ million)
Total MNRI	\$6.7	\$2.0	\$2.7	\$2.0

Investment income can help provide Participating Municipalities with an additional source of revenue

Ontario municipalities are under growing pressure to deliver the kinds of infrastructure residents expect, including recreation facilities, fire halls, roads, and libraries, while keeping property tax rate increases at a reasonable level. Balancing these expectations with available revenue sources is becoming increasingly difficult as costs rise and demand grows.

When funding for capital projects cannot be secured through other channels, such as government grants or the existing tax or rate base, municipalities often have no choice but to delay or scale back their plans or resort to debt financing. Under the *Municipal Act*, municipalities are prohibited from running an operating deficit, which further limits their flexibility in responding to these demands.

Earnings from municipal investments can make a meaningful difference. By applying these returns to capital costs, municipalities can reduce the pressure on the tax base, maintain service levels, keep up with inflation, and progress with key projects in a manner that is both financially sustainable and responsible.

In Georgian Bay, each one percent increase in property tax rates yields approximately \$93,000 in additional annual revenue. However, there are limits to how much municipalities can rely on tax increases to fund capital projects, which underscores the importance of investment income as a complementary source of funding.

Council has elected to permit the use of long-term alternative investments if recommended

The Investment Policy (IPS) was approved by Georgian Bay's council on September 9, 2025, and is based on the most recent IPS template approved by ONE JIB. This IPS does not impose any additional restrictions on how the MNRI is to be invested beyond those specified in the IPS template. The council chose to permit the use of long-term alternative investments in the IPS.

4. ANALYSIS

It is recommended that Georgian Bay's MNRI be invested in Model D, which has a 40 percent allocation to equity within a well-diversified portfolio

The investment allocations proposed in the Investment Plan indicate that Georgian Bay's MNRI has a relatively long investment horizon: about one-third is required within five years, with the majority within 10 years. There is some uncertainty regarding both the timing and size of drawdowns, which has been factored into the recommended allocation assigned. The investment included in Georgian Bay's allocation should provide sufficient liquidity to address any required drawdowns. Alternative investments will not be included in Georgian Bay's allocation, as the assigned allocation is 40% equities. The model

portfolios approved by ONE JIB did not include an option to invest in alternative investments for allocations with less than 50% equity exposure.

The proposed allocation, Model D, with 40% exposure to equities, is appropriate given the municipality's investment horizon and circumstances. All MNRI will be invested in this model. Table 2 below provides summary statistics for Model D, and Table 3 further details Georgian Bay's investment allocations.

Table 2: Summary statistics for Model D

Summary Statistics	Model D	Notes:
Long-Term Return	6.0%	¹ Annual Downside Risk (CVaR95) represents the expected loss during the worst 5% of return outcomes. Hypothetical performance analyses are for illustrative purposes only and there is no guarantee that hypothetical returns or projections will be realized.
Annual Downside Risk ¹	-10.2%	
Annual Volatility	6.4%	
Sharpe Ratio	0.47	

Table 3: Georgian Bay's Allocation Summary

40% EQUITY MODEL (D)			
Asset Classes	Minimum (%)	Target Weight	Maximum (%)
Cash & Equivalent	0	0%	10
Canadian Fixed Income	35	45%	55
Global Fixed Income and Credit	5	15%	25
Canadian Equities	10	20%	30
Global Equities	10	20%	30
Alternatives	0	0%	0
Total		100%	

5. CONCLUSION

Georgian Bay's overall investment horizon is relatively long, but there is some uncertainty about the timing and magnitude of potential drawdowns in MNRI. This uncertainty has been considered in identifying the recommended model portfolio. The Treasurer expects that about one-third of MNRI may be withdrawn within 5 years, but the rest has a much longer investment horizon.

Model D has been recommended, with a 40% allocation to equities for the Township. The allocation will not include exposure to long-term alternative investments. This proposed asset mix and fund allocation align with its IPS and MCQ's investment objectives and risk preferences. Consequently, the Investment Plan is suitable for Georgian Bay's circumstances and needs, reflecting the time horizons of its MNRI.

ATTACHMENTS

Attachment 1: Township of Georgian Bay's Investment Policy Statement 2025

Attachment 2: Township of Georgian Bay's Municipal Client Questionnaire 2025

Attachment 3: Township of Georgian Bay's proposed Investment Plan 2025

Drafted by: Keith Taylor, Chief Investment Officer; Jennifer Hess, Manager Investment Services

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