



# REPORT

To: ONE Joint Investment Board  
From: Keith Taylor, Chief Investment Officer, ONE Investment  
Date: November 25, 2025  
Re: Municipality of Oliver Paipoonge's Investment Plan 2025  
Report: ONE JIB 2025-054

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the Municipality of Oliver Paipoonge's Investment Policy Statement (Attachment 1)
2. Receive the Municipality of Oliver Paipoonge's Municipal Client Questionnaire (Attachment 2)
3. Approve the Municipality of Oliver Paipoonge's proposed Investment Plan (Attachment 3)

## 2. SUMMARY

The Municipality of Oliver Paipoonge (Oliver Paipoonge) has requested to join ONE JIB as a Participating Municipality. Oliver Paipoonge has provided a Municipal Client Questionnaire (MCQ) to provide information on its MNRI, and the investment horizons associated with its reserve balances, which have informed the recommended allocations. About two-thirds of the Municipality's initial \$4.3 million contribution to MNRI has a long investment horizon between 5 and 10 years, and about one-third of MNRI has an extremely long horizon. While there is less precision about the timing of expected drawdowns, the overall investment horizon is very long.

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 Oliver Paipoonge is Model Portfolio F, which has a 60% equity allocation within a fully diversified portfolio. A summary of this allocation is shown below:

<b>60% EQUITY MODEL (F)</b>		
<b>Asset Classes</b>	<b>Target Weight</b>	<b>Total Invested (\$)</b>
Cash & Equivalent	0%	\$0
Canadian Fixed Income	30%	\$1,279,021
Global Fixed Income and Credit	10%	\$426,340
Canadian Equities	30%	\$1,279,021
Global Equities	30%	\$1,279,021
Alternatives	0%	\$0
<b>Total</b>	<b>100%</b>	<b>\$4,263,403</b>

### 3. BACKGROUND

#### **Oliver Paipoonge is primarily a rural municipality near Thunder Bay**

The Municipality is primarily an agriculturally based community that borders the City of Thunder Bay. Many residents commute to Thunder Bay for employment, contributing to the municipality's growing population. Many new residents are attracted to the Municipality because they can obtain larger residential lots and more property for their investment compared to the City of Thunder Bay; however, this often comes with fewer municipal services.

Residents typically rely on private well water and septic systems, which limits the need for major municipal water and wastewater investments. Instead, road maintenance and upgrades are among the Municipality's most significant capital spending priorities. The Municipality does not receive development charge contributions, which can pose challenges in funding growth-related infrastructure. In addition, reserves associated with landfill sites support very long-term municipal assets, leading to a very long average investment horizon associated with MNRI.

#### **Oliver Paipoonge will be assigned an investment allocation based on the model portfolios approved by the ONE JIB on September 4, 2025**

The recommended investment allocations for Oliver Paipoonge's MNRI were determined with consideration of the investment horizon associated with municipal reserves, while also reflecting the Municipality'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.

#### **Oliver Paipoonge's MCQ provides details on the investment horizons associated with municipal reserves**

Oliver Paipoonge will contribute \$4.3 million of MNRI to invest with ONE JIB. The Treasurer has provided details of the time horizon associated with reserve balances, which have informed the proposed allocations in the Investment Plan. The Treasurer has noted

that the Municipality is conducting several internal studies to assess projected 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.

*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)
Landfill Closure	\$1,263,403	-	-	\$1,263,403
Capital Assets	\$3,000,000	-	\$3,000,000	-
Total MNRI	\$4,263,403	-	\$3,000,000	\$1,263,403

The Treasurer noted that the time horizon associated with the landfill closure is well beyond 10 years. The Municipality operates two separate landfill sites, with operating costs paid out of MRI, while the MNRI portion represents the final costs associated with closing these sites in about 50 to 75 years.

Furthermore, the amount identified as having a 5–10-year investment horizon represents an aggregate capital spending estimate rather than spending on specific assets for which the amount is known in advance. This suggests that Oliver Paipoonge's overall investment horizon is very long.

**Oliver Paipoonge does not anticipate a need to withdraw MNRI within the next five years and expects to make annual contributions of \$500,000**

The Treasurer's analysis indicates no MNRI drawdowns are anticipated in the next five years. Instead, the Municipality anticipates contributing \$500,000 annually over this period. There is strong confidence that these contributions will proceed as planned, supported by revenue from a landfill contract, fees from soil dumping from ongoing improvements, and construction at an Ontario Power Generation generator facility, all of which will produce predictable positive cash flows over the next five years. Table 2 below provides details of the anticipated contributions and withdrawals of MNRI in future years. These details are based on Table 3.3 of the MCQ and feedback from the Treasurer.

*Table 2: Anticipated Cash Flow Projections, MNRI by year, adapted from Table 3.3 of MCQ.*

	next year	2 years	3 years	4 years	5+ years
Anticipated MNRI Drawdowns	-	-	-	-	-
Anticipated MNRI Contributions	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Net change in MNRI	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000

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

Ontario municipalities are under growing pressure to deliver the infrastructure residents expect — 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 ability to respond to these demands.

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

In Oliver Paipoonge, each one percent increase in property tax rates yields approximately \$97,000 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.

## **4. ANALYSIS**

**It is recommended that Oliver Paipoonge's MNRI be invested in Model F, which includes a 60 percent allocation to equity within a well-diversified portfolio**

The investment allocations outlined in the Investment Plan reflect Oliver Paipoonge's very long investment horizon associated with MNRI. About one-third of MNRI should not be required for at least 40 years. The remaining MNRI reflect capital reserves with an estimated investment horizon of 5 to 10 years, but the actual timing and magnitude of capital expenditures are not yet clearly defined. While the average overall investment horizon for MNRI is considerably longer than that of other Participating Municipalities, nearer-term drawdowns may occur due to unforeseen contingencies or future/ongoing capital expenditures.

It is recommended that Model F, with 60% exposure to equities, is appropriate given the Municipality's investment horizon and circumstances. Predictable annual contributions to MNRI are forecasted over the next five years, which should increase MNRI by about 60%. The significant cash flows over the next five years help make Model F a relatively conservative allocation choice. It is anticipated that this 60% equity allocation weight could be maintained over the next 5 years as the Municipality makes incremental annual contributions to MNRI. The assigned model should be revisited in the future if the pattern of forecasted annual contributions changes, or if it needs to be revised to accommodate

capital spending needs in future years.

As the Municipality’s Investment Policy does not permit the use of long-term alternative investments, as such, they will not be included in Oliver Paipoonge’s portfolio. All MNRI will be invested in Model F. Table 3 below provides summary statistics for Model F, and Table 4 further details Oliver Paipoonge’s investment allocations.

*Table 3: Summary statistics for Model F*

Summary Statistics	Model F	Notes:
Long-Term Return	6.6%	<p><sup>1</sup> Annual Downside Risk (CVaR95) represents the expected loss during the worst 5% of return outcomes.</p> <p>Hypothetical performance analyses are for illustrative purposes only and there is no guarantee that hypothetical returns or projections will be realized.</p>
Annual Downside Risk <sup>1</sup>	-14.4%	
Annual Volatility	8.9%	
Sharpe Ratio	0.40	

*Table 4: 60% Equity Model (F)*

60% EQUITY MODEL (F)			
Asset Classes	Minimum (%)	Target Weight	Maximum (%)
Cash & Equivalent	0	0%	10
Canadian Fixed Income	20	30%	40
Global Fixed Income and Credit	0	10%	20
Canadian Equities	20	30%	40
Global Equities	20	30%	40
Alternatives	0	0%	0
Total		<b>100%</b>	

## 5. CONCLUSION

Oliver Paipoonge’s MNRI reflects a very long investment horizon, with approximately one-third of the reserves designated for landfill site closures estimated to occur in 50 to 75 years. The remaining portion of the reserves have a shorter investment horizon, typically between 5 and 10 years. The possibility of drawdowns within this period, combined with the potential of contingency-related funding requirements, has led to a relatively conservative recommended investment allocation that appropriately considers the municipality’s average reserve time horizon.

After a detailed review of Oliver Paipoonge’s financial needs and circumstances, an allocation to Model F has been recommended, which includes a 60% allocation to equities. This allocation excludes exposure to long-term alternative investments, in accordance with the Council-approved Investment Policy Statement (IPS), which does not authorize such holdings. The proposed asset mix and fund allocation are consistent with the IPS and the

Municipal Client Questionnaire (MCQ), aligning with the municipality's investment objectives and risk tolerance. As a result, the recommended Investment Plan is considered suitable for Oliver Paipoonge's current financial position, and the time horizons associated with its MNRI reserves.

## **ATTACHMENTS**

Attachment 1: Municipality of Oliver Paipoonge's Investment Policy Statement 2025

Attachment 2: Municipality of Oliver Paipoonge's Municipal Client Questionnaire 2025

Attachment 3: Municipality of Oliver Paipoonge's proposed Investment Plan 2025

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