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Main Street Goes to Bay Street: Municipal Governments Exercise New Investment Powers

TORONTO , July 6, 2020 /CNW/ – A group of six Ontario municipalities are among the first to head to Bay Street to exercise new investment powers.

The City of Kenora , District Municipality of Muskoka and Towns of Bracebridge , Huntsville , Innisfil , and Whitby have come together to jointly invest under the Prudent Investor Standard with ONE Investment. By-laws approving investment under the new standard have just come into effect, helping municipalities to diversify their investments and improve returns.

Under Prudent Investor, municipal governments, just like pension plans and trusts, may invest in any product that is prudent for their situation. Previously, municipalities could only invest in a list approved by the Province. Securities were limited to Canadian firms, which make up only 3% of worldwide securities.

ONE Investment is a not-for-profit investment service for municipalities and the public sector. It has been serving municipalities for more than 25 years and currently manages about \$2 billion in municipal investments.

“Every dollar a municipality earns through investing is one less dollar it has to collect from taxpayers. That’s more important now than ever,” said Ken Nix , Chair of ONE Investment, and Whitby’s Commissioner of Corporate Services and Treasurer.

Under provincial rules for Prudent Investor, an independent Investment Board must manage investments on behalf of the municipality. ONE has created a Joint Investment Board with the six founding municipalities. It is the first of its kind in Ontario .

“Municipalities don’t have to navigate markets alone,” said Judy Dezell , ONE Investment Co-President/CEO. “The investment advisory team helps with investment planning and policies, while the Joint Investment Board provides hands-on expert management.”

The ONE Joint Investment Board is made up of two municipal representatives and six professionals with a mix of experience in the municipal sector and the investment industry, including global markets and pensions.

“Having professional advice and flexibility are particularly important right now as markets fluctuate in response to COVID-19’s economic impact,” added Donna Herridge, ONE Investment Co-President/CEO and Executive Director of the Municipal Finance Officers’ Association (MFOA). “Municipalities are investing for the long-term. With professional support, they can manage current market conditions to meet future goals.”

“As a joint investment board, we provide every participating municipality with its own tailor-made investment plan,” said Bill Hughes , Chair of the ONE Joint Investment Board. “It’s our job to make wise and prudent investment decisions to meet each municipality’s goals.”

About ONE

ONE Investment combines municipal investments to achieve economies of scale for lower fees and better returns. It is a not-for-profit formed by the municipal sector, including the Local Authority Services (LAS) and CHUMS. LAS is the business services arm of the Association of Municipalities of Ontario (AMO). CHUMS is a subsidiary of MFOA.

ONE has a proven track record of providing competitive returns through products that comply with provincial regulations. The Prudent Investor Standard is now another choice for municipalities to achieve their goals. ONE Investment continues to operate funds under the legal list of provincially approved investments as well.