

**Ottawa Investment Board
Governance Manual**

June 14, 2023

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Section 1—Overview

1.01 Purpose of Governance Manual

This Governance Manual sets out the policies and procedures to be followed by the Ottawa Investment Board (the “Board”) in the investment of the assets not immediately required (the “Fund”) in a prudent manner consistent with the requirements of the Municipal Act, 2001 section 418.1 and associated Regulation 438/97.

1.02 Mandate of the Ottawa Investment Board

The Board was established by resolution of the City Council of Ottawa (the “Council”) on December 7, 2022. The mandate of the Board is to facilitate the prudent investment of the Fund(s) that includes outsourcing of investment management to an Outsource Chief Investment Officer (OCIO).

1.03 Background of the Fund

The Prudent Investor Standard legislation and accompanying Regulations came into effect in January 2019. The standard opens the door to a broader set of investment options enabling Municipalities to better align risks, returns and strategies with Council objectives and priorities.

At the June 22, 2022, Council meeting, Council adopted the Prudent Investor Regime to investing City Funds not immediately required under a Prudent Regime by passing by-law 2022-317 that is consistent with the requirements of the Municipal Act, 2001 section 418.1 and associated Regulation 438/97; (ACS-2022_FSD_FIN_0005).

1.04 Governance Structure

- The governance structure for the investment of the Fund is illustrated in Appendix A (Governance Structure).

Section 2—Structure of the Board

2.01 Composition of the Board

- The Board shall be comprised of persons holding the following positions:
 - Chair, City of Ottawa Treasurer;
 - Elected Member;
 - Elected Member;
 - Elected Member ; and
 - Elected Member (collectively, the “Members”).
 - Secretary, Manager Treasury (non-voting)
- In no event, shall the Board consist of persons other than those holding the above positions. In no event, shall the Board consist of less than three voting persons.

2.02 Officers

- The Chairperson of the Board shall be the City of Ottawa’s Treasurer. The Secretary of the Board shall be the City of Ottawa’s Manager of Treasury and is a non-voting Member.

2.03 Appointment of Members

- Subject to the terms of Section 2.01 of this Governance Manual, a Selection Committee consisting of the Deputy City Treasurer Corporate Finance, Manager Treasury, Senior Investment Officer, Treasury Risk Management and Systems Analyst and Senior Legal shall act as the Selection Committee to select and appoint the public Members in accordance with the Governance Manual, the Ottawa Investment Board Terms of Reference, and the Appointment Policy.
- The Selection Committee shall identify one additional public member who shall be appointed by the Selection Committee as a reserve member to fill any vacancy that may arise among the public members during their term(s), in accordance with Section 2.07 of this Governance Manual. The Selection Committee shall communicate to Council the appointments made by the Committee.
- The Secretary shall ensure that new Members receive an education session explaining the Fund and the duties and responsibilities of the Board as set out in this Governance Manual.

2.04 Resignation

- In accordance with Subsection 196(6) of the *Municipal Act, 2001*, a Member may resign in accordance with the process set out in Section 260 of the *Municipal Act, 2001*, with necessary modifications. In addition, a Member's position becomes vacant in the circumstances set out in subsections 259(1)(c) to (h) of the *Municipal Act, 2001*, with necessary modifications.

2.05 Termination

- Subject to any applicable statutory provisions, City Council may revoke the appointment of a Member at any time and cause the position to become vacant. The Investment Board may recommend to Council that a public Member's appointment be revoked, and/or provide input to Council regarding any proposed revocation.

Should a public Member's position become vacant, the Selection Committee shall fill the vacancy by appointing the reserve public member to the vacant position. The reserve member shall be appointed to the vacant position for the remainder of the term of the person the reserve member replaced. The Selection Committee shall then undertake a recruitment process for a new reserve member.

- A person's membership on the Board will automatically terminate on the person's death, termination of employment, retirement or disability which renders him or her incapable of fulfilling his or her duties and responsibilities as set out in Section 4 (Duties and Responsibilities).

Section 3—Conduct of Meetings

3.01 Frequency

- Normally, the Board shall meet at least two times per annum. However, additional meetings can be adjourned should the need arise subject to the notice periods indicated herein. Subject to Section 3.07(b)(Conflicts of Interest, Disclosure), the Secretary of the Board shall provide each Member with written notice of each meeting at least one month in advance of such meeting.

3.02 Venue

- The meetings shall be held at the office of the City at 110 Laurier Ave. West or such other place as may be determined by the Board. Meetings may also be held remotely upon the advance written consent of each Member.

3.03 Agenda

- Subject to Section 3.07(b)(Conflicts of Interest, Disclosure), the Chairperson shall distribute an agenda and copies of any material to be considered at a meeting to each Member of the Board at least seven business days prior to the meeting.

3.04 Voting

- Notwithstanding that a Member may hold dual positions, each Member shall have one vote. Motions shall be carried by majority vote.

3.05 Quorum

- A quorum shall consist of at least three Members, one of whom must be the Chairperson.

3.06 Meeting Records

- The Secretary shall record written minutes of each meeting and the Secretary shall distribute such minutes to each Member within two weeks following the meeting. Each Member shall review the minutes to ensure that they are complete and accurate. At the next meeting, the minutes will be amended, if necessary, and approved by the Board.
- The Secretary shall retain a copy of the approved minutes from each meeting in accordance with the City of Ottawa's *Records Retention and Disposition By-law* and Records Management Policy. Meeting minutes shall be posted to the City's website.

3.07 Conflicts of Interest

(a) Generally

- No Member shall knowingly permit his or her interest, monetary or otherwise, direct or indirect, to conflict with the proper exercise of his or her duties and responsibilities as described in Section 4 (Duties and Responsibilities).

(b) Disclosure

- In the execution of his or her duties, a Member shall disclose any material conflict of interest relating to him or her, or any material ownership of securities, which could impair his or her ability to make unbiased decisions affecting the investment of the Fund.
- Further, it is expected that no Member shall make any personal financial gain (direct or indirect) because of his or her fiduciary position. However, expenses incurred in the discharge of his or her responsibilities are permitted if documented and approved by the City, as applicable.
- No Member shall accept a gift or gratuity or other personal favour, from a person with whom the Member deals in the course of performance of his or her duties and responsibilities as described in Section 4 (Duties and Responsibilities).
- A Member who believes that he or she may have a conflict of interest, or who is aware of any conflict of interest, shall disclose full details of the situation to the attention of the Chair immediately. The Chair will subsequently, on a time appropriate basis, will address this matter with the board. The Board, in turn, will decide what action is appropriate under the circumstances, including calling an emergency meeting of the Board to address the potential conflict of interest, but, at a minimum, will table the matter at the next regular meeting of the Board.
- Notwithstanding the notice requirements in Section 3.01 (Frequency) and Section 3.03 (Agenda), if the Board determines that it is necessary to hold an emergency meeting of the Board to address a potential conflict of interest of a Member, the Board shall meet as soon as a quorum can be constituted.
- No Member who has or is required to make a disclosure in accordance with this section shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he or she has made or is required to make disclosure, unless otherwise determined permissible by unanimous decision of the Board.

(c) Register

- The Secretary shall maintain a register of any conflicts of interest. The register shall include a description of each conflict of interest, the Member to whom the conflict of interest applied, the date upon which the conflict of interest arose and the manner in which the conflict of interest was dealt with.

(d) City of Ottawa Code of Conduct

In addition to the obligations set out in this Section 3.07, each Member, as a Member of a Municipal Board as defined in the Municipal Act or as an Employee of the City of Ottawa, shall be subject to the City of Ottawa Code of Conduct. The statutory authorities of the City of Ottawa's Integrity Commissioner apply to the public members of the Board.

The City of Ottawa's Employee Code of Conduct applies to the Treasurer and/or Acting Treasurer.

- Confidential Information

(a) Generally

- Confidential information includes all information obtained as a result of duties carried out as a Member of the Board. This information includes, but is not limited to, information regarding the funding and investment of the Fund and any other information not required or permitted to be released to the public (collectively, "Confidential Information").

- Each Member shall maintain the confidentiality of all Confidential Information and shall use such information solely for the purposes of fulfilling his or her duties as a Member of the Board. A Member shall not disclose Confidential Information to anyone internal or external to the Company unless such persons have a legitimate reason to know in order to carry out their duties with respect to the Fund or unless such information is required by law to be disclosed.

(b) City of Ottawa Code of Conduct

- In addition to the obligations set out in this Section 3.08, each Member, as an employee of the City and/or as a member of the Ottawa Investment Board, shall be subject to the City of Ottawa Code of Conduct.

- The City of Ottawa's Employee Code of Conduct applies to the Treasurer and/or the acting Treasurer.

Section 4—Duties and Responsibilities

4.01 Facilitation of Investment of the Fund

- Subject to legislative restrictions, the Board is responsible for facilitating the prudent investment of the Fund.
- The specific duties and responsibilities, and limits on authority, of the Board are contained in the activity chart in Appendix B (Fund Activity Chart) and detailed in the Ottawa Investment Board Terms of Reference.

4.02 Standard of Care

- Each Member, shall carry out his or her duties and responsibilities, with respect to the Fund honestly and in good faith. Furthermore, each Member, shall act with the care, diligence and skill that a person of ordinary prudence would exercise in dealing with the property of another person.

4.03 Delegation

- Subject to the following paragraph, the Board may delegate certain of its duties and responsibilities to another person or persons or employ such qualified agents from time to time as it deems necessary in order to carry out its duties in a prudent manner. The Board must be satisfied of the agent's suitability to perform the act for which the agent is employed and the Board shall carry out such supervision of the agent as is prudent and reasonable. The terms of reference of each delegation or employment shall be documented in writing and shall include the frequency and required content of reports to be delivered to the Board. The Board may also terminate such agents as it deems necessary and as is prudent and reasonable.
- Notwithstanding the preceding paragraph, the City shall be responsible for appointing and terminating an auditor to review the Fund.
- Currently, the Board has delegated certain duties and responsibilities to the agents listed in Appendix C (List of Agents).
- In addition, as required from time to time, the Board shall appoint a third party to educate Members of the Board about the Fund and the duties and responsibilities of the Board as set out in this Governance Manual.

4.04 Reporting

- The Board shall prepare a written report not less frequently than once each calendar year for the Council that outlines the results of the Board's activities described in this Section 4 and any other issues pertinent to the Board's duties and responsibilities. The written report shall include, among other matters, a list of the agents that have been appointed and / or terminated by the Board during the time period in question.

Section 5—General Provisions

5.01 Protection from Liability

Directors and Officer liability Insurance will be considered for board Members.

5.02 Compensation

- The Elected Members shall be remunerated up to \$1,000 per meetings attended plus reasonable fees and expenses incurred in the discharge of their responsibilities which have been documented and approved by the City.

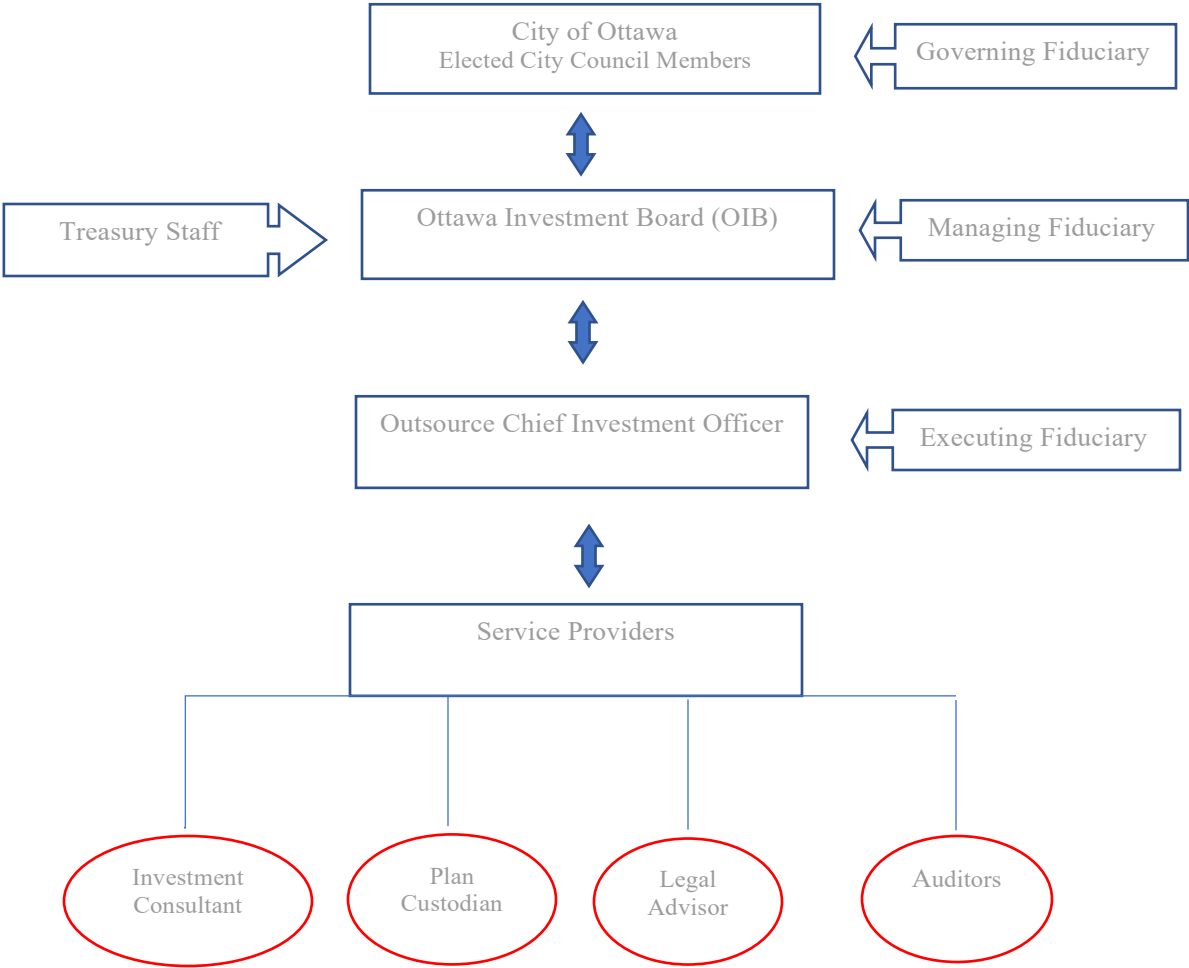
5.03 Adoption of Manual

- This Governance Manual was originally approved by a resolution of Council dated June 14, 2023.

5.04 Amendment of Manual

- The Board may recommend amendments to this Governance Manual. Such recommendations shall be in writing and shall be presented to Council for approval. This Governance Manual may only be amended by resolution of Council.

Appendix A – Governance Structure



Appendix B—Fund Activity Chart

| • Activity | • Frequency | • Decision-Maker | • Activity Completed? (Y/N) |
|---|---------------------------------|------------------|-----------------------------|
| Legislative Compliance | | | |
| Review Investment Policy for Compliance | Ongoing Annual Status Report | Board | |
| Monitor Legislation/Regulation | Ongoing Annual Status Report | City | |
| Review Performance of Lawyer | Annually | Board | |
| Funding/Accounting | | | |
| Prepare Auditor's Report | Annually | City/Auditor | |
| Review Performance of Auditor/Accountant | Annually | City | |
| Performance of Asset Management | | | |
| Monitor Investment Performance | Ongoing Annual Status Report | Board | |
| Monitor Performance of Outsource Chief Investment Officer | Ongoing Annual Status Report | Board | |

| • Activity | • Frequency | • Decision-Maker | • Activity Completed? (Y/N) |
|--|---------------------------------|------------------|-----------------------------|
| Confirm or Recommend Amendments, content, appropriateness to the Statement of Investment Policies and Procedures | Ongoing Annual status report | Board | |
| Review Content and Appropriateness of Investment Plan | At least annually | Board | |
| • Approve Asset Mix | At least annually | Board | |
| • Approve Benchmarks | At least Annually | Board | |
| • Approve Investment Restrictions and Quality Standards | At least Annually | Board | |
| Review Fees Associated with Investment Vehicles/OCIO | At least Annually | Board | |
| Review Performance of Custodian | Annually | Board | |
| Review Performance of Investment Consultant | As required | Board | |
| If required, conduct an external OCIO review or search | at least every 5 years | Board | |
| Hiring/Terminating Agents | | | |
| Auditor/Accountant | As required | City | |
| Custodian | As required | Board | |
| Outsource Chief Investment Officer | As required | Board | |
| Investment Consultant | As required | Board | |
| Lawyer | As required | Board | |

| | | | |
|---|----------|---------|--|
| Annual Report Submitted to Council | Annually | Council | |
| Self-Assessment of Governance Structure | Annually | Council | |

Appendix C—List of Agents

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- The following agents have been delegated the duties and responsibilities set out in Appendix B (Fund Activity Chart):

| • Agent | • Appointed |
|------------------------------------|------------------------------|
| Auditor/Accountant | As appointed by Council |
| Custodian | Royal Bank Investor Services |
| Investment Consultant | As determined by the Board |
| Outsource Chief Investment Officer | To be determined |
| Legal | As determined by the Board |
