

Terms of Reference of the Ottawa Investment Board Under Prudent Investor

1. Mandate and Authority of the Ottawa Investment Board

The Ottawa Investment Board is established as a municipal service board (local board of the City of Ottawa), in accordance with the requirements of sections 418.1 and 196 of the *Municipal Act, 2001*, and Ontario Regulation 438/97. The Ottawa Investment Board is responsible for the control and management of the City's investments pursuant to the prudent investor standard, Plan Governance and the Statement of Investment Policies and Procedures (SIP&P) adopted by City Council.

In conjunction with an Outsource Chief Investment Officer (OCIO) provider, the Ottawa Investment Board shall adopt and follow an Investment Plan using the OCIO model of investment. The Investment Plan shall outline how the City's money is to be invested and proportioned among various asset classes that aligns with the SIP&P and the prudent investor standard.

The Board may retain agents to act on its behalf pursuant to the requirements of Ontario Regulation 438/97.

2. Board Composition and Term

The Ottawa Investment Board shall be composed of the following voting members:

1. The City of Ottawa Treasurer (Board Chair); and
2. Four public members

The Manager, Treasury shall be the non-voting Board Secretary. One additional public member shall be appointed as a reserve member.

The term for public members of the Ottawa Investment Board shall be four (4) years, with a maximum of two consecutive terms. Each term shall continue until the successors are appointed.

Initially, staggered terms may be implemented with two (2) members being appointed for two (2) years to ensure Board continuity. The two (2) members being appointed for two (2) years will be eligible to be reappointed for an addition two consecutive four (4) year term.

3. Appointment of Members

The Office of the Chief Financial Officer is responsible for the administration of appointments to the Ottawa Investment Board in accordance with the City of Ottawa's Appointment Policy, Governance Manual, and these Terms of Reference.

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.

4. Eligibility

Officers and employees of the City of Ottawa and Council Members are prohibited from appointment to the Ottawa Investment Board, except for the Treasurer in accordance with Ontario Regulation 438/97. Members are also required to meet the eligibility requirements pursuant to the City's Appointment Policy, Governance Manual and these Terms of Reference. Members must not have declared bankruptcy or had disciplinary action by a security regulator or self-regulating investment organization in the past twenty (20) years.

5. Duties and Responsibilities

The Board is responsible for facilitating the prudent investment of the Fund. 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.

Investment Policy

- Review investment policy annually for legislative compliance
- Recommend amendments to the Statement of Investment Policies and Procedures (SIP&P) to Council

Investment Plan and Implementation with OCIO

- Review appropriateness of the investment plan with OCIO
- Approve target asset mix

- Working with City Finance Staff, ensure the Investments align with the reserve, liquidity, and return objectives of the City
- Approve benchmarks
- Approve investment restrictions and quality standards
- Review the Investment Plan annually for compliance with the SIP&P

Investment Performance Review

- Monitor investment performance
- Monitor the performance of the Outsourced Chief Investment Officer (OCIO)
- Monitor the investment alignment with the reserve, Liquidity, and return objective of the City

Hiring and Ongoing Review of Agents

- Appoint and monitor Custodian
- Appoint and monitor OCIO
- Appoint and monitor Lawyer
- Appoint and monitor Investment Consultant

In carrying out its duties, the Board is responsible for following any statutory requirements as well as the policies and procedures set out in the Ottawa Investment Board Governance Manual.

6. Accountability, Transparency and Reporting

At least annually, following City Council's review of the SIP&P, the Board shall review the Investment Plan and update it as required.

The Board shall prepare and submit an annual investment report to the Finance and Corporate Services Committee and Council containing a statement about the performance of the City's investment portfolio during the period covered by the report and a statement by the Treasurer as to whether or not all investments are consistent with the SIP&P and the Investment Plan, and any other information that in the opinion of the Treasurer should be included.

Application of statutory accountability officers and codes of conduct

- The statutory authorities of the City of Ottawa's Auditor General apply to the Board.
- The statutory authorities of the City of Ottawa's Integrity Commissioner apply to the public members of the Board.
- The City of Ottawa's Code of Conduct for Members of Local Boards applies to public members of the Board.
- The City of Ottawa's Employee Code of Conduct applies to the Treasurer.

Conflict of Interest

Each Board Member shall disclose any direct or indirect pecuniary interest in any matter considered by the Board in the manner required by the *Municipal Conflict of Interest Act* (MCIA) and shall undertake any action required under the MCIA with respect to same. The Secretary shall establish and maintain a registry of applicable statutory statements and declarations with respect to conflicts of interest, in accordance with the MCIA. The registry shall be available for public inspection in the manner and during the time that the Board may determine.

Records

All records, documents and correspondence pertaining to the activity of the Board are considered to be records of the Ottawa Investment Board and are subject to the provisions of the *Municipal Freedom of Information and Protection of Privacy Act*. The records of the Board shall be retained and preserved in accordance with the provisions of the City of Ottawa's *Records Retention and Disposition By-law* and Records Management Policy.

7. Member Qualifications

Public members of the Board shall collectively represent a range of skills, knowledge and experience to discharge their duties in an effective manner including:

- Executive level experience in a major public or private organization, municipal experience is an asset;
- Experience with pension funds, endowments, foundations or corporate treasuries & investments;
- Professional skills relating to investment and/or debt management as well as an understanding of risk and financial administration within the framework of the prudent investor standard;
- Demonstrates understanding of an OCIO model of investment;
- Post-graduate degree in any one of the fields of: finance, business, economics, risk management, accounting, public administration or related fields that may include certification such as Chartered Professional Accountant (CPA) designation, Chartered Financial Analyst (CFA) designation, Chartered Investment Manager (CIM) designation or equivalent would be an asset;
- Possession of sound judgement and knowledge of good governance; and
- Understanding of the principles of public accountability and integrity.

8. Public Member Appointment Process

The Office of the Chief Financial Officer is responsible for the administration of appointments to the Ottawa Investment Board in accordance with the City of Ottawa's Appointment Policy, Governance Manual, and these Terms of Reference.

A Selection Committee that consists of the Deputy City Treasurer Corporate Finance, Manager Treasury, Senior Investment Officer, Treasury Risk Analyst Management and Systems Analyst and Senior Legal Counsel Internal Legal is responsible to review, short-list and interview applicants and appoint members to the Board under authority delegated by Council on December 7, 2022, through consideration of the 2022-2026 Council Governance Review report.

9. Remuneration

The Board's public 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.

10. Resignations, Revoking Appointments, and Vacant Positions

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.

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.

11. Meetings

The Board shall pass a procedure by-law for governing the calling, place and proceedings of meetings, and providing for public notice of meetings, in accordance with the *Municipal Act, 2001*. The procedure by-law shall also address statutory open meeting requirements as set out in the *Municipal Act, 2001*.

In addition to addressing any statutory requirements, the procedure by-law shall include the following provisions with respect to meetings:

Frequency

The Board shall meet at least two times per annum or in special circumstances if required. Members shall be provided written notice of each regular meeting at least one month in advance.

Quorum

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

Agenda and Meeting Materials

The Secretary shall distribute an agenda and copies of any material to be considered at a regular meeting to each Member of the Board at least seven business days prior to the meeting.

Voting

Each Member shall have one vote. Motions shall be carried by majority vote.

Meeting Records

The Secretary shall record written minutes of each meeting and 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 shall 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.

12. Meeting Management and City Liaison

Staff from the Finance and Corporate Services Department shall be the City liaison(s) to the Board and provide meeting management coordination and support. The Office of the City Clerk will provide meeting management advice to staff and the Ottawa Investment Board.