



## City of Hamilton

# AUDIT, FINANCE AND ADMINISTRATION COMMITTEE

**Meeting #:** 19-007  
**Date:** May 2, 2019  
**Time:** 9:30 a.m.  
**Location:** Council Chambers, Hamilton City Hall  
71 Main Street West

Angela McRae, Legislative Coordinator (905) 546-2424 ext. 5987

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**1. CEREMONIAL ACTIVITIES**

**2. APPROVAL OF AGENDA**

(Added Items, if applicable, will be noted with \*)

**3. DECLARATIONS OF INTEREST**

**4. APPROVAL OF MINUTES OF PREVIOUS MEETING**

4.1 April 18, 2019

**5. COMMUNICATIONS**

**6. DELEGATION REQUESTS**

**7. CONSENT ITEMS**

7.1 Hamilton Future Fund Investment Performance Report - December 31, 2018  
(FCS19027) (City Wide)

7.2 Reserve / Revenue Fund Investment Performance Report - December 31, 2018  
(FCS19028) (City Wide)

7.3 Cemetery Trust Accounts Investment Performance Report - December 31, 2018  
(FCS19029) (City Wide)

- 7.4 Vacancy Rebate - Delegation Request (FCS19037) (City Wide) (Outstanding Business List Item)
- 7.5 Treasurer's Investment Report 2018 Fiscal Year by Aon (FCS19019) (City Wide)
- 7.6 Whistleblower, Fraud & Waste Information Updated for Q1 2019 (AUD19003) (City Wide)
- 7.7 Hamilton Mundialization Advisory Committee Minutes - March 20, 2019

**8. PUBLIC HEARINGS / DELEGATIONS**

**9. STAFF PRESENTATIONS**

**10. DISCUSSION ITEMS**

- 10.1 Accounts Receivable Write-Offs for 2018 (FCS19033) (City Wide)
- 10.2 Delegation Authority for Property Taxation Matters (FCS19039) (City Wide)

**11. MOTIONS**

- 11.1 2019 Development Charges By-law – Garden Suites
- 11.2 2019 Development Charges By-law – Commercial Greenhouse
- 11.3 2019 Development Charges By-law – CityHousing Hamilton

**12. NOTICES OF MOTION**

**13. GENERAL INFORMATION / OTHER BUSINESS**

- 13.1 Outstanding Business List:
  - 13.1.a Items Considered Complete and Needing to be Removed:
    - Item: 19-C
    - Voislav Bjelajac, respecting a Vacancy Rebate for 2016
    - Completed: May 2, 2019 - Item 7.4 - Vacancy Rebate - Delegation Request (FCS19037)

**14. PRIVATE AND CONFIDENTIAL**

**15. ADJOURNMENT**



## AUDIT, FINANCE AND ADMINISTRATION COMMITTEE MINUTES 19-006

9:30 a.m.  
April 18, 2019  
Council Chambers  
Hamilton City Hall

**Present:** Councillors C. Collins (Chair), M. Wilson (Vice-Chair), B. Johnson, M. Pearson, J. Partridge, A. VanderBeek, B. Clark and L. Ferguson

**Also Present:** Councillors J.P. Danko, N. Nann and T. Whitehead

### THE FOLLOWING ITEMS WERE REFERRED TO COUNCIL FOR CONSIDERATION:

1. **Human Resources Branding Strategy (HUR19005) (City Wide) (Item 7.2)**  
**(VanderBeek/Pearson)**  
That Report HUR19005, respecting the Human Resources Branding Strategy, be received.  

**CARRIED**
  
2. **Internal Administrative Pool Update (HUR19011) (City Wide) (Item 7.3)**  
**(VanderBeek/Pearson)**  
That Report HUR19011, respecting the Internal Administrative Pool Update, be received.  

**CARRIED**
  
3. **Ward-Specific Funding Initiatives Report as of December 31, 2018 (FCS19021) (City Wide) (Item 7.4)**  
**(VanderBeek/Pearson)**  
That Report FCS19021, respecting the Ward-Specific Funding Initiatives Report as of December 31, 2018, be received.  

**CARRIED**
  
4. **2019 Development Charges Background Study and By-law Update (FCS19036) (City Wide) (Item 8.1)**  
**(Clark/Pearson)**  
That Report FCS19036, respecting the 2019 Development Charges Background Study and By-law Update, be received.  

**CARRIED**

**5. Tax and Rate Operating Budget Variance Report as at December 31, 2018 – Budget Control Policy Transfers (FCS18067(b)) (City Wide) (Item 9.1)**

**(Wilson/Partridge)**

- (a) That, in accordance with the “Budgeted Complement Control Policy”, the 2018 complement transfer transferring complement from one department / division to another with no impact on the levy, as outlined in Appendix “C” to Report FCS18067(b), be approved; and,
- (b) That, subject to final audit, the Disposition of 2018 Year-End Operating Budget Surplus / Deficit be approved as follows:

**Table 1**

DISPOSITION / RECONCILIATION OF YEAR-END SURPLUS/ (DEFICIT)	\$	\$
<b>Corporate Surplus from Tax Supported Operations</b>		<b>\$ 8,291,887</b>
<b>Less: Disposition to Self-Supporting Programs &amp; Agencies</b>		<b>\$ (1,132,176)</b>
Police (Transfer to Police Reserve)	\$ (1,055,515)	
Library (Transfer to Library Reserve)	\$ (37,144)	
Farmers Market (Transfer to Hamilton Farmers Market Reserve)	\$ (39,517)	
<b>Balance of Corporate Surplus</b>		<b>\$ 7,159,711</b>
Less: Transfer to Unallocated Capital Levy Reserve		\$ (5,085,049)
Less: Transfer to Flamborough Capital Reserve		\$ (346,362)
Less: Transfer to the Non-Residential Roads Development Charge Reserve		\$ (538,630)
Less: Transfer to Hamilton Entertainment Facilities - Capital Projects Reserve		\$ (464,325)
Less: Transfer to Vehicle Replacement Reserve - Fire		\$ (725,345)
<b>Balance of Tax Supported Operations</b>		<b>\$ 0</b>
<b>Corporate Surplus from Rate Supported Operations</b>		<b>\$ 16,467,202</b>
Less: Transfer to the Rate Supported Water Reserve		\$ (8,002,578)
Less: Transfer to the Rate Supported Wastewater Reserve		\$ (5,764,624)
Less: Transfer to the Unfunded Rate Development Charge Reserve		\$ (2,700,000)
<b>Balance of Rate Supported Operations</b>		<b>\$ 0</b>

**Result: Motion CARRIED by a vote of 8 to 0, as follows:**

- YES - Councillor Maureen Wilson
- YES - Chair Chad Collins
- YES - Councillor Judi Partridge
- YES - Councillor Arlene VanderBeek
- YES - Councillor Lloyd Ferguson
- YES - Councillor Brenda Johnson
- YES - Councillor Maria Pearson
- YES - Councillor Brad Clark

**6. Governance Review Sub-Committee Report 19-002 – March 25, 2019 (Item 10.1)**

**(Pearson/Clark)**

**(a) Appointment of Chair and Vice-Chair (Item 1.1)**

- (i) That Councillor Whitehead be appointed as Chair of the Governance Review Sub-Committee for the 2018 – 2022 term.
- (ii) That Councillor Wilson be appointed as Vice-Chair of the Governance Review Sub-Committee for the 2018 – 2022 term.

**(b) Board of Health Self-Evaluation Results (BOH18011(a)) (City Wide) (Referred to Governance Review Sub-Committee at September 26, 2018 Council) (Item 10.1)**

That Report BOH18011(a), respecting the Board of Health Self-Evaluation Results, be received.

- (i) That the Board of Health appoint a Vice-Chair for the Term of Council; and,
- (ii) That By-law 18-270, A By-law to Govern the Proceedings of Council and Committees of Council, be amended to reflect the term of appointment for the Board of Health's Vice-Chair.

**Result: Motion CARRIED by a vote of 8 to 0, as follows:**

- YES - Councillor Maureen Wilson
- YES - Chair Chad Collins
- YES - Councillor Judi Partridge
- YES - Councillor Arlene VanderBeek
- YES - Councillor Lloyd Ferguson
- YES - Councillor Brenda Johnson
- YES - Councillor Maria Pearson
- YES - Councillor Brad Clark

**7. Terrapure Environmental - Heritage Green Community Trust Indenture (LS19013 / FCS19034) (Ward 9) (Item 10.2)**

**(Clark/Pearson)**

That the General Manager of Finance and Corporate Services, or his designate, be authorized and directed to negotiate and execute, on behalf of the City of Hamilton, an Amended and Restated Heritage Green Community Trust Indenture with Revolution Landfill LP (known as Terrapure Environmental), the owner and operator of the Stoney Creek Regional Facility, and the current trustees of the Heritage Green Community Trust, on such other terms and conditions as are satisfactory to the General Manager of Finance and Corporate Services, and in a form satisfactory to City Solicitor.

**Result: Motion CARRIED by a vote of 8 to 0, as follows:**

- YES - Councillor Maureen Wilson
- YES - Chair Chad Collins
- YES - Councillor Judi Partridge
- YES - Councillor Arlene VanderBeek
- YES - Councillor Lloyd Ferguson
- YES - Councillor Brenda Johnson
- YES - Councillor Maria Pearson
- YES - Councillor Brad Clark

**8. Lead Water Service Replacement Loan Program Amendments (FCS19025)  
(City Wide) (Outstanding Business List Item) (Item 10.3)**

**(Ferguson/Partridge)**

- (a) That the General Manager of Corporate Services be authorized to amend the Lead Water Service Replacement Loan Program (LWSRLP) so that effective May 1, 2019, loan amounts provided under the LWSRLP will be added to the property owner's Alectra Utilities water account to be repaid on a monthly basis over a period of up to 10 years;
- (b) That staff be authorized to offer property owners with a current outstanding loan the option to have the remaining balance transferred to their Alectra water account to be repaid monthly on the same terms when the loan was originally approved;
- (c) That the City Solicitor be authorized to make necessary changes to documents related to the LWSRLP to implement recommendations (a) and (b) of Report FCS19025;
- (d) That Hamilton Water staff report back to the Public Works Committee by Q3 2019 on the feasibility of replacing all known public lead water service lines; and,
- (e) That the Mayor, on behalf of City Council, submit a request to the Minister of Government and Consumer Services, seeking that legislative and regulatory enactments be made as part of implementation of the *Home Inspection Act, 2017*, to prescribe the requirement of testing water services to identify the presence of lead water service lines.

**Result: Motion CARRIED by a vote of 6 to 0, as follows:**

YES - Councillor Maureen Wilson  
YES - Chair Chad Collins  
YES - Councillor Judi Partridge  
NOT PRESENT - Councillor Arlene VanderBeek  
YES - Councillor Lloyd Ferguson  
NOT PRESENT - Councillor Brenda Johnson  
YES - Councillor Maria Pearson  
YES - Councillor Brad Clark

**9. Development Charges Stakeholders Sub-Committee Report 19-003 (Item 10.4)**

**(Clark/Pearson)**

- (a) **Development Charges By-law Policy – 2019 Development Charges Academic Comparators (FCS18062(b\d)) (City Wide) (Item 7.1)**

That Report FCS18062(d) respecting Development Charges By-law Policy – 2019 Development Charges Academic Comparators, be received.

**(b) 2019 Background Study for GO Transit Development Charges By-law Amendment (FCS19020) (City Wide) (Item 7.2)**

- (i) That Report FCS19020 be recognized as a Development Charge Background Study under Section 10 of the *Development Charges Act, 1997*, as amended for the purpose of providing background for amending policy of the existing GO Transit Development Charge By-law 11-174, as amended;
- (ii) That the Development Charges Stakeholder Sub-Committee approval of Report FCS19020 be considered the Public Release of the DC Background Study as required by Section 10(4) of the *Development Charges Act, 1997*, as amended; and,
- (iii) That the item respecting amendments to the GO Transit Development Charges By-law be identified as complete and removed from the Outstanding Business List.

**(c) 2019 Development Charges – Background Study (Item 10.1)**

That the 2019 Development Charges – Background Study, be received.

**Result: Motion CARRIED by a vote of 6 to 0, as follows:**

YES - Councillor Maureen Wilson  
YES - Chair Chad Collins  
YES - Councillor Judi Partridge  
NOT PRESENT - Councillor Arlene VanderBeek  
YES - Councillor Lloyd Ferguson  
NOT PRESENT - Councillor Brenda Johnson  
YES - Councillor Maria Pearson  
YES - Councillor Brad Clark

**FOR INFORMATION:**

**(a) CHANGES TO THE AGENDA (Item 2)**

The Committee Clerk advised of the following changes to the agenda:

**1. PUBLIC HEARINGS/DELEGATIONS (Item 8.1)**

**8.1(a) Morning Session (9:30 a.m.)**

8.1(a)(d) Sergio Manchia, UrbanSolutions Planning & Land Development Consultants Inc.

**8.1(b) Evening Session (7:00 p.m.)**

8.1(b)(b) Nafia Al-Mutawaly, Microgrid Solutions

8.1(b)(c) Stephanie Bertolo & Scott Robinson, McMaster Students Union

- 8.1(b)(d) Savan Chandaria, Tibro Group
- 8.1(b)(e) Karin Dearness

**8.1(c) Written Submissions**

- 8.1(c)(e) Mike Cope
- 8.1(c)(f) McMaster Students Union
- 8.1(c)(g) Joel Farber, Fogler, Rubinoff LLP
- 8.1(c)(h) Karl Gonnsen, Metropolitan Consulting Inc.
- 8.1(c)(i) T. Johns Consulting Group Ltd.
- 8.1(c)(j) Hamilton-Halton Home Builders' Association

**2. STAFF PRESENTATIONS (Item 9.1)**

- 9.1 Tax and Rate Operating Budget Variance Report as at December 31, 2018 – Budget Control Policy Transfers (FCS18067(b)) (City Wide)

Wording within Table 1 on page 2 of the report was revised, along with wording to page 17 and 18 of the Presentation.

**(Pearson/Partridge)**

That the agenda for the April 18, 2019 Audit, Finance and Administration Committee meeting be approved, as amended.

**Result: Motion CARRIED by a vote of 7 to 0, as follows:**

- YES - Councillor Maureen Wilson
- YES - Chair Chad Collins
- YES - Councillor Judi Partridge
- YES - Councillor Arlene VanderBeek
- YES - Councillor Lloyd Ferguson
- YES - Councillor Brenda Johnson
- YES - Councillor Maria Pearson
- NOT PRESENT - Councillor Brad Clark

**(b) DECLARATIONS OF INTEREST (Item 3)**

Councillor Wilson declared an interest in Item 8.1 respecting the 2019 Development Charges Background Study and By-law Update (FCS19036) pertaining to affordable housing, as a family member is involved in affordable housing financing (not delivery).



**(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 4)**

**(i) April 4, 2019 (Item 4.1)**

**(VanderBeek/Pearson)**

That the Minutes of the April 4, 2019 meeting of the Audit, Finance and Administration Committee be approved, as presented.

**Result: Motion CARRIED by a vote of 6 to 0, as follows:**

YES - Councillor Maureen Wilson  
YES - Chair Chad Collins  
YES - Councillor Judi Partridge  
YES - Councillor Arlene VanderBeek  
NOT PRESENT - Councillor Lloyd Ferguson  
YES - Councillor Brenda Johnson  
YES - Councillor Maria Pearson  
NOT PRESENT - Councillor Brad Clark

**(d) CONSENT ITEMS (Item 7)**

**(i) Minutes of Various Advisory Committees (Item 7.1)**

**(VanderBeek/Pearson)**

That the following minutes from various Advisory Committee meetings, be received as presented:

- (1) Hamilton Status of Women Committee – January 24, 2019  
(Item 7.1(a))
- (2) Hamilton Status of Women Committee – February 28, 2019  
(Item 7.1(b))
- (3) Hamilton Mundialization Committee – November 21, 2018  
(Item 7.1(c))
- (4) Hamilton Mundialization Committee – January 16, 2019  
(Item 7.1(d))
- (5) Hamilton Mundialization Committee – February 20, 2019  
(Item 7.1(e))
- (6) Advisory Committee for Immigrants and Refugees – October 11, 2018 (Item 7.1(f))

**CARRIED**

**(e) PUBLIC HEARINGS / DELEGATIONS (Item 8)**

**(i) 2019 Development Charges Background Study and By-law Update (FCS19036) (City Wide) (Item 8.1)**

The Chair advised that Item 8.1 was a public meeting pursuant to Section 12 of the Development Charges Act, 1997, to present and obtain public input on the City's proposed 2019 Development Charges By-law and the

respective underlying Background Study, as well as proposed amendments to Development Charges Exemption Policy contained within the City's GO Transit Development Charges By-law 11-174, and the respective underlying Background Study. The Chair further advised that notice of the public meeting was published in the Hamilton Spectator on March 22, 2019 and the Hamilton Community News on March 21, 2019, inviting interested parties to make representations at today's meeting. Any person in attendance was able to make representation.

Gary Scandlan, from Watson & Associates, addressed the Committee respecting the 2019 Development Charges Background Study, with the aid of a presentation.

**(Johnson/Pearson)**

That the presentation from Gary Scandlan, Watson & Associates respecting the 2019 Development Charges Background Study, be received.

**CARRIED**

A copy of the presentation is available on the City's website at [www.hamilton.ca](http://www.hamilton.ca) or through the office of the City clerk.

**Registered Speakers (9:30 a.m.)**

The following Registered Speakers addressed the Committee respecting the proposed 2019 Development Charges By-law and the respective underlying Background Study, as well as proposed amendments to Development Charges Exemption Policy contained within the City's GO Transit Development Charges By-law 11-174, and the respective underlying Background Study:

- 8.1(a)(a) Robert Graham and David Zeitsma, Redeemer University College (a copy of the presentation and handout is available at [www.hamilton.ca](http://www.hamilton.ca))
- 8.1(a)(b) Jesse Newton, Oak Hill Academy (a copy of the handout is available at [www.hamilton.ca](http://www.hamilton.ca))
- 8.1(a)(c) Dan Postma, Calvin Christian School (a copy of the presentation is available at [www.hamilton.ca](http://www.hamilton.ca))
- 8.1(a)(d) Sergio Manchia, UrbanSolutions Planning & Land Development Consultants Inc.

**Non-Registered Speakers (9:30 a.m.)**

The following Non-Registered Speakers addressed the Committee respecting the proposed 2019 Development Charges By-law and the respective underlying Background Study, as well as proposed amendments to Development Charges Exemption Policy contained within the City's GO Transit Development Charges By-law 11-174, and the respective underlying Background Study:

Don McLean  
Lynda Lukasik, Environment Hamilton  
Gail McKeegan

**(Clark/Ferguson)**

That the 9:30 a.m. Registered and Non-Registered delegations respecting the proposed 2019 Development Charges By-law and the respective underlying Background Study, as well as proposed amendments to Development Charges Exemption Policy contained within the City's GO Transit Development Charges By-law 11-174, and the respective underlying Background Study, be received.

**CARRIED**

**(VanderBeek/Partridge)**

That the public meeting respecting the proposed 2019 Development Charges By-law and the respective underlying Background Study, as well as proposed amendments to Development Charges Exemption Policy contained within the City's GO Transit Development Charges By-law 11-174, and the respective underlying Background Study be recessed at 12:32 p.m.

**CARRIED**

**(Clark/Wilson)**

That the public meeting respecting the proposed 2019 Development Charges By-law and the respective underlying Background Study, as well as proposed amendments to Development Charges Exemption Policy contained within the City's GO Transit Development Charges By-law 11-174, and the respective underlying Background Study be reconvened at 7:00 p.m. to allow for the evening session of Registered and Non-Registered Speakers.

**CARRIED**

**Registered Speakers (7:00 p.m.)**

The following Registered Speakers addressed the Committee respecting the proposed 2019 Development Charges By-law and the respective underlying Background Study, as well as proposed amendments to Development Charges Exemption Policy contained within the City's GO Transit Development Charges By-law 11-174, and the respective underlying Background Study:

- 8.1(b)(a) Dr. Patrick Deane, President and Vice-Chancellor, Roger Couldrey, Vice-President, McMaster University (a copy of the presentation and submission is available at [www.hamilton.ca](http://www.hamilton.ca))
- 8.1(b)(b) Dr. Nafia Al-Mutawaly, Microgrid Solutions, Lotfi Belkhir, McMaster University Engineering, Brian de Nobriga, Claybar Contracting Inc, and Dr. Maryam Rostami, McMaster

University, Department of Family Medicine (a copy of the presentation is available at [www.hamilton.ca](http://www.hamilton.ca))

The video is available at the following link:  
<https://www.youtube.com/watch?v=70SUt7Qwqk>

- 8.1(b)(c) Stephanie Bertolo and Scott Robinson, McMaster Students Union (a copy of the presentation is available at [www.hamilton.ca](http://www.hamilton.ca))
- 8.1(b)(d) Savan Chandaria, Tibro Group (a copy of the presentation is available at [www.hamilton.ca](http://www.hamilton.ca))
- 8.1(b)(e) Karin Dearness (a copy of the presentation is available at [www.hamilton.ca](http://www.hamilton.ca))

### **Non-Registered Speakers (7:00 p.m.)**

The Chair called for any Non-Registered Speakers to address the Committee respecting the proposed 2019 Development Charges By-law and the respective underlying Background Study, as well as proposed amendments to Development Charges Exemption Policy contained within the City' s GO Transit Development Charges By-law 11-174, and the respective underlying Background Study and no one came forward to speak.

#### **(Clark/Pearson)**

That the 7:00 p.m. Registered delegations respecting the proposed 2019 Development Charges By-law and the respective underlying Background Study, as well as proposed amendments to Development Charges Exemption Policy contained within the City' s GO Transit Development Charges By-law 11-174, and the respective underlying Background Study, be received.

**CARRIED**

### **Written Submissions**

#### **(Clark/Johnson)**

That the following written submissions respecting the proposed 2019 Development Charges By-law and the respective underlying Background Study, as well as proposed amendments to Development Charges Exemption Policy contained within the City' s GO Transit Development Charges By-law 11-174, and the respective underlying Background Study, be received:

- 8.1(c)(a) Patrick Deane, McMaster University
- 8.1(c)(b) Thomas Ferns, Mohawk College
- 8.1(c)(c) David Zietsma, Redemeer University College
- 8.1(c)(d) Matthias Feiner
- 8.1(c)(e) Mike Cope
- 8.1(c)(f) McMaster Students Union
- 8.1(c)(g) Joel Farber, Fogler, Rubinoff LLP
- 8.1(c)(h) Karl Gonnsen, Metropolitan Consulting Inc.

- 8.1(c)(i) T. Johns Consulting Group Ltd.
- 8.1(c)(j) Hamilton-Halton Home Builders' Association

**CARRIED**

**(VanderBeek/Wilson)**

That the public meeting respecting the proposed 2019 Development Charges By-law and the respective underlying Background Study, as well as proposed amendments to Development Charges Exemption Policy contained within the City's GO Transit Development Charges By-law 11-174, and the respective underlying Background Study, be closed.

**CARRIED**

For further disposition of this matter, refer to Item 4.

**(f) STAFF PRESENTATIONS (Item 9)**

- (i) Tax and Rate Operating Budget Variance Report as at December 31, 2018 – Budget Control Policy Transfers (FCS18067(b)) (City Wide) (Item 9.1)**

Brian McMullen, Acting General Manager, Finance and Corporate Services, addressed the Committee respecting Tax and Rate Operating Budget Variance Report as at December 31, 2018 - Budget Control Policy Transfers, with the aid of a presentation.

**(Ferguson/VanderBeek)**

That the presentation respecting Tax and Rate Operating Budget Variance Report as at December 31, 2018 - Budget Control Policy Transfers, be received.

**CARRIED**

A copy of the presentation is available on the City's website at [www.hamilton.ca](http://www.hamilton.ca) or through the office of the City Clerk.

For further disposition of this matter, refer to Item 5.

**(g) NOTICES OF MOTION (Item 12)**

Councillor Collins relinquished the Chair to introduce the following Notices of Motion respecting the 2019 Development Charges Background Study and By-law Update:

- (i) 2019 Development Charges By-law – Garden Suites (Added Item 12.1)**

WHEREAS, the proposed 2019 Development Charges By-law provides an exemption for Laneway Houses;

WHEREAS, a Garden Suite is an alternative form of a detached dwelling that only exists on a lot ancillary to a principal dwelling which expands the housing stock on properties with existing single and semi-detached dwellings in a manner similar to Laneway Houses; and,

WHEREAS, a Garden Suite is already defined within the proposed 2019 Development Charges By-law;

BE IT THEREFORE RESOLVED:

That a Garden Suite be added to the list of exempted uses within Section 25 of the proposed 2019 Development Charges By-law.

**(ii) 2019 Development Charges By-law – Commercial Greenhouse (Added Item 12.2)**

WHEREAS, the proposed 2019 Development Charges By-law lists Commercial Greenhouse within the definition of Industrial Development;

WHEREAS, per the proposed 2019 DC By-law a Commercial Greenhouse “means a Building, that is made primarily of translucent building material, used, designed or intended to be used for the sale and display of plants products grown or stored therein gardening supplies and equipment, or landscaping supplies and equipment” which is a retail use, not an industrial use;

WHEREAS, comparator municipalities assess these types of retail greenhouses as commercial; and,

WHEREAS, “Retail Greenhouse” is a more descriptive term to ensure that there is no confusion with a wholesale greenhouse, which is an agriculture use;

THEREFORE BE IT RESOLVED:

That the term Commercial Greenhouse be removed from the definition of Industrial Development in the proposed 2019 DC By-law, thereby having the use default to being assessed as non-industrial; and,

That the defined term Commercial Greenhouse be restated as Retail Greenhouse.

**(iii) 2019 Development Charges By-law – CityHousing Hamilton (Added Item 12.3)**

WHEREAS, buildings developed and used for the City of Hamilton and Local Boards is exempt pursuant to Section 3 of the Development

Charges Act, 1997 and Section 20 of the proposed 2019 Development Charges By-law;

WHEREAS, the 2019 Development Charges Background Study includes capital projects by CityHousing Hamilton to fulfil the service of social housing provided by the City of Hamilton;

WHEREAS, CityHousing Hamilton is not a Board per the enacting legislation; and,

WHEREAS, the capital cost of social housing projects would increase, thereby increasing the overall Development Charge rates if the City were to charge Development Charges on projects owned and used by CityHousing Hamilton to fulfillment of the social housing service provided by the City of Hamilton;

THEREFORE BE IT RESOLVED:

That CityHousing Hamilton be added to the list of exempted organizations in Section 20 of the proposed 2019 Development Charges By-law.

**(h) GENERAL INFORMATION / OTHER BUSINESS (Item 13)**

**(i) Amendments to the Outstanding Business List:**

**(Ferguson/Partridge)**

That the following amendments to the Audit, Finance & Administration Committee's Outstanding Business List, be approved:

**(a) Items to be removed:**

Item: 19-D

That the subject matter respecting "the feasibility of a grant program for residents for any lead pipe watermain replacement" be identified as complete and removed from the Audit, Finance and Administration Committee Outstanding Business List.

**Result: Motion CARRIED by a vote of 6 to 0, as follows:**

YES - Councillor Maureen Wilson  
YES - Chair Chad Collins  
YES - Councillor Judi Partridge  
NOT PRESENT - Councillor Arlene VanderBeek  
YES - Councillor Lloyd Ferguson  
NOT PRESENT - Councillor Brenda Johnson  
YES - Councillor Maria Pearson  
YES - Councillor Brad Clark

(i) **ADJOURNMENT (Item 15)**

**(Pearson/VanderBeek)**

That, there being no further business, the Audit, Finance and Administration Committee, be adjourned at 10:02 p.m.

**CARRIED**

Respectfully submitted,

Councillor Collins, Chair  
Audit, Finance and Administration  
Committee

Angela McRae  
Legislative Coordinator  
Office of the City Clerk





## INFORMATION REPORT

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	May 2, 2019
<b>SUBJECT/REPORT NO:</b>	Hamilton Future Fund Investment Performance Report - December 31, 2018 (FCS19027) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Gerald T. Boychuk 905-546-4321 Brandon A. Teglas 905-546-4363
<b>SUBMITTED BY:</b>	Cindy Mercanti Director, Customer Service and POA Acting Director, Financial Planning and Policy Corporate Services Department
<b>SIGNATURE:</b>	

### COUNCIL DIRECTION

Not applicable.

### INFORMATION

The City of Hamilton Future Fund portfolio of investments had an earnings rate of 2.62% for the 12 months ending December 31, 2018 and an average earnings rate of 2.45% over the past five years. The earnings rate includes interest and lending revenues but excludes realized and unrealized capital gains / losses.

The City of Hamilton Future Fund's portfolio generated approximately \$1,232,579 in bond interest, net realized capital gains / losses and lending revenue over the last 12 months ending December 31, 2018. The total return of \$1,232,579 was realized on an investment at an average cost of \$47,275,151, giving a percentage return on cost of 2.63%. Bond lending revenues of \$14,128 are included in the earnings rate of 2.62%. Interest, net realized capital gains / losses and lending income over the last five years have averaged \$1.10 M annually.

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OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Hamilton Future Fund Investment Performance Report –  
December 31, 2018 (FCS19027) (City Wide) – Page 2 of 4**

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As at December 31, 2018, net unrealized capital gain was \$122,637 and a net capital loss of \$8,272 was realized over the past 12 months. The duration of the portfolio of investments was 5.69 years as at December 31, 2018 compared with 5.37 years as at December 31, 2017.

As of December 31, 2018, the market value of the portfolio was \$45,629,304 compared with \$44,349,382 as at December 31, 2017, an increase of \$1,279,922.

For the 12 months ending December 31, 2018, the overall return (includes interest, bond lending revenue, realized and unrealized capital gains / losses) was 1.95%, outperforming the benchmark return of 1.79% by 16 basis points. Over the past five years, the overall return has averaged 2.38% per annum, outperforming the average benchmark return over the same five-year period of 1.96% by 42 basis points. The out performance of the Hamilton Future Fund relative to the benchmark over the last five years is attributed mostly to its overweight position over the last couple of years in longer term bonds.

The overall returns for the One Fund (offered by the Association of Municipalities of Ontario and the Municipal Finance Officers Association) for the year ending December 31, 2018 were 1.51% for bonds and 1.43% for money market. If the City's Policy had been used in these funds (i.e. 90% bonds and 10% money market), the overall return would have been 1.50% or 45 basis points less than the actual return of 1.95%. Using an average portfolio market value of \$47,010,291 for the past 12 months, an increase of 0.45% in overall return resulted in a revenue increase of approximately \$211,546. The One Funds underperformance over this period is attributed to its policy of investing in short-term bonds. The FTSE TMX Mid-Government Index returned 2.12% and the FTSE TMX Short Government Index returned 1.96%.

**SUBJECT: Hamilton Future Fund Investment Performance Report –  
December 31, 2018 (FCS19027) (City Wide) – Page 3 of 4**

Table 1 summarizes the investment return indicators.

**Table 1: Investment Return Indicators (for information purposes only)**

	12 Months ended 12/31/2018	12 Months ended 12/31/2017	12 Months ended 12/31/2016	12 Months ended 12/31/2015	12 Months ended 12/31/2014
Policy Target	1.79%	0.42%	0.52%	2.72%	4.34%
Hamilton Future Fund Portfolio	1.95%	1.50%	1.61%	2.57%	4.25%
One Fund – Bonds	1.51%	-0.15%	0.68%	1.94%	2.91%
One Fund –Money Mkt.	1.43%	0.60%	0.50%	0.67%	0.86%
FTSE TMX – Short Government	1.96%	-0.38%	0.35%	2.54%	2.76%
FTSE TMX – Mid Government	2.12%	0.46%	0.87%	5.11%	9.11%
Bond Lending Revenue	14,128	\$9,479	\$6,071	\$5,252	\$2,411
Earnings Rate (Excludes Capital Gains/Losses)	2.62%	2.55%	2.66%	2.61%	2.52%

Table 2 summarizes the changes in Canadian interest rates over the past 24 months.

**Table 2**

CANADIAN INTEREST RATES			
Canada Benchmark Bond	Interest Rate January 2, 2019	Interest Rate January 2, 2018	Interest Rate January 3, 2017
One Month (T-Bill)	1.63%	0.95%	0.40%
2 year	1.86%	1.68%	0.77%
5 year	1.85%	1.86%	1.14%
10 year	1.92%	2.05%	1.74%

Through 2018, short-term rates increased as the Bank of Canada's bank rate moved up to 1.0% by year end. Longer term rates tended to move progressively lower led by the 10-year and 30-year bonds. The decline was based on reduced inflation fears and reduced concerns of a rate increase by the Bank of Canada. As well, commodity prices, particularly oil, which opened the year at \$60 a barrel before closing 2018 at \$45 were moving higher. This in turn led to increasing upward pressure on the Canadian dollar with an increase in its value year end. The Canadian dollar ended the year at \$0.733 US, having closed 2017 at \$0.797 US. This was due to decreased projected global economic activity and a decrease in general commodities pricing, especially oil. The portfolio of bonds, despite having a high proportion of near 10-year terms, outperformed the One Fund and the benchmark.

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**SUBJECT: Hamilton Future Fund Investment Performance Report –  
December 31, 2018 (FCS19027) (City Wide) – Page 4 of 4**

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The Canadian economy performed well. Growing 1.8 % overall, it lagged the projected year-end growth rate of 2.0% by 0.2%, which led to the short-term rate increases late in the year. The Bank of Canada had projected 2.0% growth in 2017 for 2018. Going forward, the projected growth for 2019 is less than 1.8%. Some have speculated on a rate of less than 1%, which would be underperforming the target growth of 2.0% per year. This would indicate long-term slow growth with rates on hold, awaiting a return to July 2018 levels.

Concerns with trade relations in North America globally rose, specifically trade war fears due to tariff threats by the United States. The United States have proceeded to place tariffs on steel imports at different levels with all countries, including Canada. As well, Canada and the United States' negotiations on the North American Free Trade Agreement (NAFTA) were concluded without a clear resolution or acceptance of the United States, Mexico and Canada agreement (USMCA). This agreement is experiencing problems being passed by Congress, leaving uncertainty in trade relations. The potential exit of Britain from the European Union is also contributing to overall economic uncertainty, slow growth and declining economic activity. The uncertainty of the negotiations has stopped the Bank of Canada from increasing rates further in the near term, even though oil recovered to nearly \$60 a barrel.

GB/BT/dt



## INFORMATION REPORT

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	May 2, 2019
<b>SUBJECT/REPORT NO:</b>	Reserve / Revenue Fund Investment Performance Report – December 31, 2018 (FCS19028) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Gerald T. Boychuk (905) 546-2424 Ext. 4321 Brandon A. Teglas (905) 546-2424 Ext. 4363
<b>SUBMITTED BY:</b>	Cindy Mercanti Director, Customer Service and POA Acting Director, Financial Planning and Policy Corporate Services Department
<b>SIGNATURE:</b>	

### Council Direction:

Not Applicable.

### Information:

The investment portfolio for the City of Hamilton's (City's) Reserve / Revenue Fund (comprised of reserve / revenue funds, capital account balances and unused operating funds) had an earnings rate of 2.85% for the 12 months ending December 31, 2018 and had an average earnings rate of 2.83% over the past five years. The earnings rate includes interest and lending revenues but excludes realized and unrealized capital gains / losses.

The City's portfolio generated \$28,637,735 in bond interest, net realized capital gains / losses, lending revenue and bank interest over the 12 months ending December 31, 2018. The average dollar amount generated over the last five years is \$26.45 M. The return of \$28,637,735 was realized on an average asset cost of \$1,071,823,723 (made up of \$935,761,992 for the investment portfolio plus \$107,423,996 for the City's bank account balance plus \$28,759,947 for the One Fund Equity and Universe Corporate Bond), giving a percentage return on cost of 2.67%. Bond lending revenues of \$284,474 are included in the earnings rate of 2.85%. Net unrealized capital gains were \$2,358,935 as at December 31, 2018.

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**SUBJECT: Reserve / Revenue Fund Investment Performance Report –  
December 31, 2018 (FCS19028) (City Wide) – Page 2 of 4**

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For the 12 months ending December 31, 2018, the overall return (includes bond interest, bond lending revenues, realized capital gains / losses and unrealized capital gains / losses) was 1.82% and the return on the benchmark was 1.79%, resulting in an outperformance of 3 basis points. Over the past five years, the overall return has averaged 2.91% per annum, outperforming the average return on the benchmark over the same five-year period of 1.96% by 95 basis points. For the one-year period ending December 31, 2018, the out-performance of the investment portfolio relative to the benchmark is attributed to its longer duration, resulting in mid-term and long-term bonds outperforming short-term bonds given the significant decrease into the fall of 2018.

By comparison, the overall returns for the One Fund portfolios (offered by the Association of Municipalities of Ontario and the Municipal Finance Officers' Association), over the 12-month period ending December 31, 2018 were 1.51% for bonds and 1.43% for money market. If the City's Policy had been used in these funds (i.e. 90% bonds and 10% money market), then the overall return would have been 32 basis points less than the actual return of 1.82% or 1.50%. On an average portfolio market value of \$941 M, (excluding One Fund Equity and bank account balances), the incremental return of 0.32% resulted in incremental revenue of approximately \$3.01 M. The One Fund's under-performance is attributed to its policy of investing in short-term bonds. The FTSE TMX All-Government Mid Index returned 2.12% and the FTSE TMX Short Government Index returned 1.96%.

Table 1 summarizes the investment return indicators.

**Table 1 - Investment Return Indicators** (for information purposes only)

	12 Months ended 12/31/2018	12 Months ended 12/31/2017	12 Months ended 12/31/2016	12 Months ended 12/31/2015	12 Months ended 12/31/2014
Policy Target	1.79%	0.42%	0.52%	2.72%	4.34%
City's Portfolio	1.82%	1.29%	1.49%	3.56%	6.39%
One Fund – Bonds	1.51%	-0.15%	0.68%	1.94%	2.91%
One Fund – Money Market	1.43%	0.60%	0.50%	0.67%	0.86%
FTSE TMX – Short Government	1.96%	-0.38%	0.35%	2.54%	2.76%
FTSE TMX – Mid Government	2.12%	0.46%	0.87%	5.11%	9.11%
Bond Lending Revenue	\$284,474	\$231,169	\$155,754	\$130,191	\$115,803
Earnings Rate (Excludes Capital Gains/Losses)	2.85%	2.79%	2.78%	2.83%	2.91%
City's Return One Fund Investment (Equity)	2.24%	9.85%	14.18%	-0.11%	25.09%

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**SUBJECT: Reserve / Revenue Fund Investment Performance Report –  
December 31, 2018 (FCS19028) (City Wide) – Page 3 of 4**

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The investments in the portfolio, excluding the One Fund Equity investment, consist of 100% bonds and 0% money market. During the year ending December 31, 2018, the interest rate earned in the City's bank account was greater than the interest rate earned on Treasury Bills and Banker's Acceptances (with term to maturity less than six months) and therefore, funds that were earmarked for short-term expenses were held in the City's bank account. The City also continued to hold a modest amount of Floating Rate Notes, which continued to be a favourable alternative to money market securities. As at December 31, 2018, the duration of the portfolio was 4.72 years compared with 5.14 years as at December 31, 2017.

On December 31, 2018, the market value of the investment portfolio was \$960,742,216 (excluding One Fund Equity and bank balances), an increase of \$82,446,258 compared to \$878,295,958 as at December 31, 2017.

The restructured Asset Backed Commercial Paper (Master Asset Vehicles) was sold in 2013 and all the remaining \$10,000,000 of Devonshire notes were redeemed in 2014 at par. Reserves set aside under the Companies' Creditors Arrangement Act (CCAA) and held by the court appointed Monitor (Deloitte) totalled \$4,838,001 net of expenses at December 31, 2018. The City of Hamilton's pro-rata share is estimated from the low distribution estimate of \$1,547 and a high of \$774,471 depending upon expenses over the next two years.

As at December 31, 2018, the One Fund equity holdings market value was \$33.638 M (or 3.50% of the market value of the Reserve Fund including the One Fund but excluding bank balances). Over the 12-month period ending December 31, 2018, the City's investment returned 2.24%. We increased the City's investment in the One Fund's Equity Fund and the Universe Bond Fund in 2018.

Table 2 shows the changes in Canadian interest rates over the past 24 months.

**Table 2**

CANADIAN INTEREST RATES			
Canada Benchmark Bond	Interest Rate January 2, 2019	Interest Rate January 2, 2018	Interest Rate January 3, 2017
One Month (T-Bill)	1.63%	0.95%	0.40%
2 year	1.86%	1.68%	0.77%
5 year	1.85%	1.86%	1.14%
10 year	1.92%	2.05%	1.74%

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**SUBJECT: Reserve / Revenue Fund Investment Performance Report –  
December 31, 2018 (FCS19028) (City Wide) – Page 4 of 4**

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Through 2018, short-term rates increased as the Bank of Canada's bank rate moved up to 1.0% by year end. Longer term rates tended to move progressively lower led by the 10-year and 30-year bonds. The decline was based on reduced inflation fears and reduced concerns of a rate increase by the Bank of Canada. As well, commodity prices, particularly oil which opened the year at \$60 a barrel before closing 2018 at \$45, were moving higher. This, in turn, led to increasing upward pressure on the Canadian dollar, with an increase in its value year end. The Canadian dollar ended the year at \$0.733 US, having closed 2017 at \$0.797 US. This was due to decreased projected global economic activity and a decrease in general commodities pricing, especially oil. The portfolio of bonds, in spite of having a high proportion of near 10-year terms outperformed the One Fund and the benchmark.

The Canadian economy performed well. Growing 1.8 % overall, it lagged the projected year-end growth rate of 2.0% by 0.2%, which led to the short-term rate increases late in the year. The Bank of Canada had projected 2.0% growth in 2017 for 2018. Going forward, the projected growth for 2019 is less than 1.8%. Some have speculated on a rate of less than 1%, which would be underperforming the target growth of 2.0% per year. This would indicate long-term slow growth with rates on hold, awaiting a return to July 2018 levels.

Concerns with trade relations in North America globally rose, specifically trade war fears due to tariff threats by the United States. The United States have proceeded to place tariffs on steel imports at different levels with all countries, including Canada. As well, Canada and the United States' negotiations on the North American Free Trade Agreement (NAFTA) were concluded without a clear resolution or acceptance of the United States, Mexico and Canada agreement (USMCA). This agreement is experiencing problems being passed by Congress, leaving uncertainty in trade relations. The potential exit of Britain from the European Union is also contributing to overall economic uncertainty, slow growth and declining economic activity. The uncertainty of the negotiations has stopped the Bank of Canada from increasing rates further in the near term, even though oil recovered to nearly \$60 a barrel.

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# INFORMATION REPORT

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	May 2, 2019
<b>SUBJECT/REPORT NO:</b>	Cemetery Trust Accounts Investment Performance Report – December 31, 2018 (FCS19029) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Gerald T. Boychuk (905) 546-2424 Ext. 4321 Brandon A. Teglas (905) 546-2424 Ext. 4363
<b>SUBMITTED BY:</b>	Cindy Mercanti Director, Customer Service and POA Acting Director, Financial Planning and Policy Corporate Services Department
<b>SIGNATURE:</b>	

## Council Direction:

Not Applicable.

## Information:

Over the 12-month period ending December 31, 2018, the earnings rates are 1.87% for the Cemetery Care and Maintenance Trust, 1.49% for the Cemetery Monument Care Trust and 1.59% for the Cemetery Pre-Need Assurance Trust. The earnings rate includes interest and lending revenue but excludes realized and unrealized capital gains / losses.

Over the same period, the overall returns based on market value (which include interest, lending revenue and realized and unrealized capital gains / losses) are 1.88% for the Cemetery Care and Maintenance, 1.49% for the Cemetery Monument Care and 1.59% for the Cemetery Pre-Need Assurance. The overall return for the benchmark (or Policy return) is 1.41%. As a result, the Cemetery Care and Maintenance out-performed the benchmark by 47 basis points, while the Cemetery Monument Care and Cemetery Pre-Need Assurance out-performed the benchmark by 8 basis points and 18 basis points, respectively.

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**SUBJECT: Cemetery Trust Accounts Investment Performance Report –  
December 31, 2018 (FCS19029) (City Wide) – Page 2 of 3**

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As of December 31, 2018, the total portfolio market values are \$10,833,356 (with \$494,152 of net unrealized capital gains) for the Cemetery Care and Maintenance Trust, \$957,241 (with \$89,894 of net unrealized capital gains) for the Cemetery Monument Care Trust and \$2,542,373 (with \$150,495 of net unrealized capital gains) for the Cemetery Pre-Need Assurance Trust.

The following Table shows the investment return indicators.

<b>Investment Return Indicators</b> (for information purposes only)			
	12 Months ended 12/31/2018	12 Months ended 12/31/2017	12 Months ended 12/31/2016
<b>Earnings Rate (Excluding Unrealized Capital Gains or Loss)</b>			
Cemetery Care and Maintenance	1.87%	3.18%	3.11%
Cemetery Monument Care	1.49%	3.52%	3.42%
Cemetery Pre-Need Assurance	1.59%	3.36%	3.30%
<b>Total Return</b>			
Cemetery Care and Maintenance	1.88%	2.30%	1.86%
Cemetery Monument Care	1.49%	3.29%	2.20%
Cemetery Pre-Need Assurance	1.59%	3.01%	1.94%
Policy Target (FTSE TMX Canada Universe Bond)	1.41%	2.52%	1.66%
<b>Bond Lending Revenue</b>			
Cemetery Care and Maintenance	\$ 3 032.65	\$ 3,217.66	\$ 801.90
Cemetery Monument Care	\$ 320.26	\$ 198.43	\$ 26.12
Cemetery Pre-Need Assurance	\$ 691.28	\$ 405.83	\$ 38.99
<b>Income Earned*</b>			
Cemetery Care and Maintenance	\$ 372,106	\$ 360,609	\$ 354,012
Cemetery Monument Care	\$ 37,591	\$ 39,488	\$ 39,113
Cemetery Pre-Need Assurance	\$ 93,537	\$ 96,691	\$ 93,330
<b>Ending Portfolio Market Value</b>			
Cemetery Care and Maintenance	\$ 10,833,356	\$ 11,143,376	\$ 11,678,834
Cemetery Monument Care	\$ 957,241	\$ 1,122,473	\$ 1,174,613
Cemetery Pre-Need Assurance	\$ 2,542,373	\$ 2,869,118	\$ 2,976,545

\*Does not include interest earned in the bank account on balances.

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**SUBJECT: Cemetery Trust Accounts Investment Performance Report –  
December 31, 2018 (FCS19029) (City Wide) – Page 3 of 3**

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The Cemetery Care and Maintenance, Cemetery Monument Care and Cemetery Pre-Need Assurance Trust portfolios out-performed relative to the Policy because they held some long-term bonds which out-performed relative to shorter term bonds over the one-year period ending December 31, 2018 due to their higher coupon rate. Short-term interest rates rose three times in 2018, which created a flat interest curve by year-end. This created a significant depreciation in short-term bond values while longer terms tended to be stable or appreciated slightly in value, creating a reduction in year-end portfolio market values and a flat yield curve.

The current strategy is to expect appreciation in longer term rates going forward with stabilization in the 10-year area. The United States has paused in increasing their interest rates with the pause in economic growth and with concerns of a recession due to the very poor growth shown in late 2018 and early 2019.

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# INFORMATION REPORT

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	May 2, 2019
<b>SUBJECT/REPORT NO:</b>	Vacancy Rebate – Delegation Request (FCS19037) (City Wide) <b>(Outstanding Business List Item)</b>
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Maria Di Santo (905) 546-2424 Ext. 5254 David Janaszek (905) 546-2424 Ext. 4546
<b>SUBMITTED BY:</b>	Rick Male Director, Financial Services and Taxation & Corporate Controller Corporate Services Department
<b>SIGNATURE:</b>	

## COUNCIL DIRECTION

At the February 21, 2019 Audit, Finance & Administration Committee, Voislav Bjelajac and James Hartl (2493957 Ontario Inc – owner of 540-542 Upper James Street; Roll # 080.912.00400.0000) appeared as a delegation, requesting the approval of a Vacancy Rebate for the 2016 taxation year which staff had denied. In follow-up to the delegation's request, the Audit, Finance & Administration Committee approved the following motion:

### **(Clark/Pearson)**

That staff be directed to contact the Municipal Property Assessment Corporation (MPAC) to determine what documents were submitted to MPAC from Voislav Bjelajac and James Hartl regarding the property, and report back to the Audit, Finance and Administration Committee.

## INFORMATION

The Municipal Property Assessment Corporation (MPAC) confirmed that they did not receive a 2016 Vacancy Rebate application, intended for the City of Hamilton, from the property owners of 540-542 Upper James Street (Roll # 080.912.00400.0000). MPAC further confirmed that had they received the Vacancy Rebate application form in error,

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**SUBJECT: Vacancy Rebate – Delegation Request (FCS19037) (City Wide)  
(Outstanding Business List Item) - Page 2 of 4**

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they would have returned it to the property owner. MPAC only accepts Vacancy applications as provided by the Municipality.

Instead, MPAC received a completed “Request for Property Information” form. This is an MPAC sales questionnaire, which is used to assist in determining an appropriate property valuation and assessed value. This has been further supported by Mr. Bjelajac in a follow-up e-mail to the City’s Clerks office. Following the February 21, 2019 Audit, Finance & Administration Committee, Mr. Bjelajac provided the completed “Request for Property Information” form which they completed and returned to MPAC. In his e-mail, Mr. Bjelajac confirmed that this MPAC form, and not the City of Hamilton Vacancy Rebate form, was mailed to MPAC. In addition to questions pertaining to the particulars on the purchase of the property, MPAC’s form also requested information with respect to the proposed use of the property and what percentage of the property was vacant when it was purchased. Although the form was completed to identify that 100% of the property was vacant at the time of purchase, the form does not mention any vacancy rebate and rather states that the information provided on the form “*will be used primarily for property valuation and assessment purposes*”.

The *Municipal Act, 2001* states that the Vacancy Rebate application is to be made to the local Municipality by the last day of February of the year following the taxation year in respect of which the application is made. In accordance to this, a vacancy application for the 2016 taxation year would then need to be submitted to the Municipality by February 28, 2017. Based on the information provided by both MPAC and property owner himself, it confirms that a Vacancy Rebate application form for the 2016 taxation year was in fact not completed and submitted by the property owner.

Below is a chronology of events leading up to staff’s denial of a 2016 vacancy rebate:

- August 2016 – MPAC issued Post Assessment Change Notices for the building effective January 1, 2016. These notices are mailed directly to the property owner.
- September 2016 - the City of Hamilton issued supplementary/omitted tax bills resulting from MPAC assessing the building back to January 1, 2016 (previously assessed as vacant commercial land). In the letter mailed out with the supplementary/ omitted tax bills, the City directs the property owner to MPAC, should they “*have any questions or concerns about the new assessed value, or the date the change occurred*”. The letter also provides information on enrolling in the pre-authorized payment plan to help spread the payment of the supplementary/omitted tax bills until June 2017 – of which the property owner agreed and provided the appropriate documentation to enrol in the pre-authorized payment plan.

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**SUBJECT: Vacancy Rebate – Delegation Request (FCS19037) (City Wide)  
(Outstanding Business List Item) - Page 3 of 4**

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- December 2016 – the deadline to submit a Request for Reconsideration to MPAC for the 2016 supplementary/omitted assessment. The property owner submitted a Request for Reconsideration by the 120-day deadline, disputing the effective date of January 1, 2016 for the supplementary/omitted assessment.
- January 2017 – MPAC issued Minutes of Settlement, agreeing to change the effective date of the 2016 supplementary/omitted assessment from the original date of January 1, 2016 to the revised date of August 24, 2016. The Minutes of Settlement also reflected an increase in the assessment for additional data elements identified through an inspection that were not originally assessed by MPAC. Although the assessment was increased by 66,000, in light of new information obtained by MPAC during their inspection of the property, the benefit of maintaining the lower vacant commercial land assessment from Jan 1 – Aug 23, 2016, far outweighed the 66,000 increase in commercial assessment from Aug 24 – Dec 31, 2016 as follows:
  - Total taxes originally billed via the supplementary/omitted tax bills which added the value of the structure effective January 1, 2016 = \$28,674.71
  - Revised total taxes based on MPAC’s Minutes of Settlement which revised the effective date of the structure to August 24, 2016 and increased the assessment by 66,000 = \$16,238.57
- MPAC’s Minutes of Settlement would have resulted in the 2016 property taxes being reduced by \$12,436.14 (\$16,238.57 compared to the original amount of \$28,674.71) and therefore no vacancy rebate would have been warranted, as the property owner would have continued to be levied taxes at the lower vacant commercial land assessment up to August 23, 2016.
- March 2017 - The property owner rejected MPAC’s Minutes of Settlement and therefore the originally billed 2016 property taxes of \$28,674.71 was maintained. The property owner filled an appeal with the Assessment Review Board (ARB) within the required 90 days.
- November 2018 – the property owner contacts the City of Hamilton inquiring about their 2016 Vacancy Rebate. In their correspondence, they stated that they mailed the application on two separate occasions to 71 Main St W, once in early 2017 and a second time in early 2018. The City of Hamilton has no record of receiving either application, which the property owner has now confirmed was not the case.

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**SUBJECT: Vacancy Rebate – Delegation Request (FCS19037) (City Wide)  
(Outstanding Business List Item) - Page 4 of 4**

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Information on the City's Vacancy Rebate is available on the City's website and included in the annual brochure mailed out with the property tax bills. It is the property owner's responsibility to familiarize themselves with the available rebate programs and ensure the application form is completed and submitted by the application deadline. This due date is stipulated in the Municipal Act, and as such, applications received past the deadline are not accepted by Taxation staff.

The property owner had the option to sign the Minutes of Settlement, and thereby continue to pay at the lower commercial vacant land assessment for the period the structure was vacant in 2016, however, they chose to reject the Minutes of Settlement. Taxation staff cannot go back and now allow a vacancy rebate which should have been submitted to the City in February 2017. The property owner can no longer apply for vacancy for 2016, as it is well passed the deadline. There is case law by the Assessment Review Board dismissing appeals of vacancy applications which were not made by the deadline on the basis that it does not have the authority to extend the statutory deadline for filing an application.

**APPENDICES AND SCHEDULES ATTACHED**

N/A

MD/DJ/dw





**CITY OF HAMILTON**  
**CORPORATE SERVICES DEPARTMENT**  
**Financial Planning, Administration and Policy Division**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	May 2, 2019
<b>SUBJECT/REPORT NO:</b>	Treasurer's Investment Report 2018 Fiscal Year by Aon (FCS19019) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Rosaria Morelli (905) 546-2424 Ext. 1390
<b>SUBMITTED BY:</b>	Brian McMullen Acting General Manager, Finance and Corporate Services Corporate Service Department
<b>SIGNATURE:</b>	

### RECOMMENDATION

That Report FCS19019 "Treasurer's Investment Report 2018 Fiscal Year by Aon", as provided to Council, be forwarded to the Hamilton Future Fund Board of Governors, for information.

### EXECUTIVE SUMMARY

In accordance with the *Municipal Act, 2001*, the regulations thereunder and the City of Hamilton's Statement of Investment Policies and Procedures (the "SIPP"), the Treasurer of the City of Hamilton (the Acting General Manager of Finance and Corporate Services) is presenting to Council the City of Hamilton Reserve Funds Treasurer's Investment Report 2018 Fiscal Year (the "Treasurer's Report"), attached as Appendix "A" to Report FCS19019.

The Treasurer's Report is an investment report for the City of Hamilton Reserve Fund and the Hamilton Future Fund (the "Funds") for the City's fiscal year ending December 31, 2018 and is prepared by Aon on behalf of the Treasurer of the City of Hamilton.

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All investments met the eligibility requirements as prescribed by the Ontario Regulation 438/97 (“O. Reg. 438/97”) and were made in accordance with the investment policies and goals adopted by the City of Hamilton’s SIPP (the “City’s SIPP”).

#### Investment Performance of the Funds

Report FCS19028 provides details on the investment performance of the Reserve Fund as at December 31, 2018. Report FCS19027 provides details on the investment performance of the Hamilton Future Fund as at December 31, 2018.

The market rates of return for the 12-month period ending December 31, 2018 were 1.82% for the Reserve Fund and 1.95% for the Hamilton Future Fund. The Reserve Fund outperformed the benchmark rate of return of 1.79% by 0.03%, attributed mostly to its overweight position in longer-dated bonds, which outperformed shorter-dated bonds during the year 2018. The Hamilton Future Fund outperformed the benchmark rate of return of 1.79% by 0.16%, attributed mostly to its overweight position in longer-dated bonds.

Market rate of return is based on security market value and includes net unrealized gains and losses, net realized gains and losses and income. The market rate of return is provided by RBC Investor & Treasury Services (“RBCITS”), the City’s custodian. The market rates of return for the Funds given above as well as those for each quarter-end in fiscal year 2018 and for the two, three and four-year periods ending December 31, 2018, were verified (allowing for a tracking error of plus or minus 0.10%) by Aon, thereby providing an independent third-party review of the Funds’ investment performance.

The annual rates of return on average cost for the 12-month period ending December 31, 2018 were 2.67% for the Reserve Fund and 2.63% for the Hamilton Future Fund. The rate of return on average cost uses original cost to value the securities and includes both income and net realized gains and losses but excludes net unrealized gains and losses.

#### Investment in City of Hamilton Securities

During the fiscal year 2018, the City of Hamilton (City) was invested in its own long-term securities, which had a market value of \$3.3 M or a proportion of 0.33% of the total market value of the Reserve Fund as at December 31, 2018. As at December 31, 2017, the proportion was 0.85%. The bulk of the decline, in proportion, is attributed to the maturity of the City of Hamilton bond that had a maturity date of March 31, 2018, a coupon rate of 4.95%, a par value of \$4,370,000 and a maturity value of \$4,370,000. The balance of the decline in the proportion is attributed to market fluctuation.

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Other than the maturity of this City of Hamilton security, the City had no other transactions in or disposals of its own securities during fiscal year 2018. During the fiscal year 2018, the City was not invested in its own short-term securities, as was the case during fiscal year 2017.

**Alternatives for Consideration – Not Applicable**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: Not Applicable.

Staffing: Not Applicable.

Legal: Not Applicable.

**HISTORICAL BACKGROUND**

In accordance with O. Reg. 438/97 and the City's SIPP, the Treasurer of the City shall prepare and present to Council each year, an investment report on the management of the City's Funds during the prior fiscal year.

The investment report, prepared by Aon on behalf of the Treasurer, is the Treasurer's Report and is attached as Appendix "A" to Report FCS19019.

As required by O. Reg. 438/97, the investment report includes the following information:

- a statement about the performance of the investments for the Funds;
- a description of the estimated proportion of the total investments of the City that are invested in its own long-term and short-term securities to the total investment of the municipality and a description of the change, if any, in that estimated proportion since the previous year's report;
- a statement by the Treasurer as to whether or not, in his opinion, all investments are consistent with the investment policies and goals (the City's SIPP) adopted by the City;
- a record of the date of each transaction in or disposal of its own securities, including a statement of the purchase and sale price of each security;
- such other information that Council may require or that, in the opinion of the Treasurer, should be included;
- a statement by the Treasurer as to whether any of the investments cited in O. Reg. 438/97 Section 8(2.1) fall below the standard prescribed by O. Reg. 438/97 during the period covered by the investment report; and,
- if applicable, a statement by the Treasurer with regard to O. Reg.438/97, Section 8(2.2) and Section 8(3).

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**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

In accordance with the *Municipal Act, 2001* and the City's SIPP, the Treasurer shall prepare and present to Council each year an investment report on the management of the City's Funds during the prior fiscal year.

**RELEVANT CONSULTATION**

On behalf of the Treasurer, Aon prepared the Treasurer's Report, attached as Appendix "A" to Report FCS19019.

**ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)**

Funds' Performance (Page 4 and Page 5 of the Treasurer's Report)

The market rates of return for the Reserve Fund and the Hamilton Future Fund are provided by RBCITS. Aon verified RBCITS' market rates of return for each quarter-end in fiscal year 2018 and for each of the one, two, three and four-year periods. Aon confirms that their market rate of return matches that of RBCITS for each period considered, allowing for a tracking error of plus or minus 0.10%. Table 1 presents these results for most of the periods considered and includes a comparison of the market rate of return with the benchmark rate of return for each period shown.

Table 1  
Funds' Performance (%) and Comparison with Benchmark

	Q1 2018 %	Q2 2018 %	Q3 2018 %	Q4 2018 %	1 Year %	3 Year %
Benchmark	0.17	0.37	-0.34	1.59	1.79	0.91
Reserve Fund						
RBCITS	-0.07	0.48	-0.33	1.75	1.82	1.53
Aon Hewitt	-0.07	0.48	-0.33	1.74	1.83	1.54
Difference	0.00	0.00	0.00	0.01	-0.01	-0.01
Hamilton Future Fund						
RBCITS	0.01	0.62	-0.56	1.89	1.95	1.68
Aon Hewitt	0.01	0.58	-0.57	1.88	1.90	1.69
Difference	0.00	0.04	0.01	0.01	0.05	-0.01
Reserve Fund (RBCITS) Minus Benchmark	-0.24	0.11	0.01	0.16	0.03	0.62
Hamilton Future Fund (RBCITS) Minus Benchmark	-0.16	0.25	-0.22	0.30	0.16	0.77

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The benchmark for the Funds is composed of 10% 91-day T-Bills, 62.5% FTSE Short-Term All Government Bond Index and 27.5% FTSE All Government Bond Index.

For the one-year period ending December 31, 2018, the Reserve Fund outperformed the benchmark by 0.03% and the Hamilton Future Fund outperformed the benchmark by 0.16%. The modest outperformances of the Reserve Fund and the Hamilton Future Fund are attributed to their overweight position in longer-dated bonds that outperformed shorter-dated bonds primarily in the last quarter of 2018.

During the first two quarters of 2018 mid and long-term interest rates generally increased but by the end of the second quarter reversed course and ended approximately unchanged, relative to January 1, 2018. Similarly, during the third quarter of 2018, these interest rates again increased but then during the latter part of the fourth quarter of 2018 reversed course and ended on December 31, 2018 only slightly lower relative to January 1, 2018. For instance, the yield on the Government of Canada bond with a term to maturity of 10 years was 2.05% at the beginning of the year (2018) and was 1.97% at the end of the year (2018).

Types of Securities (Page 6 to Page 8 of the Treasurer's Report)

The types of securities (and the entities who issue them) which municipalities are permitted to invest in are prescribed by legislation and regulations, including O. Reg. 438/97. Most of these securities and their issuers have been included by the City in its approved list of issuers, which is set out in the Sector and Issuer Limitations in the City's SIPP and is given on Page 6 of the Treasurer's Report.

Portfolio Securities (Page 9 to Page 12 of the Treasurer's Report)

As at December 31, 2018, the total market value (including net accruals) of the securities in the Reserve Fund was \$999,417,637 of which \$38,675,421 consists of investments in the One Investment Program. The One Investment Program is jointly operated by the Local Authority Services and CHUMS Financing Corporation (a subsidiary of the Municipal Finance Officers' Association of Ontario). As at December 31, 2018, the City held shares with a market value of \$33,637,603 in the One Investment Program Equity Portfolio and held shares with a market value of \$5,037,818 in the One Investment Program Universe Corporate Bond Portfolio.

As at December 31, 2018, the total market value (including net accruals) of the securities in the Hamilton Future Fund was \$47,159,468 of which \$1,530,164 consists of investments in the One Investment Program Equity Portfolio.

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During the fiscal year 2018, the City was invested in its own long-term securities, which had a market value of \$3.3 M or a proportion of 0.33% of the total market value of the Reserve Fund as at December 31, 2018. As at December 31, 2017, the proportion was 0.85%. The bulk of the decline in proportion is attributed to the maturity of the City of Hamilton bond that had a maturity date of March 31, 2018, a coupon rate of 4.95%, a par value of \$4,370,000 and a maturity value of \$4,370,000.

The balance of the decline in the proportion is attributed to market fluctuation. Other than the maturity of this City of Hamilton security, the City had no other transactions in or disposals of its own securities during fiscal year 2018. During fiscal year 2018, the City was not invested in its own short-term securities, as was the case during fiscal year 2017.

Restrictions (Page 13 and Page 14 of the Treasurer's Report)

Table 2, from the Treasurer's Report, shows that as at December 31, 2018, on a combined basis, the Funds were being managed in accordance with the minimum quality requirements, maximum quantity restrictions and all other imposed restrictions.

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Table 2  
Restrictions

		Policy Complied With Yes / No
<b>Constraints</b>		
The City shall not invest more than 25% of the portfolio in short-term debt issued or guaranteed by the City		Yes
Total investment in "A" or equivalent rated debt on purchase must not exceed 35% of the market value of the City's bond portfolio		Yes
The City shall not invest in a security that is expressed or payable in any currency other than Canadian dollars		Yes
The City shall not invest in a security issued or guaranteed by a school board or similar entity unless the money raised by issuing the security is to be used for school purposes		Yes
	(%)	Policy Complied With Yes / No
<b>Permitted Ranges</b>		
Federal issues	0-100	Yes
Provincial holdings in aggregate	0-100	Yes
Single province exposure	0-50	Yes
Individual non-federal / non-provincial holdings*	0-10	Yes
Non-federal / non-provincial holdings in aggregate	0-50	Yes
<b>Municipal issues*</b>		
Individual muni issue rated "AAA"	0-10	Yes
Individual muni issue rated "AA"	0-10	Yes
Individual muni issue rated "A"	0-5	Yes
Municipal holdings in aggregate	0-30	Yes
Banks and Credit Unions in aggregate	0-50	Yes
Short-term securities	0-50	Yes
Portfolio duration	1-6 Years	Yes

\*Except for City of Hamilton issues which have an upper limit of 25%

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Table 3, which is not contained in the Treasurer's Report, shows the Funds' credit exposure with respect to the approved issuers given in the City's SIPP.

Table 3  
Credit Exposure<sup>1</sup> (%) – As at December 31, 2018

Issuer of Sector	Reserve Fund	Hamilton Future Fund <sup>2</sup>	The Funds <sup>3</sup>	Maximum Limit %
Cash or STIF	0.0%	1.2%	0.0%	
Canada				
Direct	1.0%	0.0%	1.0%	100%
Guarantee	7.3%	0.0%	7.0%	25%
Provinces				
Ontario	8.9%	21.5%	9.5%	50%
Other	39.5%	45.1%	39.8%	100%
Municipalities				
Hamilton	0.3%	0.0%	0.3%	25%
Other	14.8%	15.2%	14.7%	30%
Banks and Credit Union				50%
Schedule I	20.6%	13.8%	20.3%	50%
Credit Union	4.1%	0.0%	3.9%	8%
Asset Backed Securities	0.0%	0.0%	0.0%	25%
Corp. Bonds	0.0%	0.0%	0.0%	15%
Commercial Paper and Asset Backed Commercial Paper (ABCP)	0.0%	0.0%	0.0%	20%
One Investment Program				10%
Equity Portfolio	3.0%	3.2%	3.0%	
Universe Corporate Bond Portfolio	0.5%	0.0%	0.5%	
Total	100.0%	100.0%	100.0%	

Notes to Table 3:

<sup>1</sup> Credit Exposure refers to the par value of holdings in individual issuers or sectors as a percentage of the total par value of holdings in the fund.

<sup>2</sup> For the Hamilton Future Fund, Credit Exposure does not reflect the shares of the Hamilton Utilities Corporation, which are held in the Hamilton Future Fund custodial account with RBCITS.

<sup>3</sup> "The Funds" equal the Reserve Fund and the Hamilton Future Fund.

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Activity and Transactions (Page 15 of the Treasurer's Report)

During the fiscal year 2018, the total dollar amount of cash inflows for the Reserve Fund were \$305.7 M, consisting of \$114.6 M in bond sales and maturities, \$16.0 M in investment income and \$175.1 M in contributions or transfers. Cash outflows were also \$305.7 M and consisted of \$205.9 M in purchases and \$99.8 M in distributions.

During the fiscal year 2018, the total dollar amount of cash inflows for the Hamilton Future Fund were \$36.1 M, consisting of \$25.6 M in bond sales and maturities, \$1.2 M in investment income and \$9.3 M in contributions or transfers. Cash outflows were also \$36.1 M and consisted of \$27.3 M in purchases and \$8.8 M in distributions.

Certificate by Chief Investments Officer (CIO) (Page 16 of the Treasurer's Report)

The CIO has certified on page 16 of the Treasurer's Report that the Funds were managed in compliance with the *Municipal Act, 2001*, and in accordance with the terms, conditions and guidelines stipulated in the City's SIPP.

**ALTERNATIVES FOR CONSIDERATION**

**ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

**Our People and Performance**

Hamiltonians have a high level of trust and confidence in their City government.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" – City of Hamilton – Reserve Funds Treasurer's Investment Report 2018 Fiscal Year

RM/dt



# City of Hamilton—Reserve Funds Treasurer's Investment Report 2018 Fiscal Year

May 2019

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## Introduction

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As the acting Investment Consultant, Aon is engaged to prepare, on behalf of the Treasurer of the City of Hamilton ("City"), an investment report, referred to as the Treasurer's Report ("the report"), relating to the activities of the City of Hamilton Reserve Fund and the Hamilton Future Fund ("the Funds") during the prior fiscal year. The report will be presented to City Council in the second quarter of every calendar year.

The report is part of a broader governance oversight of the Funds, which includes financial audits, used to evaluate and monitor the various responsibilities that have been delegated by the Treasurer of the City of Hamilton ("City Treasurer") and City Council. More specifically, the overall objective of the report is to ensure that the Funds are managed in accordance with existing legislation that was in effect in 2018 and the guidelines set out in the Statement of Investment Policies and Procedures for the City of Hamilton Reserve/Revenue Funds and Trust Accounts ("SIP&P") as well as to provide an independent third party review of the Funds' performance.

The report has been written in accordance with Section 1.11 of the SIP&P. As stipulated in Section 1.11 of the SIP&P, the report must contain the following items:

- A statement about the performance of the portfolio of investments of the City during the period covered by the report;
- A listing of the types of securities in which the portfolio invested during the period covered by the report;
- A listing of the securities and their credit ratings held by the portfolio as at the date of the report;
- A description of the estimated proportion of the total investments of a municipality that are invested in its own long-term and short-term securities to the total investment of the municipality and a description of the change, if any, in that estimated proportion since the previous year's report;
- A record of the date of each transaction in or disposal of its own securities, including a statement of the purchase and sale of each security;
- A statement by the Chief Investments Officer ("CIO") as to whether or not, in his or her opinion, the management of the Funds was made in accordance with all the terms, conditions and guidelines stipulated in the SIP&P in effect during 2018; and
- Such other information that the council may require or that, in the opinion of the City Treasurer, should be included.

This report addresses only the activities of the City of Hamilton Reserve Fund and the Hamilton Future Fund. The Trust Accounts are not covered by this report.

## Reserve Fund Performance and Future Fund Performance

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The returns of the Funds are determined by RBC Investor & Treasury Services (“RBC”), the City’s custodian, on a daily basis for the City of Hamilton Reserve Fund and on a monthly basis for the Hamilton Future Fund. Aon verifies RBC’s return figures, on a monthly basis only, through a separate calculation using RBC’s monthly custodian statement as its data source. A tracking error of +/- 0.10% per period between the two calculations is deemed acceptable whilst discrepancies outside the tolerance range must be identified and corrected by mutual agreement.

The return calculation adopted by Aon uses a monthly time-weighted methodology which includes realized and unrealized gains and losses and income from all sources and includes accruals. The return calculations are based on the Dietz method, whereby cash flows are assumed to occur at the mid-point of each month. Settlement date accounting is used. In cases where large cash flows occur away from mid-month, the Modified Dietz method is used, which day-weights cash flows. Monthly returns are geometrically linked to develop returns for longer periods. Returns for periods less than one year are not annualized. Returns for periods greater than one year are annualized. All return inputs, including market and book values, income from interest, dividends and realized capital gains/losses, accruals and external cash flows are taken from the custodian statements. Investment management fees are not included in return calculations but transaction costs are considered.

Aon’s return calculations are made in accordance with CFA Institute performance methodology standards. While the CFA Institute requires minimum quarterly valuations, Aon exceeds that standard by using monthly valuations.

The Funds’ performance objective, as outlined in Section 4.10 of the SIP&P, is to outperform a benchmark portfolio constructed from a blend of returns composed of 62.5% of the FTSE Canada All Government Short Term Bond Index, 27.5% of the FTSE Canada All Government Bond Index and 10.0% of FTSE TMX Canada 91-Day Treasury-Bill Index.

<b>Benchmark</b>	<b>%</b>
FTSE Canada All-Government Short Term Bond Index	62.5
FTSE Canada All-Government Bond Index	27.5
FTSE Canada 91-Day Treasury Bill Index	<u>10.0</u>
	100.0

The performance returns of the Funds over each of the quarters of 2018, and over the one-, two-, three- and four-year periods ending December 31, 2018 are as follows:

**City of Hamilton Reserve Fund—Performance %**

	<b>Q1 2018</b>	<b>Q2 2018</b>	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>One Year</b>	<b>Two Years (annualized)</b>	<b>Three Years (annualized)</b>	<b>Four Years (annualized)</b>
RBC	-0.07	0.48	-0.33	1.75	1.82	1.55	1.53	2.04
Aon	<u>-0.07</u>	<u>0.48</u>	<u>-0.33</u>	<u>1.74</u>	<u>1.83</u>	<u>1.58</u>	<u>1.54</u>	<u>2.04</u>
Difference	0.00	0.00	0.00	0.01	-0.01	-0.03	-0.01	0.00
Benchmark	0.17	0.37	-0.34	1.59	1.79	1.11	0.91	1.36
Value Added*	-0.24	0.11	0.01	0.16	0.03	0.44	0.62	0.68

*\*Based on returns calculated by RBC*

The returns calculated by RBC, compared to the returns calculated by Aon, as shown above are within the tracking error tolerance range over all periods.

Over a one-year period, the City of Hamilton Reserve Fund's return of 1.82% outperformed the benchmark return of 1.79% by 3 basis points.

**Hamilton Future Fund—Performance %**

	<b>Q1 2018</b>	<b>Q2 2018</b>	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>One Year</b>	<b>Two Years (annualized)</b>	<b>Three Years (annualized)</b>	<b>Four Years (annualized)</b>
RBC	0.01	0.62	-0.56	1.89	1.95	1.72	1.68	1.91
Aon	<u>0.01</u>	<u>0.58</u>	<u>-0.57</u>	<u>1.88</u>	<u>1.90</u>	<u>1.70</u>	<u>1.69</u>	<u>1.93</u>
Difference	0.00	0.04	0.01	0.01	0.05	0.02	-0.01	-0.02
Benchmark	0.17	0.37	-0.34	1.59	1.79	1.11	0.91	1.36
Value Added*	-0.16	0.25	-0.22	0.30	0.16	0.61	0.77	0.55

*\*Based on returns calculated by RBC*

The returns calculated by RBC, compared to the returns calculated by Aon, as shown above are within the tracking error tolerance range over all periods.

Over a one-year period, the Hamilton Future Fund's return of 1.95% outperformed the benchmark return of 1.79% by 16 basis points.

## Types of Securities

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The City is only allowed to invest in securities permitted under Municipal Act, 2001 Ontario Regulation 438/97 that was in effect during 2018. As per Section 4.02 of the SIP&P, an Approved List of Investments ("Approved List") has been established by the City Treasurer and the CIO. All investments on the Approved List meet the eligibility requirements as prescribed by Ontario Regulation 438/97. The Approved List is as follows:

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### **Bonds, Debentures, Promissory Notes, Other Evidence of Indebtedness Issued by or Guaranteed by**

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Government of Canada  
Canadian Provincial Government  
Government of Canada Agency  
Canadian Provincial Agency  
Country other than Canada  
Canadian Municipality, including the City of Hamilton  
School Board in Canada  
Municipal Finance Authority of British Columbia  
Canadian Corporation  
Banks in Canada  
Ontario Strategic Infrastructure Financing Authority (OSIFA)  
International Bank for Reconstruction and Development  
Inter-American Development Bank  
Supranational Financial Institution  
Supranational Governmental Organization

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### **Deposit Receipts, Deposit Notes, Certificate of Deposits, Acceptances Issued by or Guaranteed by**

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Banks in Canada  
Credit Union with Guarantee

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### **Asset Backed Securities (ABS)**

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Asset Backed Securities  
Asset Backed Commercial Paper (ABCP)

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### **Negotiable Promissory Notes or Commercial Paper (other than ABS)**

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### **Forward Rate Agreements**

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### **ONE Funds (One Investment Program)\***

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### **Shares Issued by a Corporation Incorporated Under the Laws of Canada or a Province in Canada (subject to footnotes in Approved List), Securities of a Corporation & Shares of A Corporation (subject to footnotes in Approved List)**

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\*The One Investment Program, designed specifically for the municipal and broader Ontario public sector, is jointly operated by LAS and CHUMS Financing Corp. (a subsidiary of the Municipal Finance Officers' Association of Ontario).



We have reviewed the custodian statements as well as the transactions that have occurred to determine the types of securities that were held by the Funds during the 2018 period. We can confirm that the types of securities that were held in the City of Hamilton Reserve Fund and the Hamilton Future Fund during 2018 are as listed as follows:

The types of securities held by the City of Hamilton Reserve Fund were as follows:

**City of Hamilton Reserve Fund—Types of Securities**

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**Bonds, Debentures, Promissory Notes, Other Evidence of Indebtedness Issued by or Guaranteed by**

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Government of Canada  
Canadian Provincial Government  
Government of Canada Agency  
Canadian Provincial Agency  
Canadian Municipality, including the City of Hamilton  
Banks in Canada  
Municipal Finance Authority of British Columbia

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**Deposit receipts, Deposit Notes, Certificate of Deposits, Acceptances Issued by or Guaranteed by**

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Banks in Canada  
Credit Union with Guarantee

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**One Investment Program**

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Equity Portfolio  
Universe Corporate Bond Portfolio

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The types of securities held by the Hamilton Future Fund were as follows:

**Hamilton Future Fund—Types of Securities**

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**Bonds, Debentures, Promissory Notes, Other Evidence of Indebtedness Issued by or Guaranteed by**

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Government of Canada  
Canadian Provincial Government  
Canadian Provincial Agency  
Canadian Municipality  
Banks in Canada

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**Deposit Receipts, Deposit Notes, Certificate of Deposits, Acceptances Issued by or Guaranteed by**

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Banks in Canada

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**One Investment Program**

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Equity Portfolio

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In addition to the above list of securities, the Hamilton Future Fund has some monies invested in a private placement of 2,000 common shares of the Hamilton Utilities Corporation. As well, as at December 31, 2018, approximately 1.3% of funds were invested in a Short-Term Investment Fund ("STIF") of RBC. All securities were expressed or payable in Canadian dollars. The types of securities held by the City of Hamilton Reserve Fund and the Hamilton Future Fund during 2018 were all part of the Approved List.

## Portfolio Securities as at December 31, 2018

### City of Hamilton Reserve Fund

Below are The City of Hamilton Reserve Fund securities and credit ratings as at December 31, 2018. As shown in the list below, the City of Hamilton Reserve Fund also held equity and fixed income investments through the One Investment Program (ONE Funds). The City's Reserve Fund investment in the One Investment Program Equity Portfolio had a market value of \$33,637,602.86 and book value of \$29,176,614.45; the City's investment in the One Investment Program Universe Corporate Bond Portfolio had a market value of \$5,037,817.73 and book value of \$5,278,283.41.

As at December 31, 2018, City of Hamilton Reserve Fund held a market value of \$3.3 million or 0.33% of the Fund in City of Hamilton securities. Over the last year, the market value of City of Hamilton securities decreased by \$4.5 million from \$7.8 million as at December 31, 2017. The decrease was primarily due to the maturity of the City of Hamilton security (City of Hamilton 4.95% 31Mar2018) on March 31, 2018 with par value of \$4,370,000. The security was originally purchased on March 18, 2004 at a cost of \$4,361,260. The remainder of the decrease in value of the City of Hamilton securities was due to market fluctuation. Other than this referenced City of Hamilton security, there were no other transactions in City of Hamilton securities over the last year.

Date	Issuer Name	Annual Coupon Rate	Maturity Date	Market Price	S&P Rating	Portfolio Market Value (\$)	Market Value (%)
<b>Federal and Federal Guarantee Bonds</b>							
31-Dec-18	Government of Canada	2.750	1-Jun-22	102.88	AAA	10,288,425.80	1.03%
31-Dec-18	Canada Housing Trust	2.650	15-Mar-22	101.63	AAA	22,357,720.00	2.24%
31-Dec-18	Canada Housing Trust	2.550	15-Mar-25	101.03	AAA	10,102,584.80	1.01%
31-Dec-18	Canada Housing Trust	1.900	15-Sep-26	96.20	AAA	14,430,068.40	1.44%
31-Dec-18	Canada Housing Trust	2.350	15-Jun-27	99.10	AAA	4,955,210.50	0.50%
31-Dec-18	Canada Housing Trust	2.350	15-Jun-23	100.33	AAA	20,065,647.20	2.01%
<b>Provincial and Provincial Guarantee Bonds</b>							
31-Dec-18	Province of Alberta	2.900	20-Sep-29	99.08	A+	14,366,158.91	1.44%
31-Dec-18	Province of Alberta	2.350	1-Jun-25	98.07	A+	7,354,916.55	0.74%
31-Dec-18	Province of Alberta	2.200	1-Jun-26	96.22	A+	5,772,966.96	0.58%
31-Dec-18	Province of Alberta	2.550	1-Jun-27	97.82	A+	7,825,789.04	0.78%
31-Dec-18	Province of Alberta	2.550	15-Dec-22	100.50	A+	20,100,490.00	2.01%
31-Dec-18	Province of Alberta	2.650	1-Sep-23	100.69	A+	6,041,536.38	0.60%
31-Dec-18	Province of British Columbia	2.700	18-Dec-22	101.44	AAA	8,114,822.40	0.81%
31-Dec-18	Province of British Columbia	2.700	18-Dec-20	101.20	AAA	4,048,000.00	0.41%
31-Dec-18	Province of British Columbia	2.300	18-Jun-26	97.88	AAA	9,788,032.80	0.98%
31-Dec-18	Province of British Columbia	2.700	18-Jun-27	98.97	AAA	7,917,379.20	0.79%
31-Dec-18	Province of British Columbia	3.250	18-Dec-21	103.02	AAA	22,663,344.88	2.27%
31-Dec-18	Province of British Columbia	3.700	18-Dec-20	103.13	AAA	10,313,234.20	1.03%
31-Dec-18	Province of British Columbia	2.250	1-Mar-19	100.09	AAA	4,003,796.04	0.40%
31-Dec-18	Province of Manitoba	2.550	2-Jun-23	100.32	A+	16,553,320.08	1.66%
31-Dec-18	Province of Manitoba	2.450	2-Jun-25	98.71	A+	11,351,274.07	1.14%
31-Dec-18	Province of Manitoba	2.550	2-Jun-26	98.52	A+	14,285,304.45	1.43%
31-Dec-18	Province of Manitoba	2.600	2-Jun-27	98.15	A+	2,944,624.56	0.29%
31-Dec-18	Province of Manitoba	3.850	1-Dec-21	104.46	A+	20,891,937.60	2.09%
31-Dec-18	Province of New Brunswick	2.600	14-Aug-26	98.54	A+	4,927,107.45	0.49%
31-Dec-18	Province of New Brunswick	2.350	14-Aug-27	95.83	A+	6,228,701.96	0.62%
31-Dec-18	Province of New Brunswick	3.350	3-Dec-21	103.03	A+	5,151,313.75	0.52%
31-Dec-18	Province of New Brunswick	2.850	2-Jun-23	101.47	A+	13,368,668.81	1.34%

31-Dec-18	Province of Newfoundland	2.300	2-Jun-25	97.37	A	4,868,329.90	0.49%
31-Dec-18	Province of Newfoundland	3.300	17-Oct-46	96.63	A	2,898,883.98	0.29%
31-Dec-18	Province of Newfoundland	3.000	2-Jun-26	100.99	A	15,148,987.80	1.52%
31-Dec-18	Province of Newfoundland	1.950	2-Jun-22	98.52	A	2,955,693.57	0.30%
31-Dec-18	Province of Newfoundland	2.850	2-Jun-28	98.95	A	3,958,020.04	0.40%
31-Dec-18	Province of Nova Scotia	2.150	1-Jun-25	97.11	AA-	2,913,332.61	0.29%
31-Dec-18	Province of Nova Scotia	2.100	1-Jun-27	94.89	AA-	6,642,354.74	0.66%
31-Dec-18	Province of Ontario	3.150	2-Jun-22	102.67	A+	43,120,538.58	4.31%
31-Dec-18	Province of Ontario	2.850	2-Jun-23	101.64	A+	10,164,141.90	1.02%
31-Dec-18	Province of Ontario	2.600	2-Jun-27	98.64	A+	20,714,177.19	2.07%
31-Dec-18	Province of Ontario	2.900	2-Jun-28	100.66	A+	15,098,406.30	1.51%
31-Dec-18	Province of Ontario	2.100	8-Sep-19	100.12	A+	15,017,593.20	1.50%
31-Dec-18	Province of Price Edward Island	3.700	2-Sep-20	102.55	A	4,461,075.08	0.45%
31-Dec-18	Province of Quebec	2.600	6-Jul-25	100.27	AA-	2,165,891.94	0.22%
31-Dec-18	Province of Quebec	3.500	1-Dec-22	104.28	AA-	13,556,337.08	1.36%
31-Dec-18	Province of Quebec	3.000	1-Sep-23	102.46	AA-	2,049,260.00	0.21%
31-Dec-18	Province of Quebec	3.750	1-Sep-24	106.43	AA-	5,321,379.50	0.53%
31-Dec-18	Province of Quebec	2.500	1-Sep-26	98.80	AA-	19,759,151.00	1.98%
31-Dec-18	Province of Quebec	2.750	1-Sep-27	100.15	AA	10,014,603.70	1.00%
31-Dec-18	Province of Saskatchewan	3.200	3-Jun-24	103.24	AA	14,453,191.06	1.45%
31-Dec-18	Province of Saskatchewan	2.650	2-Jun-27	98.79	AA	15,806,151.84	1.58%
31-Dec-18	Province of Saskatchewan	1.950	1-Mar-19	100.05	AA	2,001,013.54	0.20%
31-Dec-18	Financement Quebec	2.450	1-Dec-19	100.44	AA-	5,022,107.85	0.50%
31-Dec-18	New Brunswick Municipal Finance Corp	2.900	14-Jun-21	100.99	A+	3,411,475.98	0.34%
31-Dec-18	New Brunswick Municipal Finance Corp	3.050	20-Nov-20	101.19	A+	3,350,301.57	0.34%
31-Dec-18	New Brunswick Municipal Finance Corp	3.300	15-May-23	102.21	A+	3,534,248.90	0.35%
31-Dec-18	New Brunswick Municipal Finance Corp	2.950	8-Dec-23	100.64	A+	4,638,635.87	0.46%
31-Dec-18	New Brunswick Municipal Finance Corp	3.800	20-Nov-19	100.49	A+	3,235,617.00	0.32%

**Municipal Bonds**

31-Dec-18	City of Hamilton	5.050	19-Jun-21	106.52	AA+	3,257,351.02	0.33%
31-Dec-18	City of London	2.100	16-Mar-24	96.96	Aaa*	969,630.00	0.10%
31-Dec-18	City of London	2.35	9-May-19	100.15	Aaa*	1,001,480.00	0.10%
31-Dec-18	City of Montreal	3.000	1-Sep-27	99.85	AA-	3,993,867.92	0.40%
31-Dec-18	City of Montreal	3.000	1-Sep-25	100.75	AA-	6,044,782.20	0.60%
31-Dec-18	City of Montreal	3.150	1-Dec-36	96.04	AA-	3,841,646.04	0.38%
31-Dec-18	City of Montreal	3.500	1-Sep-23	103.72	AA-	7,986,195.91	0.80%
31-Dec-18	City of Montreal	2.750	1-Sep-26	98.55	AA-	3,941,941.96	0.39%
31-Dec-18	City of Ottawa	3.050	23-Apr-46	92.79	AA	3,247,599.92	0.32%
31-Dec-18	City of Ottawa	2.000	23-Apr-23	97.61	AA	5,038,628.20	0.50%
31-Dec-18	City of Ottawa	3.05	19-Oct-19	100.79	AA	2,519,750.00	0.25%
31-Dec-18	City of Peterborough	4.45	5-Mar-19	100.44	AA	2,295,966.96	0.23%
31-Dec-18	City of Saskatoon	4.55	27-Jun-19	101.16	AAA	1,042,928.67	0.10%
31-Dec-18	City of Toronto	3.500	6-Dec-21	103.19	AA	5,159,494.40	0.52%
31-Dec-18	City of Toronto	3.400	21-May-24	103.34	AA	13,433,970.94	1.34%
31-Dec-18	City of Toronto	3.500	2-Jun-36	100.92	AA	3,027,540.84	0.30%
31-Dec-18	City of Toronto	2.400	7-Jun-27	95.40	AA	9,539,900.00	0.95%
31-Dec-18	City of Vancouver	3.450	2-Dec-21	103.16	AAA	8,252,445.92	0.83%
31-Dec-18	City of Vancouver	3.750	24-Oct-23	105.21	AAA	4,208,393.68	0.42%
31-Dec-18	City of Vancouver	2.850	3-Nov-27	99.30	AAA	3,971,913.16	0.40%
31-Dec-18	City of Winnipeg	4.100	1-Jun-45	109.30	AA	3,497,686.02	0.35%
31-Dec-18	Municipal Finance Authority of BC	4.150	1-Jun-21	104.46	AAA	14,624,076.60	1.46%
31-Dec-18	Municipal Finance Authority of BC	3.050	23-Oct-28	100.90	AAA	9,636,123.52	0.96%
31-Dec-18	Niagara Regional Municipality	3.000	3-Jul-25	100.83	AA	3,024,750.00	0.30%
31-Dec-18	Quebec City	3.150	8-Dec-25	100.84	AA-	2,521,016.13	0.25%
31-Dec-18	Regional Municipality of Peel	3.500	1-Dec-21	103.22	AAA	12,386,698.08	1.24%
31-Dec-18	Regional Municipality of Peel	2.300	2-Nov-26	95.67	AAA	5,261,903.35	0.53%
31-Dec-18	Regional Municipality of Halton	3.300	2-Jun-23	102.82	AAA	6,528,816.00	0.65%

**Corporate Bonds**

31-Dec-18	Bank of Montreal	2.120	16-Mar-22	97.94	A+	1,958,807.00	0.20%
31-Dec-18	Bank of Montreal	3.400	23-Apr-21	101.56	A+	10,156,275.80	1.02%
31-Dec-18	Bank of Montreal	4.609	10-Sep-25	109.60	A+	3,836,071.02	0.38%
31-Dec-18	Bank of Montreal	2.700	11-Sep-24	98.55	A+	4,927,406.30	0.49%
31-Dec-18	Bank of Montreal	3.190	1-Mar-28	100.15	A+	13,519,698.26	1.35%
31-Dec-18	Bank of Montreal	2.270	11-Jul-22	98.11	A+	1,962,279.76	0.20%
31-Dec-18	Bank of Montreal	2.890	20-Jun-23	99.95	A+	6,996,152.17	0.70%
31-Dec-18	Bank of Montreal	2.840	4-Jun-20	100.42	A+	2,008,406.60	0.20%
31-Dec-18	Bank of Nova Scotia	3.270	11-Jan-21	101.15	A+	5,057,511.90	0.51%
31-Dec-18	Bank of Nova Scotia	2.873	4-Jun-21	100.32	A+	4,012,959.16	0.40%
31-Dec-18	Bank of Nova Scotia	2.270	13-Jan-20	99.84	A+	6,988,501.03	0.70%
31-Dec-18	Bank of Nova Scotia	2.980	17-Apr-23	100.21	A+	7,014,533.40	0.70%
31-Dec-18	Bank of Nova Scotia	2.090	9-Sep-20	99.14	A+	5,948,522.52	0.60%
31-Dec-18	Bank of Nova Scotia	2.360	8-Nov-22	98.06	A+	4,902,975.85	0.49%
31-Dec-18	Bank of Nova Scotia	2.290	28-Jun-24	96.49	A+	3,859,632.16	0.39%
31-Dec-18	Bank of Nova Scotia	2.620	2-Dec-26	96.56	A+	15,449,935.04	1.55%
31-Dec-18	Canadian Imperial Bank	2.970	11-Jul-23	100.18	A+	3,005,272.62	0.30%
31-Dec-18	Canadian Imperial Bank	2.040	21-Mar-22	97.62	A+	976,158.46	0.10%
31-Dec-18	Canadian Imperial Bank	2.300	11-Jul-22	98.15	A+	6,870,311.28	0.69%
31-Dec-18	Canadian Imperial Bank	3.300	26-May-25	101.40	A+	20,280,748.20	2.03%
31-Dec-18	Royal Bank of Canada	2.000	21-Mar-22	97.53	AA-	4,876,735.75	0.49%
31-Dec-18	Royal Bank of Canada	2.949	1-May-23	100.22	AA-	10,022,321.60	1.00%
31-Dec-18	Royal Bank of Canada	4.930	16-Jul-25	111.30	AA-	5,564,880.95	0.56%
31-Dec-18	Toronto Dominion Bank	2.447	2-Apr-19	100.08	AA-	7,005,765.20	0.70%
31-Dec-18	Toronto Dominion Bank	2.621	22-Dec-21	99.64	AA-	4,981,775.05	0.50%
31-Dec-18	Toronto Dominion Bank	2.045	8-Mar-21	98.73	AA-	6,417,281.65	0.64%
31-Dec-18	Toronto Dominion Bank	2.563	24-Jun-20	100.05	AA-	8,824,450.66	0.88%
31-Dec-18	Toronto Dominion Bank	1.994	23-Mar-22	97.62	AA-	4,880,889.90	0.49%
31-Dec-18	Toronto Dominion Bank	3.226	24-Jul-24	101.43	AA-	21,300,780.27	2.13%

**Cash and Cash Equivalents**

31-Dec-18	Cash					69,271.81	0.01%
31-Dec-18	First Ontario Credit Union	2.900	9-Oct-19	100.00		20,000,000.00	2.00%
31-Dec-18	Meridian Credit Union	3.100	12-Dec-19	100.00		20,000,000.00	2.00%

**One Investment Program (ONE Funds)**

31-Dec-18	Equity Portfolio					33,637,602.86	3.37%
31-Dec-18	Universe Coporate Bond Portfolio					5,037,817.73	0.50%

					Net Accruals	4,316,129.09	0.43%
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**Total Fund**

						<b>999,417,637.00</b>	<b>100.00%</b>
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\*Ratings issued by Moody's

## Hamilton Future Fund

Below are the Hamilton Future Fund securities and credit ratings as at December 31, 2018. As shown in the list below, the Hamilton Future Fund also held equity investments through the One Investment Program (ONE Funds). The Hamilton Future Fund investment in the One Investment Program Equity Portfolio had a market value of \$1,530,164.44 and book value of \$1,500,000.00. In addition to the securities below, 2,000 common shares of Hamilton Utilities Corporation were also held in the portfolio as at December 31, 2018. These shares are not listed in the total portfolio shown below.

Date	Issuer Name	Annual Coupon Rate	Maturity Date	Market Price	S&P Rating	Portfolio Market Value (\$)	Portfolio Market Value (%)
<b>Provincial and Provincial Guarantee Bonds</b>							
31-Dec-18	Province of Alberta	2.350	1-Jun-25	98.07	A+	1,961,311.08	4.16%
31-Dec-18	Province of Alberta	2.200	1-Jun-26	96.22	A+	1,924,322.32	4.08%
31-Dec-18	Province of British Columbia	2.700	18-Dec-22	101.44	AAA	4,361,717.04	9.25%
31-Dec-18	Province of Manitoba	2.600	2-Jun-27	98.15	A+	1,963,083.04	4.16%
31-Dec-18	Province of Manitoba	3.000	2-Jun-28	100.81	A+	1,008,107.02	2.14%
31-Dec-18	Province of Newfoundland	3.300	17-Oct-46	96.63	A	966,294.66	2.05%
31-Dec-18	Province of Newfoundland	3.000	2-Jun-26	100.99	A	2,019,865.04	4.28%
31-Dec-18	Province of Nova Scotia	2.150	1-Jun-25	97.11	AA-	1,942,221.74	4.12%
31-Dec-18	Province of Ontario	3.150	2-Jun-22	102.67	A+	2,053,358.98	4.35%
31-Dec-18	Province of Ontario	2.850	2-Jun-23	101.64	A+	4,065,656.76	8.62%
31-Dec-18	Province of Ontario	2.600	2-Jun-27	98.64	A+	1,972,778.78	4.18%
31-Dec-18	Province of Ontario	2.650	5-Feb-25	100.462	A+	2,109,708.66	4.47%
31-Dec-18	Province of Quebec	2.450	1-Dec-19	100.40	AA-	502,210.79	1.06%
31-Dec-18	Province of Quebec	2.750	1-Sep-27	100.15	AA-	2,503,650.93	5.31%
31-Dec-18	New Brunswick Municipal Financial Corp	3.100	30-Nov-22	101.47	A+	2,029,460.00	4.30%
<b>Municipal Bonds</b>							
31-Dec-18	City of London	2.550	7-Mar-25	98.42	Aaa*	295,263.00	0.63%
31-Dec-18	City of Montreal	3.000	1-Sep-25	100.75	AA-	2,090,487.18	4.43%
31-Dec-18	City of Montreal	3.000	1-Sep-27	99.85	AA-	998,466.98	2.12%
31-Dec-18	City of Montreal	3.150	1-Dec-36	96.04	AA-	960,411.51	2.04%
31-Dec-18	City of Toronto	2.400	24-Jun-26	96.50	AA	1,737,053.06	3.68%
31-Dec-18	City of Toronto	2.400	7-Jun-27	95.40	AA	953,990.00	2.02%
<b>Corporate Bonds</b>							
31-Dec-18	Bank of Nova Scotia	2.270	13-Jan-20	99.84	A+	499,178.65	1.06%
31-Dec-18	Bank of Nova Scotia	2.090	9-Sep-20	99.14	A+	2,478,551.05	5.26%
31-Dec-18	Canadian Imperial Bank	2.040	21-Mar-22	97.62	A+	2,928,475.38	6.21%
31-Dec-18	Canadian Imperial Bank	3.300	26-May-25	101.40	A+	507,018.71	1.08%
<b>Cash and Cash Equivalents</b>							
31-Dec-18	CLASSIFIED STIF I			10.00		612,361.23	1.30%
31-Dec-18	Cash					-	0.00%
<b>One Investment Program (ONE Funds)</b>							
31-Dec-18	Equity Portfolio					1,530,164.44	3.24%
					Net Accruals	184,300.27	0.39%
<b>Total Fund</b>						<b>47,159,468.30</b>	<b>100.00%</b>

\*Ratings issued by Moody's

<b>Restrictions</b>		
<b>Constraints</b>		Policy Complied with Yes/No
The City shall not invest more than 25% of the portfolio in short-term debt issued or guaranteed by the City.		Yes
Total Investment in 'A' or equivalent rated debt on purchase most not exceed 35% of the market value of the City's bond portfolio.		Yes
The City shall not invest in a security that is expressed or payable in any currency other than Canadian dollars.		Yes
The City shall not invest in a security issued or guaranteed by a school board or similar entity unless the money raised by issuing the security is to be used for school purposes.		Yes
<hr/>		
<b>Permitted ranges</b>	<b>(%)</b>	
Federal issues	0-100	Yes
Provincial holdings in aggregate	0-100	Yes
Single province exposure	0-50	Yes
Individual non-federal/non provincial holdings *	0-10	Yes
Non-federal/non provincial holdings in aggregate	0-50	Yes
Municipal issues *		
- individual muni issue rated "AAA"	0-10	Yes
- individual muni issue rated "AA"	0-10	Yes
- individual muni issue rated "A"	0-5	Yes
Municipal holdings in aggregate	0-30	Yes
Banks and Credit Unions in aggregate	0-50	Yes
Short-term securities	0-50	Yes
Portfolio duration	1-6 Years	Yes

\* Except for City of Hamilton issues which have a limit of 25%

As at December 31, 2018 on a combined basis, the Funds were being managed in a manner that is consistent with the minimum quality requirements, maximum quantity restrictions and all other restrictions imposed on the Funds. Securities lending is allowed, and as such, monies were loaned during the year for the purpose of generating revenues for the Funds. In managing the securities lending program, RBC complied with the constraints described in the legal letter dated July 1, 2018 (the lending program prior to July 1, 2018, was managed under the constraints outlined in the legal letter dated January 6, 2003). The ratings were assumed to be the same for all issues of an issuer. Throughout the year, reports are provided by RBC to the CIO on a weekly basis, showing the securities that the City invested in for the Reserve Fund together with each security's market value. An analysis of the reports indicates whether the securities in the Funds are consistent with the terms, conditions and guidelines stipulated in the SIP&P. Securities that are not consistent with the terms, conditions and guidelines stipulated in the SIP&P are reviewed and action is taken to remedy the situation as soon as possible.



## Activity and Transactions

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Activity every month consists of:

- 1) Inflows: Proceeds from bond maturities and sales, contributions/transfers and investment income;  
and
- 2) Outflows: Funds for bond purchases, distributions and other required outflows.

For the City of Hamilton Reserve Fund, cash inflows were \$305.7 million, consisting of \$114.6 million in sales and maturities, \$16.0 million in investment income and \$175.1 million contributions/transfers. Cash outflows were also \$305.7 million and consisted of \$205.9 million in purchases and \$99.8 million in distributions.

For the Hamilton Future Fund, cash inflows were \$36.1 million, consisting of \$25.6 million in sales and maturities, \$1.2 million in investment income and \$9.3 million contributions/transfers. Cash outflows were also \$36.1 million and consisted of \$27.3 million in purchases and \$8.8 million in distributions.

The records of each activity are summarized in the custodial statements of RBC on a monthly basis. The statement for all purchases, sales and maturities of securities (i.e. the RBC Audit Continuity Report) is provided to the City and filed/archived for review. Due to the number of transactions, it has been deemed preferable not to include the records and transaction statements in this report. We have reviewed a sample of the transactions in the RBC Audit Continuity Report against the activities recorded in the custodial statements to authenticate the nature of the transactions and the existence of their records.

Aon confirms that the date and the name of issue/issuer of each transaction have been recorded. The statements for these purchases and sales have been filed and kept in safekeeping at the following address:

City of Hamilton, City Hall  
71 Main Street West, 1<sup>st</sup> Floor  
Hamilton, Ontario  
L8P 4Y5

## Certificate by Chief Investments Officer

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This Certificate by Chief Investments Officer applies to the City of Hamilton Reserve Fund and Hamilton Future Fund ("the Funds").

The undersigned hereby confirms that throughout the reporting period of 2018.

1. The management of the Funds was in accordance with all the terms, conditions and guidelines stipulated in the SIP&P in effect during 2018.
2. The Funds were managed in compliance with the Municipal Act, 2001 Ontario Regulation 438/97 that was in effect in 2018.
3. The Chief Investments Officer, who manages the Funds, complied at all times and in all respects with the Code of Ethics and Standard of Professional Conduct as promulgated by the CFA Institute.
4. The Chief Investments Officer managed the Funds' assets with the care, diligence and skill that an investment manager of ordinary prudence would use in dealing with the assets of these types of Funds.

Certified by,



Gerald T. Boychuk  
Chief Investments Officer  
City of Hamilton



## INFORMATION REPORT

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	May 2, 2019
<b>SUBJECT/REPORT NO:</b>	Whistleblower, Fraud & Waste Information Updated for Q1 2019 (AUD19003) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Brigitte Minard CPA, CA, CIA, CGAP (905) 546-2424 Ext. 3107
<b>SUBMITTED BY:</b>	Charles Brown CPA, CA, CPA (Illinois) Director, Audit Services City Manager's Office
<b>SIGNATURE:</b>	

### COUNCIL DIRECTION

By-law 09-227 (Whistleblower By-law), Section 19 – Responsibility of the Director of Audit Services requires a quarterly report for, in the aggregate, on the number, nature and outcome of disclosures of serious wrongdoing made under this By-law.

On June 27, 2018, Council directed the Director of Audit Services to implement a Fraud and Waste Hotline with intake performed by an independent third party as part of a three-year pilot project.

### INFORMATION

This Information Report contains information about the number, nature and outcome of disclosures relating to By-law 09-227 for Q1 2019 (January – March 2019), along with historical information.

On June 27, 2018, Council directed the Director of Audit Services to implement a Fraud and Waste Hotline. After this direction was received, it received some media coverage and there was an increase in the volume of items reported by both staff and citizens. To capture this volume, additional categories were added starting in Q3 2018 to this report and will continue to be included on a go-forward basis. This report is a Whistleblower, Fraud and Waste Information Update.

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**SUBJECT: Whistleblower, Fraud & Waste Information Updated for Q1 2019  
(AUD19003) (City Wide) - Page 2 of 4**

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**Number and Nature of Disclosures/Investigations in 2019**

Timeline	Categories				Total Volume
	Staff Inquiry/ Report	Whistle-blower	External Inquiry/ Citizen Complaint	Audit Findings	
Q1 (Jan - Mar)	2	0	6	0	8
<b>2019 (Jan – Mar)</b>	<b>2</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>8</b>

**Total Volume in 2019 (January to March): 8**

*Note: "Audit Findings" means that an investigation was launched due to observations made on a specific matter in the course of an audit.*

**Nature and Outcomes**

Q1:

There were eight cases assessed and/or investigated in Q1. The items related to fraud, financial management, misconduct, accountability and theft. Four of the items are closed and four are ongoing.

Carry forward items from 2018:

There were three ongoing cases at the end of 2018. One of these cases was addressed at GIC and Council, via the private and confidential report, AUD19002 (Roads Audit Update) in February 2019. Another case is now closed, and the third case is an ongoing investigation as an additional related case was opened in Q1 2019.

**SUBJECT: Whistleblower, Fraud & Waste Information Updated for Q1 2019  
(AUD19003) (City Wide) - Page 3 of 4**

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**Number and Nature of Disclosures from 2010 – 2019**

Year	Categories				Total Volume
	Staff Inquiry	Whistle-blower	External Inquiry/Citizen Complaint*	Audit Findings*	
2010	0	2	1	*	3
2011	1	2	0	*	3
2012	1	1	1	*	3
2013	2	2	0	*	4
2014	3	2	0	*	5
2015	1	1	1	*	3
2016	1	3	1	*	5
2017	1	0	1	*	2
2018	5	0	6	1	12
2019 (Jan-Mar)	2	0	6	0	8
<b>Total</b>	<b>17</b>	<b>13</b>	<b>17</b>	<b>1</b>	<b>48</b>

\* Citizen Complaints and investigations resulting from Audit Findings were not included in this report from 2010-2017. Due to the approval by Council to implement a Fraud and Waste Hotline, this information has been included from 2018 onwards.

The total volume from 2010 – 2019 is 48 items. These sustained low volumes for an organization the size of the City of Hamilton, with almost 8,000 employees, in comparison with other cities indicated a need for further action to ensure employees are comfortable with reporting concerns.

### **Fraud and Waste Hotline**

In 2018, action was taken. On June 27, 2018, Council approved the implementation of a Fraud and Waste Hotline with intake performed by an independent third party as part of a three-year pilot project. A competitive procurement for an external vendor to provide 24/7 telephone and online hotline intake services occurred via a Request for Proposal (RFP). The RFP closed in March 2019, and the hotline is expected to launch in June/July 2019.

### **Relevant Research Findings**

Per a recent Harvard Business Review article, *Research: Whistleblowers Are a Sign of Healthy Companies*, the benefits of having a hotline were clearly identified:

**SUBJECT: Whistleblower, Fraud & Waste Information Updated for Q1 2019  
(AUD19003) (City Wide) - Page 4 of 4**

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*“Our analysis revealed that whistleblowers—and large numbers of them—are crucial to keeping firms healthy and that functioning internal hotlines are of paramount importance to business goals including profitability. The more employees use internal whistleblowing hotlines, the less lawsuits companies face, and the less money firms pay out in settlements.”*

*“We also found that higher use of internal reporting systems is not associated with a greater volume of external reports to regulatory agencies or other authorities. This suggests that a higher volume of internal reports does not imply that problems at the company are more frequent or severe. Instead, internal reports indicate open communication channels between employees and management and a belief that issues raised will be addressed. At the same time, when employees do report externally, it reflects management’s failure to address issues internally.”*

The full article can be found at <https://hbr.org/2018/11/research-whistleblowers-are-a-sign-of-healthy-companies>.

**APPENDICES AND SCHEDULES ATTACHED**

None.



**MINUTES: Hamilton Mundialization Advisory Committee  
Wednesday, March 20, 2019 – 5:56 p.m.  
Hamilton City Hall, Room 192**

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**Present:** Ron Vine, Rein Ende, Jan Lukas, Pat Semkow, Bob Semkow, Nick van Velzen  
**Regrets:** Councilor Arlene VanderBeek  
**Absent:** n/a  
**Also Present:** Nadia Olivieri, Staff Liaison  
**Guests:** n/a

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**WELCOME & INTRODUCTIONS 5:56 pm**

The Chair welcomed everyone to the meeting and provided the Land Acknowledgement.

A moment of silence was taken to acknowledge the tragedies in New Zealand

**1. APPROVAL OF AGENDA**

**(P. Semkow/ N. van Velzen)**

That the Hamilton Mundialization Advisory Committee agenda of March 20, 2019 be approved as presented.

**CARRIED**

**2. DECLARATIONS OF INTEREST –None declared.**

**3. APPROVAL OF MINUTES**

**3.1. Minutes of February, 2019**

**(B. Semkow / R. Ende)**

That the minutes of February 20, 2019 meeting of the Mundialization Committee be approved as presented.

**CARRIED**

**4. PRESENTATION – n/a**

**5. DISCUSSION ITEMS**

**5.1. Mundialization Display Cabinet/ Artifact Identification**

Chair advised that the cabinet has a new display and members are encouraged to make a visit to the cabinet.



### 5.1.1. Other resources identified by Committee Members

Member Rob Semkow provided a contact list to the Staff Liaison of individuals that may be of some assistance to identifying artifacts in the City's collection. The members reviewed the list and directed Staff Liaison to key individuals that could provide some information on the artifacts listed.

### 5.1.2. Communicated out to other resources identified

Staff Liaison to email contacts (blind copy) and include Franca Hicks contact information. Resources will be asked to review the Artifact list and contact Franca if they can provide additional relevant information (when, where, why the artifact was gifted/presented to the City of Hamilton. The message should clearly indicate that items may be removed from the City's Public Collection if their significance is not identified. Staff will draft an email message and have the correspondence reviewed by Franca.

## 5.2. 2019 and beyond Activity Plan

### 5.2.1. Mundialization Activities of ongoing importance

#### 5.2.1.1. Matters related to twinning- previously discussed

### 5.2.2. Event Planning

#### 5.2.2.1. Photo Contest

Typically announced prior to summer recess with the Contest winners announced in October 2019

- Committee members agreed to move forward with this event given new committee will not be in place until May or June 2019.
- The Contest needs to celebrate the passing of 50 years of Mundialization
- Committee generated some theme ideas
  - Waterfront
  - Transportation
  - Natural

**Plan:** 1 month to put together poster/ web site.

Request that Mayor's office (through Chris Cutler) to connect with our twin city mayors advising them to distribute information related to of the photo context.





**Prizes:** There will be 3 categories (noted above) with one winner in each category. The winner for each category will receive a \$250.00 prize. From the 3 categories winners, 1 of the 3 category winner will be selected as the grand prize winner who will be provided with an additional \$250.00 prize.

**Judges:** ideally 3 judges

Contest announcement: launched as soon as possible

Contest closing deadline: around 15 October 2019

**5.2.2.2. 50 Years of Gandhi in Canada**

In the last few weeks the focus of the committee has been on Noble Peace Prize winners attending event. The Committee has been having difficulty meeting consistently.

**5.2.2.3. Hiroshima Nagasaki –**

We need to identify a Committee lead. It is likely that someone from the new Committee will need to be the lead for the day.

Member Rein Ende – will take the lead for planning this Committee’s involvement. This will include a review refreshment needs and proper advertisement/notice for the event.

**5.3. Web Page Information**

**5.3.1. Staff Update – Steve Sedor is the City of Hamilton IT**

Contact for matter related to Web page management.

The direction for managing a particular Web site is typically as directed by City Council. The Committee will review next steps with Cllr. VanderBeek at April meeting.

**6. OTHER BUSINESS**

**6.1. Information sharing-**

Member J Lukas encouraged Committee Member to engage in Solidarity Circle at this coming Friday’s prayers at one of the 15 designated local Mosques.

**7. ADJOURNMENT**

**(P. Semkow/N. van Velzen)**

That the meeting be adjourned at **7:35 pm.**

**NEXT MEETING**

**Wednesday, April 17, 2019**

**6:00 p.m. – Room 192, City Hall**

2019 Dates: June 19, (July 21, August 21\*) September 18, October 16, November 20, and December 18.\*Summer dates if meetings are required





**CITY OF HAMILTON**  
**CORPORATE SERVICES DEPARTMENT**  
**Financial Services and Taxation Division**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	May 2, 2019
<b>SUBJECT/REPORT NO:</b>	Accounts Receivable Write-Offs for 2018 (FCS19033) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Bev Neill (905) 546-2424 Ext. 6274
<b>SUBMITTED BY:</b>	Brian McMullen Acting General Manager, Finance and Corporate Services Corporate Services Department
<b>SIGNATURE:</b>	

### RECOMMENDATIONS

- (a) That the Acting General Manager of Finance and Corporate Services be authorized to write-off uncollectible General Accounts Receivables in the amount of \$62,869.84 attached as Appendix "A" to Report FCS19033;
- (b) That the General Accounts Receivable Write-Offs, less than \$1,000 each, in the amount of \$3,549.42 attached as Appendix "B" to Report FCS19033, be received for information;
- (c) That the Acting General Manager of Finance and Corporate Services be authorized to write-off uncollectible Lodge Accounts Receivables in the amount of \$34,422.27 attached as Appendix "C" to Report FCS19033.

### EXECUTIVE SUMMARY

In accordance with Council Policy:

A listing of uncollectible General Accounts Receivable accounts totalling \$62,869.84 is attached as Appendix "A" to Report FCS19033 for Council approval. Upon approval, the Accounts Receivable Section will remove the accounts from the Aged Trial Balance and prepare the necessary accounting entries. These amounts have been allowed for

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**SUBJECT: Accounts Receivable Write-Offs for 2018 (FCS19033) (City Wide) -  
Page 2 of 4**

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in the 2018 year-end allowance for doubtful accounts. Therefore, the write-offs of these receivables will not be reflected in the 2019 actual expenditures.

A listing of uncollectible General Accounts Receivable accounts totalling \$3,549.42 and valued at less than \$1,000 each, have been written-off since the last report in May 2018 and is attached as Appendix "B" to Report FCS19033. These amounts have been allowed for in the 2018 year-end allowance for doubtful accounts. Therefore, the write-offs of these receivables will not be reflected in the 2019 actual expenditures.

A listing of uncollectible Lodges Accounts Receivable accounts totalling \$34,422.27 is attached as Appendix "C" to Report FCS19033 for Council approval. Upon approval, the Accounts Receivable Section will remove the accounts from the Aged Trial Balance and prepare the necessary accounting entries. These amounts have been allowed for in the 2018 year-end allowance for doubtful accounts. Therefore, the write-offs of these receivables will not be reflected in the 2019 actual expenditures.

**Alternatives for Consideration – See Page 3**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

**Financial:** The Accounts Receivables write-offs have been allowed for in the 2018 year-end allowance for doubtful accounts. Therefore, the write-off of these receivables will not be reflected in the 2019 actual expenditures.

**Staffing:** None

**Legal:** None

**HISTORICAL BACKGROUND**

This Report is being brought forward in accordance with the Accounts Receivable Write-Off Policy, approved by City Council on February 9, 2005, Council Report #05-003, Item 4.

The Write-Off Policy sets the following authorization levels for account write-offs:

- Up to \$500 Director, Financial Services or designate
- Between \$500 and \$1,000 General Manager, Finance and Corporate Services or designate
- Greater than \$1,000 City Council Approval

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**SUBJECT: Accounts Receivable Write-Offs for 2018 (FCS19033) (City Wide) -  
Page 3 of 4**

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**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Accounts Receivable Write-Off Policy.

**RELEVANT CONSULTATION**

Originating departments have been advised of the accounts that will be written-off as they pertain to their department's operations.

**ANALYSIS AND RATIONALE FOR RECOMMENDATION**

All avenues of collection regarding the receivables being recommended for write-off have been exhausted.

Collection procedures include, but are not limited to:

- Mailing written non-payment reminders, such as, statements, demand letters, etc.;
- Verbal request by telephone or, in person, where applicable;
- Negotiating revised payment terms;
- Cross-referencing against the Accounts Payable System;
- Drawing on securities held, such as, Letter of Credit, Bonds, etc., if applicable;
- Recovery through the tax system by transferring uncollectible items as permitted in our By-Laws;
- Legal action; and,
- Use of a Collection Agency.

**ALTERNATIVES FOR CONSIDERATION**

Accounts that are written-off will be removed from the active listing. If future information is received that would aid in the collection of these written-off amounts, active collection would be resumed.

**ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

**Community Engagement & Participation**

*Hamilton* has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

**Our People and Performance**

*Hamiltonians* have a high level of trust and confidence in their City government.

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**SUBJECT: Accounts Receivable Write-Offs for 2018 (FCS19033) (City Wide) -  
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**APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" - Hamilton General Receivables Write-Offs - Over \$1,000 for 2018

Appendix "B" - Hamilton General Receivables Write-Offs – Less than \$1,000 for 2018

Appendix "C" - Lodges Receivable Write-off for 2018

BN/dw

**Hamilton General Receivables Write-Offs - Over \$1,000 for 2018**

<b>Customer ID</b>	<b>Customer Name</b>	<b>Amount</b>	<b>Description</b>
112961	Pattison Enterprises Limited	\$ 2,676.08	Finance charges - Contract negotiation delay - pd in full
		<b><u>\$ 2,676.08</u></b>	<b>Total Finance Charges Write-off</b>
117035	ORA Italian Kitchen and Bar	\$ 6,275.93	Exhausted collections - sold to new owner
118322	Agave Mex-I-Can	\$ 2,011.76	Exhausted collections - sold to new owner
		<b><u>\$ 8,287.69</u></b>	<b>Total Exhausted Collections</b>
118075	Choice Media	\$ 51,906.07	Uncollectible - Legal Agreement - Revenue Generation
		<b><u>\$ 51,906.07</u></b>	<b>Total Revenue Generation Write-Off</b>
		<b>\$ 62,869.84</b>	<b>TOTAL</b>

**Note**

Amounts listed have been allowed for in the December 2018 year end allowance, these write-offs will not affect the 2019 budget.





**Hamilton General Receivables Write-Offs - Less than \$1,000 for 2018**

Customer ID	Customer Name	Amount	Description
100378	Ecole Secondaire Georges P.Vanier	\$ 38.57	Finance charges
100509	Hamilton Wentworth Catholic Di	\$ 616.54	Finance charges
100553	Ham Wentworth Dist School Boar	\$ 20.25	Finance charges
101091	SHOPPERS DRUG MART #1041	\$ 243.48	Finance charges
104502	SHOPPERS DRUG MART #1050	\$ 22.36	Finance charges
100201	C.O.A.S.T.	\$ 486.05	Finance charges
100553	Ham Wentworth Dist School Boar	\$ 20.25	Finance charges
101087	Sheraton Hamilton	\$ 36.64	Finance charges
116010	Cara Operations C/O Accounts P	\$ 42.08	Finance charges
118540	Ornge Air Ambulance	\$ 40.08	Finance charges
119193	Upper Canada Marine Corp	\$ 29.64	Finance charges
119388	Penta Properties	\$ 22.94	Finance charges
119459	Courts Administration Service	\$ 215.77	Finance charges
119501	EIT Climate-KIC Nordic	\$ 52.91	Finance charges
100762	McMaster University	\$ 24.74	Finance charges
115776	Hydro One Networks Inc.	\$ 25.08	Finance charges
101579	Union Gas	\$ 36.08	Finance charges
101298	Wm. Groves Ltd	\$ 64.21	Finance charges - Invoice disputed - pd in full
101388	All Around Contracting	\$ 113.11	Finance charges - Invoice disputed - pd in full
111266	Defaveri Construction	\$ 153.08	Finance charges - Invoice disputed - pd in full
118433	Deso Construction Limited	\$ 20.36	Finance charges - Invoice disputed - pd in full
108397	Paladino Construction	\$ 57.69	Finance charges - Invoice disputed - pd in full
119483	Binbrook Bisons	\$ 30.90	Finance charges
116252	Infrastructure Ontario	\$ 30.85	Finance charges
		<b>\$ 2,443.66</b>	<b>TOTAL Finance Charges Write-off</b>
118431	57 At the Bay	\$ 884.47	Exhausted collections - Business closed
117097	Princessa Productions Ltd.	\$ 8.15	Exhausted collections - Sign removal
119307	Megan Tupper	\$ 213.14	Exhausted collections - Whithern Event
		<b>\$ 1,105.76</b>	<b>Total Exhausted collections</b>
		<b>\$ 3,549.42</b>	<b>TOTAL</b>

**NOTE**

Amounts listed have been allowed for in the December 2018 year end allowance, these write-offs will not affect the 2019 budget.



**Lodges Receivable Write-Off for 2018**

Customer ID	Customer Name	Amount	Description
528 ***		\$ 24,543.18	Deceased - Did not have a will - unrecoverable
335 ***		\$ 5,511.97	Deceased in 2009
		<b>\$ 30,055.15</b>	
116763 ***		\$ 365.51	Senior's Day Program
117646 ***		\$ 9.90	Senior's Day Program
118808 ***		\$ 208.07	Senior's Day Program
119026 ***		\$ 341.93	Senior's Day Program
118513 ***		\$ 1,029.10	Senior's Day Program
119066 ***		\$ 888.84	Senior's Day Program
119154 ***		\$ 87.08	Senior's Day Program
119211 ***		\$ 865.28	Senior's Day Program
119441 ***		\$ 478.31	Senior's Day Program
119453 ***		\$ 93.10	Senior's Day Program
		<b>\$ 4,367.12</b>	
		<b>\$ 34,422.27</b>	<b>TOTAL</b>

**NOTES**

Amounts listed have been allowed for in the December 2018 year end allowance, these write-offs will not affect the 2019 budget.

\*\*\* Identifiable Individual, name left off at request of Council





**CITY OF HAMILTON**  
**CORPORATE SERVICES DEPARTMENT**  
**Financial Services and Taxation Division**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	May 2, 2019
<b>SUBJECT/REPORT NO:</b>	Delegation Authority for Property Taxation Matters (FCS19039) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Maria Di Santo (905) 546-2424 Ext. 5254 David Janaszek (905) 546-2424 Ext. 4546
<b>SUBMITTED BY:</b>	Rick Male Director, Financial Services and Taxation & Corporate Controller Corporate Services Department
<b>SIGNATURE:</b>	

## RECOMMENDATIONS

- (a) That delegated authority to hold meetings, give notice and make decisions under sections 110(17), 334, 356, 357, 357.1, 358, 359 and 359.1 of the *Municipal Act, 2001* be given to the Treasurer, Deputy Treasurers, Manager of Taxation, Tax Assessment and Appeals Administrator.
- (b) That the by-law attached as Appendix “A” to Report FCS19039, being a By-law for the Delegation of authority to Treasurer and Deputy Treasurers with respect to the adjustment of taxes and payments in lieu of taxes, which has been prepared in a form satisfactory to the City Solicitor, be approved

## EXECUTIVE SUMMARY

Currently, staff reports for “Tax Appeals under Sections 357 and 358 of the Municipal Act, (2001)” and “Treasurer’s Apportionment of Land Taxes” are brought forward to the Audit, Finance and Administration Committee as consent items. In a typical year, approximately six to eight reports are prepared for Committee. Bringing these reports forward to Committee satisfies the requirement of the *Municipal Act, (2001)* of holding a meeting to allow applicants the ability to make a representation to Council, if they wish to do so.

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**SUBJECT: Delegation Authority for Property Taxation Matters (FCS19039) (City Wide) - Page 2 of 6**

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In adherence to the *Municipal Act, (2001)*, Taxation staff sends notice at least 14 days prior to the Committee meeting. In the notice, the applicant is encouraged to contact Taxation staff should they have any questions or concerns so that they can be addressed prior to the Committee meeting. Mostly, applicants do not contact Taxation staff or attend the Committee meeting and the Committee approves the report as submitted by staff. There have been some cases where the applicant does not contact Taxation staff and instead attends the Committee meeting requesting information/clarification that could have been provided in advance by Taxation staff. This sometimes leads to the item being pulled from the report, to then be added to the following staff report, once staff have had the opportunity to meet with the applicant. Staff do not feel this is an efficient use of the Committee's time, as most of the applicant's questions and concerns can be addressed by staff. Generally, these questions or concerns pertain to the applicant not understanding the process or the impact of the appeal/apportionment on their property taxes. Ultimately, similar to other appeals, the applicant has the right appeal to the Assessment Review Board.

A more efficient and effective process would be that this function be delegated to staff. Instead of a Committee meeting satisfying the *Municipal Act, (2001)* requirement, this meeting would be held by staff. This would give applicants a less formal setting to discuss the appeal or apportionment. Regardless of the meeting type, applicants would still have the right to appeal to the Assessment Review Board.

Staff are recommending scheduling a minimum of four meetings per year, of which applicants would be provided the required 14 days' notice. Staff would be available for the duration of the meeting time, should an applicant wish to attend to obtain further information or have their questions or concerns addressed. At the end of meeting time allotted, staff would approve the items and, in adherence to the *Municipal Act, (2001)*, send notice to all applicants within 14 days of the meeting of the resulting impact of the appeal / apportionment, as well as the appeal deadline should they wish to appeal to the Assessment Review Board.

The process described above for tax appeals under Section 357 and 358 of the *Municipal Act, (2001)* also applies for:

- appeals to limit taxes for certain property classes (Section 334)
- appeals to increase taxes levied that are believed to be undercharged because of a gross or manifest error as confirmed by MPAC (Section 359)
- appeals to correct an error in the calculation of taxes (Section 359.1).

It is important to note that appeals under these sections are extremely rare, however it is recommended that delegated authority be given to include these sections, as the basis for an appeal would pertain to property assessment and/or property tax calculation which staff can address like Section 357 and 358 appeals.

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**SUBJECT: Delegation Authority for Property Taxation Matters (FCS19039) (City Wide) - Page 3 of 6**

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Delegated authority would still ensure that Taxation staff continue to report annually to Council as part of the annual Assessment Appeals Report.

**Alternatives for Consideration – See Page 5**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: There are no financial implications to delegate authority for Municipal Tax Appeals and Apportionment of Land Taxes to staff. Financial impacts of the Municipal Act appeal or Apportionment of Land, if any, will be included in the annual Assessment Appeals Report, rather than the various staff reports currently brought forward as consent items to Audit, Finance and Administration Committee throughout the year.

Staffing: N/A

Legal: N/A

**HISTORICAL BACKGROUND**

Municipal Act Appeals:

Currently, Taxation staff report to the Audit, Finance and Administration Committee approximately 3 to 4 times a year on any Tax Appeals under Sections 357 and 358 of the *Municipal Act, (2001)*.

Section 357 of the *Municipal Act, (2001)* allows the taxpayer, through the Treasurer's Office, to submit an application to cancel, reduce or refund all or part of the taxes levied on the land in the year in respect of which the application is made as a result of a change of use, damage to a property rendering it partially or totally unusable; or a gross or manifest error that is clerical in nature. Examples of such applications are:

- mid-year purchase of a property by an exempt body;
- fire or flood damage to all or partial property; and,
- an assessment error in entering a property value; and,
- tax exemptions and refunds for Municipal Capital Facilities under s.110(17).

Section 357.1 of the *Municipal Act, (2001)* allows for the same relief as provided under Section 357 however, it applies to Payment-in-Lieu of taxes. Lands that are exempt from taxation but subject to Payment-in-Lieu of taxes generally include Federal and Provincial lands.

Section 358 of the *Municipal Act, (2001)* allows the taxpayer, through the Treasurer's Office, to appeal assessment as supplied by the Municipal Property Assessment Corporation (MPAC) they believe have been overcharged, due to gross or manifest

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**SUBJECT: Delegation Authority for Property Taxation Matters (FCS19039) (City Wide) - Page 4 of 6**

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clerical error on the part of MPAC. They can appeal current, plus prior two years, in which the application is made. This section also allows for the reduction of taxes, due to such errors, once confirmed by MPAC. Examples of such applications are:

- a transposition of figures;
- a typographical error; and,
- a duplicate property created.

The applications are forwarded to MPAC, which in turn provides the Municipality with confirmation of each application as either being approved or denied. Taxation staff then calculate any resulting adjustments to the property taxes, if any, and report these impacts to the Audit, Finance & Administration Committee. Applicants have 35 days after the Committee report is approved by Council to appeal any Section 357 decision through the Assessment Review Board. Section 358 decisions are final.

Apportionment of Land Taxes:

Current assessment, and therefore the resulting property taxes levied on some properties, may not recognize that they have been subject to a land severance. The apportionment of land taxes levied for a particular year(s) may need to be apportioned amongst newly created parcels of land. Section 356 of the *Municipal Act, (2001)* permits such an apportionment.

When original blocks of land are severed into newly created lots, there is no overall financial impact, as taxes owing against the original parcel of land are transferred to the new parcels. MPAC produces severance information forms for the assessment originally levied on the original parcels of land and identifies the split amongst the newly created lots.

Taxation staff proceeds to reallocate the taxes levied amongst the newly created lots in agreement with MPAC's severance information forms which identify the split in the assessment values due to land severance. Staff then report the resulting reallocation of taxes levied amongst the newly created lots to the Audit, Finance & Administration Committee.

Applicants have 35 days after the Committee report is approved by Council to appeal the apportionment through the Assessment Review Board.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The *Municipal Act, (2001)* allows for Council to delegate authority to staff.

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**SUBJECT: Delegation Authority for Property Taxation Matters (FCS19039) (City Wide) - Page 5 of 6**

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**RELEVANT CONSULTATION**

Taxation staff canvassed other municipalities with respect to delegated authority. The City of Ottawa, Burlington, Oakville, Cambridge, and Guelph were some of those where Council has delegated authority to staff in this regard.

Taxation staff consulted with the City Solicitor, Legal Services to ensure the delegated authority adheres to the *Municipal Act, (2001)* and in the preparation of the required By-Law.

**ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)**

To assist in the timely and efficient processing of tax adjustments under the recommended sections of the *Municipal Act (2001)*, staff are requesting Council's approval to delegate the authority to process these adjustments without the need for a separate report to Committee of Council.

As delegated authority, staff will continue to adhere to the *Municipal Act, (2001)* requirements of holding a meeting, providing notice of the meeting and providing resulting impacts to the applicant with identification of the appeal deadline, should the applicant wish to appeal to the Assessment Review Board.

There are typically no representations at the meetings, and if any, are done so for clarification of the process or the impact of the appeal/apportionment on their property taxes. Staff feel this is best dealt with in a less formal setting, as addressing these at a Committee of Council is not an efficient or effective use of Council's time.

Currently the staff reports going to Audit, Finance and Administration Committee do so as a consent item. These staff reports simply report on the tax impacts as a result of MPAC's decision of a *Municipal Act, (2001)* appeal or the resulting apportionment of taxes based on MPAC's severance information forms. Applicants will continue to have the right to appeal to the Assessment Review Board.

Staff will report annually to Council as part of the annual Assessment Appeals report.

**ALTERNATIVES FOR CONSIDERATION**

The alternative would be to maintain the status quo and continue to report to the Audit, Finance and Administration Committee prior to processing the resulting tax adjustments.

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**SUBJECT: Delegation Authority for Property Taxation Matters (FCS19039) (City Wide) - Page 6 of 6**

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**ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

**Community Engagement and Participation**

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

**Economic Prosperity and Growth**

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

**Our People and Performance**

Hamiltonians have a high level of trust and confidence in their City government.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to Report FCS19039 - By-law “Delegation of authority to Treasurer and Deputy Treasurers with respect to the adjustment of taxes and payments in lieu of taxes”

MD/DJ/dw

**Appendix "A" to Report FCS19039  
Page 1 of 2**

**Authority:** Item (#), (Name) Committee  
Report (#)  
CM: (Date)

**Bill No.**

**CITY OF HAMILTON**

**BY-LAW NO. 19-\_\_\_\_\_**

**Delegation of Authority to the Treasurer and Deputy Treasurers  
with Respect to the Adjustment of Taxes and Payments In lieu of Taxes**

**WHEREAS** sections 8, 9 and 10 of the *Municipal Act, 2001* authorize the City of Hamilton to pass by-laws necessary or desirable for municipal purposes and, in particular, paragraph 3 of subsection 10(2) authorizes by-laws respecting the financial management of the municipality;

**AND WHEREAS** sections 110(17), 334, 356, 357, 357.1, 358, 359 and 359.1 of the *Municipal Act, 2001* authorize the City of Hamilton to adjust taxes, for example to reduce or increase taxes when there has been an overpayment or underpayment caused by a gross or manifest error;

**AND WHEREAS** section 23.1 of the *Municipal Act, 2001* authorizes the City of Hamilton to delegate its authority;

**AND WHEREAS** subsection 23.2(2)(c) of the *Municipal Act, 2001* authorizes the City of Hamilton to delegate quasi-judicial powers under the *Municipal Act, 2001* to an individual who is an officer, employee or agent of the City;

**NOW THEREFORE** the Council of the City of Hamilton enacts as follows:

1. The Treasurer, Deputy Treasurers, Manager of Taxation, Tax Assessment and Appeals Administrator are severally delegated the authority to hold meetings, give notice and make decisions under sections 110(17), 334, 356, 357, 357.1, 358, 359 and 359.1 of the *Municipal Act, 2001*, subject to such direction as may be given by Council or the appropriate Standing Committee of the City of Hamilton from time to time.
2. The Treasurer and Deputy Treasurers shall use the most efficient combination of staff and external resources as required when exercising their delegated authority under this By-law, and, in so doing, may make further delegations.

**Appendix "A" to Report FCS19039  
Page 2 of 2**

3. The Treasurer's exercise of their delegated authority under this By-law shall be reported to Council or the appropriate Standing Committee of the City of Hamilton at least once in a calendar year.
4. Any reference to the title or position of a member of City staff in this By-law shall include any change to the title or position or any successor title or position or any new title or position which assumes the responsibilities of the title or position referenced in this By-law.
5. This By-Law comes into force on the date of its passing.

**PASSED** this                      day of                      , 20   .

\_\_\_\_\_  
Fred Eisenberger  
Mayor

\_\_\_\_\_  
Janet Pilon  
Acting City Clerk

# CITY OF HAMILTON MOTION

**Audit, Finance & Administration Committee: May 2, 2019**

**MOVED BY COUNCILLOR COLLINS.....**

**SECONDED BY MAYOR / COUNCILLOR .....**

**2019 Development Charges By-law – Garden Suites**

WHEREAS, the proposed 2019 Development Charges By-law provides an exemption for Laneway Houses;

WHEREAS, a Garden Suite is an alternative form of a detached dwelling that only exists on a lot ancillary to a principal dwelling which expands the housing stock on properties with existing single and semi-detached dwellings in a manner similar to Laneway Houses; and,

WHEREAS, a Garden Suite is already defined within the proposed 2019 Development Charges By-law;

THEREFORE BE IT RESOLVED:

That a Garden Suite be added to the list of exempted uses within Section 25 of the proposed 2019 Development Charges By-law.



# CITY OF HAMILTON MOTION

**Audit, Finance & Administration Committee: May 2, 2019**

**MOVED BY COUNCILLOR COLLINS.....**

**SECONDED BY MAYOR / COUNCILLOR .....**

**2019 Development Charges By-law – Commercial Greenhouse**

WHEREAS, the proposed 2019 Development Charges By-law lists Commercial Greenhouse within the definition of Industrial Development;

WHEREAS, per the proposed 2019 DC By-law a Commercial Greenhouse “means a Building, that is made primarily of translucent building material, used, designed or intended to be used for the sale and display of plants products grown or stored therein gardening supplies and equipment, or landscaping supplies and equipment” which is a retail use, not an industrial use;

WHEREAS, comparator municipalities assess these types of retail greenhouses as commercial; and,

WHEREAS, “Retail Greenhouse” is a more descriptive term to ensure that there is no confusion with a wholesale greenhouse, which is an agriculture use;

**THEREFORE BE IT RESOLVED:**

That the term Commercial Greenhouse be removed from the definition of Industrial Development in the proposed 2019 DC By-law, thereby having the use default to being assessed as non-industrial; and,

That the defined term Commercial Greenhouse be restated as Retail Greenhouse.





**CITY OF HAMILTON  
MOTION**

**Audit, Finance & Administration Committee: May 2, 2019**

**MOVED BY COUNCILLOR COLLINS.....**

**SECONDED BY MAYOR / COUNCILLOR .....**

**2019 Development Charges By-law – CityHousing Hamilton**

WHEREAS, buildings developed and used for the City of Hamilton and Local Boards is exempt pursuant to Section 3 of the Development Charges Act, 1997 and Section 20 of the proposed 2019 Development Charges By-law;

WHEREAS, the 2019 Development Charges Background Study includes capital projects by CityHousing Hamilton to fulfil the service of social housing provided by the City of Hamilton;

WHEREAS, CityHousing Hamilton is not a Board per the enacting legislation; and,

WHEREAS, the capital cost of social housing projects would increase, thereby increasing the overall Development Charge rates if the City were to charge Development Charges on projects owned and used by CityHousing Hamilton to fulfillment of the social housing service provided by the City of Hamilton;

**THEREFORE BE IT RESOLVED:**

That CityHousing Hamilton be added to the list of exempted organizations in Section 20 of the proposed 2019 Development Charges By-law.