City of Hamilton

AUDIT, FINANCE AND ADMINISTRATION COMMITTEE ADDENDUM

Meeting #:	20-013
Date:	December 10, 2020
Time:	9:30 a.m.
Location:	Due to the COVID-19 and the Closure of City Hall All electronic meetings can be viewed at: City's Website: https://www.hamilton.ca/council-committee/council-committee-meetings/meetings-and-agendas City's YouTube Channel: https://www.youtube.com/user/InsideCityofHamilton or Cable 14

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

---

5. COMMUNICATIONS

*5.1. Correspondence from the Hamilton Waterfront Trust respecting their December 31, 2019 Audited Financial Statements

Recommendation: Be Received.

*5.2. Correspondence from Principles Integrity, respecting Recommendations of Governance Review Sub-Committee re Ethical Framework Work Plan

Recommendation: Be received and referred to consideration of Item 10.9 - Governance Review Sub-Committee Report 20-003 - December 2, 2020

7. CONSENT ITEMS

7.1. Various Volunteer Advisory Committee Minutes:

*7.1.f. Hamilton Status of Women Advisory Committee - October 22, 2020

*7.1.g. Committee Against Racism - January 28, 2020

*7.1.h. Committee Against Racism - February 25, 2020

*7.1.i. Committee Against Racism - October 27, 2020

*7.1.j. Lesbian, Gay, Bisexual, Transgender, Queer (LGBTQ) Advisory Committee - February 18, 2020

*7.1.k. Lesbian, Gay, Bisexual, Transgender, Queer (LGBTQ) Advisory Committee - September 15, 2020

*7.1.l. Lesbian, Gay, Bisexual, Transgender, Queer (LGBTQ) Advisory Committee - October 20, 2020

10. DISCUSSION ITEMS

*10.9. Governance Review Sub-Committee Report 20-003 - December 2, 2020

*10.10. Hamilton Street Railway Pension Plan Valuation at January 1, 2020 (FCS20066) (City Wide)

Hamilton Waterfront Trust
Connecting You to the Water's Edge

SENT BY EMAIL

October 28, 2020

Stephanie Paparella
Legislative Co-ordinator
Office of the City Clerk
71 Main Street West, 1st Floor
Hamilton, ON
L8P 4Y5

Subject: December 31, 2019 Audited Financial Statements

Please find attached, audited financial statements for the Hamilton Waterfront Trust for the year ended December 31, 2019.

Annual financial statement is required to be forwarded to your attention by the Hamilton Waterfront Trust. This statement is meant to fulfill the requirement for information under the deed agreement item (12) signed by the Corporation of the City of Hamilton and The Hamilton Harbour Commissioners dated November 24, 2000.

Yours truly,

Werner Plessl

Werner Plessl
Executive Director
Hamilton Waterfront Trust

cc: Janette Smith, City Manager
Mike Zegarac, GM Finance & Corporate Services
Brian McMullen, Director, Financial Planning, Administration and Policy

Hamilton Waterfront Trust
Consolidated Financial Statements
For the year ended December 31, 2019

Hamilton Waterfront Trust
Consolidated Financial Statements
For the year ended December 31, 2019

Contents

Tel: 905 639 9500
Fax: 905 633 4939
Toll-free: 888 236 2383
www.bdo.ca

BDO Canada LLP
3115 Harvester Road, Suite 400
Burlington ON L7N 3N8 Canada

Independent Auditor's Report

To the Board of Directors of
Hamilton Waterfront Trust

Opinion

We have audited the consolidated financial statements of Hamilton Waterfront Trust and its subsidiaries (the "Group"), which comprise of the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2019, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s consolidated financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
October 1, 2020

Hamilton Waterfront Trust
Consolidated Statement of Financial Position

December 31		2019		2018
Assets				
Current				
Cash	**$**	**472,697**	$	553,896
Accounts receivable (Note 2)		**59,775**		185,065
Inventories and prepaid expenses		**28,221**		28,221
		560,693		767,182
Capital assets (Note 3)		**1,384,156**		1,456,917
Note Receivable (Note 6)		**1,342,249**		2,202,149
	$	**3,287,098**	$	4,426,248

Liabilities and Net Assets				
Current				
Accounts payable and accrued liabilities	**$**	**687,047**	$	781,873
Current portion of deferred capital contributions (Note 4)		**40,273**		41,742
		727,320		823,615
Deferred revenue - City of Hamilton		**436,049**		458,830
Deferred capital contributions (Note 4)		**1,171,515**		1,210,319
		2,334,884		2,492,764
Net assets		**952,214**		1,933,484
	$	**3,287,098**	$	4,426,248

On behalf of the Board:

Bernie Mueller (electronic signature) Director

Director

The accompanying notes are an integral part of these consolidated financial statements.

Hamilton Waterfront Trust
Consolidated Statement of Operations and Changes in Net Assets

For the year ended December 31	2019	2018
Revenue		
Investment income	$ 3,397	$ 2,015
City of Hamilton contract and management income	59,445	119,663
Other income	13,300	70,877
Hamiltonian Tour Boat	36,929	35,202
Williams Fresh Cafe	1,428,213	1,459,362
Hamilton Scoops	163,488	171,165
Kids Fest	19,192	-
Hamilton Trolley	27,783	41,372
Fishing Derby	-	1,094
Waterfront Grill	47,167	50,316
HWT Centre	94,007	74,701
Outdoor Ice Rink	319,059	307,049
Skate Rental	136,856	99,345
Waterfront Development, City of Hamilton management contract	374,992	605,759
Waterfront Wheels	12,541	13,611
	2,736,369	3,051,531
Expenses		
Advertising and promotion	664	43
Bad debts	67,461	-
Bank charges	4,088	4,508
Building expenses	10,458	6,001
Dues and memberships	2,570	1,537
Equipment expenses	1,853	3,766
Insurance	5,400	11,248
Office expenses	35,785	14,839
Professional fees	25,812	60,182
Salaries and benefits	274,510	329,008
Telephone	9,348	9,399
Travel	147	373
Other expenses	11,789	29,288
Hamiltonian Tour Boat	34,484	35,274
Williams Fresh Cafe	1,372,964	1,378,293
Hamilton Scoops	121,669	151,443
Kids Fest	12,219	-
Hamilton Trolley	31,023	43,275
Fishing Derby	13,026	13,561
Waterfront Grill	51,651	62,309
HWT Centre	50,464	95,839
Outdoor Ice Rink	315,147	306,994
Skate Rental	72,544	53,516
Waterfront Development, City of Hamilton management contract	388,239	605,759
Waterfront Wheels	12,828	13,446
	2,926,143	3,229,901
Deficiency of revenue over expenses before amortization and other revenue (expenses)	(189,774)	(178,370)
Other revenue (expenses)		
Amortization of capital assets	(72,761)	(73,134)
Amortization of deferred capital contributions	40,273	41,742
Expenses associated with tenant dispute (Note 6)	(759,008)	(316,729)
Gain on disposal of HWT Centre	-	2,667,343
Property taxes	-	405,421
	(791,496)	2,724,643
Excess (deficiency) of revenue over expenses for the year	(981,270)	2,546,273
Net assets (deficiency), beginning of year	1,933,484	(612,789)
Net assets, end of year	$ 952,214	$ 1,933,484

The accompanying notes are an integral part of these consolidated financial statements.

Hamilton Waterfront Trust
Consolidated Statement of Cash Flows

For the year ended December 31		2019		2018
Cash flows from operating activities				
Excess (deficiency) of revenue over expenses for the year	**$**	**(981,270)**	$	2,546,273
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash used in operating activities				
Amortization of capital assets		**72,761**		73,134
Amortization of deferred capital contributions		**(40,273)**		(41,742)
Gain on disposal of HWT Centre		**-**		(2,667,343)
Changes in non-cash working capital balances				
Accounts receivable		**125,290**		162,181
Inventories and prepaid expenses		**-**		1,721
Accounts payable and accrued liabilities		**(94,826)**		(175,838)
Deferred revenue		**(22,781)**		14,332
		(941,099)		(87,282)
Cash flows from investing activity				
Purchase of capital assets		**-**		(39,380)
Cash flows from financing activity				
Proceeds from note receivable		**859,900**		460,000
Increase (decrease) in cash during the year		**(81,199)**		333,338
Cash, beginning of year		**553,896**		220,558
Cash, end of year	**$**	**472,697**	$	553,896

The accompanying notes are an integral part of these consolidated financial statements.

Hamilton Waterfront Trust
Notes to Consolidated Financial Statements

December 31, 2019

1. Significant Accounting Policies

Nature of Business

The purpose of the Hamilton Waterfront Trust (the "Organization") is to improve and develop lands around the Hamilton Harbour and to encourage the local community to enjoy the Bay area. Hamilton is a culturally and ethnically diversified mosaic. Therefore, the Organization helps to promote the image of Hamilton to businesses and individuals over a wide radius.

Following a strategic review undertaken by the Board of Directors, it was decided to restructure the Organization to become a not-for-profit organization effective November 21, 2016. As part of the reorganization on that same date, HWT Inc., a wholly-owned subsidiary, was incorporated.

The Organization is incorporated under the Ontario Corporations Act, and now have a continuance under the Canada Not-for-Profit Corporations Act.

The Organization is registered under the Income Tax Act (Canada) (the "Tax Act") and, as such, is exempt from income taxes.

Basis of Accounting and Presentation

The consolidated financial statements of the Organization have been prepared using Canadian accounting standards for not-for-profit organizations.

These consolidated financial statements include the accounts of the Organization and HWT Inc. All significant intercompany transactions and balances have been eliminated.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions.

Unrestricted revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Deferred capital contributions related to capital assets represent the unamortized and unallocated amount of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

The Organization recognizes all other revenue when services are performed or goods are sold, there is no uncertainty as to the customer acceptance, the price to the buyer is fixed or determinable and collection is reasonably assured.

Hamilton Waterfront Trust
Notes to Consolidated Financial Statements

December 31, 2019

1. Significant Accounting Policies (Continued)

Capital assets

Capital assets are recorded at cost. Amortization is based on their estimated useful life using the following methods and rates or terms:

Boat	-	15 years straight-line
Building	-	5% declining balance
Computer equipment	-	30% declining balance
Dock	-	5% declining balance
Furniture and equipment	-	20% declining balance
Trolleys	-	15 years straight-line
Leasehold improvements	-	straight-line over the term of the lease

Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. Subsequently, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

2. Accounts Receivable

	2019	2018
Trade accounts receivable	**$ 127,236**	$ 533,138
Impairment allowance	**(67,461)**	(348,073)
	$ 59,775	$ 185,065

Hamilton Waterfront Trust
Notes to Consolidated Financial Statements

December 31, 2019

3. Capital Assets

	2019		2018	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Boat	**$ 52,156**	**$ 42,042**	$ 52,156	$ 38,565
Building	**17,016**	**7,992**	17,016	7,517
Computer equipment	**42,844**	**41,755**	42,844	41,288
Dock	**15,522**	**8,385**	15,522	8,009
Furniture and equipment	**209,092**	**178,989**	209,092	168,689
Trolleys	**335,782**	**193,025**	335,782	169,570
Leasehold improvements	**2,542,155**	**1,358,223**	2,542,155	1,324,012
	$ 3,214,567	**$ 1,830,411**	$ 3,214,567	$ 1,757,650
Net book value		**$ 1,384,156**		$ 1,456,917

4. Deferred Capital Contributions

Restricted capital contributions are amortized on the same basis as the underlying capital assets.

	2019	2018
Balance, beginning of year	**$ 1,252,061**	$ 2,228,262
Less: contributions recognized as revenue	**(40,273)**	(41,742)
Less: disposal of HWT Centre (Note 6)	**-**	(934,459)
	1,211,788	1,252,061
Less: current portion	**(40,273)**	(41,742)
Balance, end of year	**$ 1,171,515**	$ 1,210,319

5. Commitments

The Organization leases a premise at an annual rent of $33,500 plus applicable taxes. The lease expired on October 31, 2019, however the Organization has verbally agreed to pay 50% of the annual rent until a new agreement has been signed.

Hamilton Waterfront Trust
Notes to Consolidated Financial Statements

December 31, 2019

6. Note Receivable

Effective January 1, 2018, the Organization's lease on the Parks Discovery Centre with the City of Hamilton was terminated. In consideration of the Organization entering into this arrangement, The City of Hamilton agreed to pay an early surrender fee in the form of a note. The note receivable bears interest at 4% per annum and is payable in equal annual instalments of $230,000 inclusive of interest, with final payment made on January 1, 2032.

During the year, the legal dispute with a tenant was settled. In connection with the legal settlement, the note receivable from The City of Hamilton was amended and the annual instalments were reduced to $166,000 inclusive of interest beginning January 1, 2021.

7. Financial Instrument Risks

Credit Risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable balances. This risk has not changed from the prior year.

Liquidity Risk
Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on a due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from the Organization's accounts payable and accrued liabilities. This risk has not changed from the prior year.

8. Subsequent Event

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic, resulting in economic uncertainties. As the impacts of COVID-19 continue, there could be further impacts on the Organization, however management is actively monitoring the effect on its financial condition, liquidity, operations, sector, and workforce.

Subsequent to year end, the Organization temporarily suspended its food and beverage operations from March 18, 2020 until June 22, 2020 at which point operations commenced under Ontario's Phase 2 reopening of businesses. The Organization has successfully applied for the Canada Emergency Wage Subsidy and Canada Emergency Business Account. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity at this time.

Principles
Integrity

December 8, 2020

Chair and Members
Audit, Finance & Administration Committee

Re: Recommendations of Governance Review Sub-Committee re Ethical Framework Work Plan

At its meeting on December 2, 2020, the Governance Review Sub-Committee had before it for consideration the Integrity Commissioner's work plan for review of the City's Ethical Framework. The recommendations of the Committee are before AF&A for its meeting of December 10, 2020.

At the Sub-Committee meeting we had the opportunity to correct the impression that the presentation of a work plan by us was self-interested. All of the work proposed is either part of the scope of work which was contemplated on our appointment, or assigned specifically by Council, or recommended for consideration by senior administrative staff.

However, despite having provided a clear estimate for what we anticipated would be the work involved, the Sub-Committee has recommended **an upset limit** for each element of the work plan.

To provide an upset limit we would have to include every possible contingency, resulting in a meaningless dollar limit, so high as to provide the Committee with little guidance. We respectfully request that the recommendation of the Governance Sub-Committee be revised to request an estimate, not an upset limit, for the work proposed be provided to the January 25, 2021 Governance Sub-Committee meeting.

We have already provided the Sub-Committee with an estimate of less than $10,000 for the entire work plan, based on our work with other municipal clients similar to Hamilton. Breaking down that estimate, we anticipate the following time commitments:

- Review of Code of Conduct, *including* review of investigation and reporting protocols – 10 hours
- Provision of draft Council/Staff Relations Policy (2-5 hours)
- Guidance regarding Members' roles on external bodies (5-10 hours)
- Local Board governance issues, including revised code of conduct (10 hours)
- Such other matters as may be assigned (unknown).

All of which is respectfully submitted,

Principles *Integrity*,
Integrity Commissioner for the City of Hamilton

Hamilton

Minutes
Status of Women Advisory Committee
Thursday, October 22, 2020
Virtual Meeting

Present: Autumn Getty, Jan Lukas, Stephanie Bertolo,
Yulena Wan, Doreen Ssenabulya, Stephanie Frisina, Anna Davey

Regrets: Deanna Allain

Absent: Councillor Nann
Daniela Giulietti, Councillor Nann's Office

Also,

Present: Betsy Pocop (staff liaison), Diversity and Inclusion Office
Taline Morris (Admin Assistant), Diversity and Inclusion Office

Land Acknowledgement
A. Getty provided the Land Acknowledgement

Welcome/Introductions
A round of introductions and welcoming of members.

1. Approval of the Agenda

(J. Lukas / A. Davey)
That the Status of Women Committee approves the agenda of October 22, 2020 as presented.

CARRIED

2. Declaration of Interest

- None

3. Approval of Minutes

(Y. Wan / A. Davey)

That the Status of Women Committee approves the minutes of January 23, 2020 as presented.

CARRIED

4. Presentations

- None

5. Business/ Discussion Items

5.1 Business Arising from Previous Minutes

- None

5.2 Election of Recording Secretary

- Discussion around members rotating as Recording Secretary.
- S. Frisina volunteered as Recording Secretary but, unable to commit to all meetings. Suggested she let committee know in advance when available to be recording secretary
- Voting for new Recording Secretary to take place at January 2021 meeting.

(A. Davey / Y. Wan)
That the committee accepts S. Frisina as recording secretary for the remainder of 2020.

CARRIED

5.3 2020 Workplan

5.3.1 Working Group

- Committee members still interested in reaching out to other Advisory Committees for recruitment strategies for recruitment of new members
- A. Getty to reach out to LGBTQ Advisory Committee
- Members discussed items from previous workplan: providing free menstrual products in City spaces and availability of childcare. Members agreed to continue discussion at a future date.
- Members discussed possibly changing committee name, however a decision was not reached, and the committee has agreed to create a working group to explore this item further.

(A. Davey/ S. Bertolo)
That the Status of Women Committee create a working group for the purpose of discussing the committee's name to be more inclusive.

CARRIED

5.4 Budget for 2021

- Actual budget and reserve amounts discussed
- The Committee is unable to transfer funds to reserves due to maximum reserves amount reached
- Members inquired about donating to community agencies that support women and align with committee’s goals and objectives. B. Pocop to investigate if possible.

(D. Ssenabulya / A. Davey)
That the Status of Women Committee request the same as their 2020 budget amount of 3500.00 for 2021.

CARRIED

5.5 Review of Terms of Reference

DEFERRED

5.6 Equity Toolkit Review

- Group consensus to restart review of Toolkit.

5.7 Correspondence from HIPC

- Members inquired to understand if research ideas are still needed for a request from the Hamilton Immigration Partnership Council (HIPC)
- B. Pocop to follow up with requestor

6. Announcements and Information Sharing

- J. Lukas shared Sisters in Spirit event received remarkable response. Hamilton Police Service to set up red dress display. Virtual ceremony to take place November 3, 2020.
- J. Lukas and A. Getty also discussed Women of Distinction event went well.

7. Meeting adjourned at 7:40 p.m.
(Y. Wan / D. Ssenabulya)

Next meeting scheduled for Thursday, November 26, 2020

Hamilton

- MINUTES -
COMMITTEE AGAINST RACISM
Tuesday, January 28, 2020
6:30 p.m. - 8:30 p.m.
City Hall, 71 Main Street West, Room 192

Present: Marlene Dei-Amoah, Tyrone Childs, Shamini Jacob, Annie Law, Leslyn Gombakomba, Taimur Qasim, Phillip Jeffrey

Regrets: Louic LeBlanc and Councillor Brad Clark

Absent: Sylvia Gill

Also Present: Jodi Koch – Director, Human Rights, Diversity and Inclusion
Nabila Akbary - Admin. Assistant, Talent and Diversity
John Ariyo- Manager, Community Initiatives
Guests: Kojo Damptey, Jovaune Rhodes, Mohammad (HCCI: Anti-racism conference lead), Samsun (Youth Membership Program)

Chair: M. Dei-Amoah

Welcome & Introductions
Staff welcomed all in attendance and a round of introductions were done.

1. **Acceptance of the Agenda**

   <u>**S. Jacob / P. Jeffrey**</u>

   Addition of item 5.1 a) Update on HARRC and Delegation request under Presentation

   That the Committee Against Racism accepts the Meeting Agenda with additions for January 28, 2020

   CARRIED

2. **Declaration of Interest**

   None declared

3. **Approval of Minutes**

   <u>**A. Law / L. Gombakomba**</u>

   That the Committee Against Racism accepts the Meeting Minutes of November 26, 2019.

CARRIED

4. Presentations / Delegation Request

Delegation requested by Kojo Damptey

My past attendance at the Committee Against Racism meetings have been to receive updates regarding Hamilton Anti-Racism Resource Centre. Since the December 5, 2019 Council meeting there has been a disillusion regarding the partnerships for the Hamilton Anti-Racism Centre. I am here today to express how Hamilton Centre for Civic Inclusion feels about it. Further discussions and clarification need to occur on what is to happen with the facility. Flyer given to CAR members for the 'Anti-Racism Conference' Feb 10, 2020.

Questions from Committee Against Racism members regarding:
Past Governance Structure, Hamilton Anti-Racism Resource Centre Partners, Budget, and what was Hamilton Centre for Civic Inclusion's position on December 5, 2019.

P. Jeffrey / T. Qasim

That the Committee Against Racism approves the delegation from Kojo Damptey.

CARRIED

5. Business / Discussion Items

5.1 a) Update on HARRC

- J. Koch updated the committee members from the last meeting in November 2019. Both Chair and Vice-chair of Committee Against Racism presented to the Citizen Committee Report regarding Hamilton Anti-Racism Resource Centre to Audit, Finance and Administration Council. Community's concerns regarding Hamilton Anti-Racism Resource Centre was considered in both the staff report and Committee Citizen report.

  Jodi introduced John Ariyo, Manager of Community Initiatives. Explanation of the Hamilton Anti-Racism Resource Centre project (HARRC) will be led by J. Ariyo within the City of Hamilton Community Initiatives division.

- J. Ariyo provided history of employment background and projects. Looking forward to working with Committee Against Racism committee members. with creating HARRC's vision and looking for support of committee members. Ask of committee members to work together with community on anti-hate work.

T. Qasim to take Chair.

- M. Dei-Amoah to speak: members of the community reaching out to Committee Against Racism and inquiring on committee initiatives and subcommittee ideas. Community engagement piece is a plan, but internal communication between the Committee Against Racism members must be an asset.
  Let this be the position to be moving forward with. Committee Against Racism

works solely as a volunteer advisory committee.

M. Dei-Amoah to take Chair.

b) Committee Member Resignation

- Committee members are sad to see member Louic LeBlanc's resignation. An acknowledgement of resignation is respectfully accepted. The Committee Against Racism thanks L. LeBlanc's years of dedicated services and his contribution to CAR. For partnering alongside and allying alongside CAR. CAR does promote discriminatory behaviour. CAR supports committee members and allyship.

T. Qasim / T. Childs

That the Committee Against Racism respectfully receive and acknowledge resignation of Louic LeBlanc.

CARRIED

- Sylvia Gill is deemed to have resigned as a letter and communication wassent to her with no response.

T. Qasim / S. Jacob

That the Committee Against Racism accepts and acknowledges the deemed resignation of Sylvia Gill.

CARRIED

5.2 Election of Chair

DEFER

5.3 Election of Vice-Chair

DEFER

5.4 Election of Recording Secretary

DEFER

5.5 Committee Member Recruitment and Selection

- The Committee Against Racism aims to have two new members for the committee.

T. Qasim / A. Law

That the Committee Against Racism to ask Legislative Clerks Office for the recruitment and selection of two new additional committee members for a total of nine members.

CARRIED

5.6 Correspondence from Dina Honig, Hamilton Immigration Partnership Council (HIPC), respecting a Request for Study/Research Ideas for HIPC's Research and Evaluation Committee

DEFER

5.7 Lincoln Alexander Day

- Date has changed as received from communication from family member. The ask is that the event to be put off for two years. A bigger event to be planned for 2022 and have Committee Against Racism to be involved as well. Budget to be adjusted for subject Lincoln Alexander day due to the date change. M. Dei-Amoah to reach out and have CAR involved in event initiatives. A possible addition to the workplan.
  M. Dei-Amoah to report back to committee with update on who is involved on Lincoln Alexander Day 2022.

5.8 Black History Month Events in Hamilton

- Communication to be forwarded to committee members listing of lots of events happening during Black History Month. One event to occur January 31, 2020 in the Hamilton Public Library hosted by the Hamilton Black History Council.
- February 5, 2020, 'Together We Rise' hosted by the Hamilton legal clinic.
- Committee Member to ask how Zimbabwean community to approach committee for specific asks. Noted to be added on the workplan as an item to spread communication within the community.
- Workplan initiatives to include advertisements and communication strategies and availability of different channels such as the City of Hamilton website. Work on a definite communication plan.

5.9 John C. Holland Awards

- Holds a historical impact in the Hamilton community. Awards event created to recognize outstanding students and to provide scholarship opportunities.

T. Childs / P. Jeffrey

The Committee Against Racism to purchase tickets: CAR Committee member Leslyn Gombakomba and guest to attend (two tickets). An additional three tickets to be purchased for any available youth unable to attend the ceremony and event.

CARRIED

5.10 CAR Brochure

DEFER

5.11 Terms of Reference

DEFER

5.12 Equity and Inclusion Toolkit

DEFER

6. Announcements and Information Sharing

None declared

7. Adjournment

P. Jeffrey / T. Qasim

That the Committee Against Racism meeting adjourn at 9:02 p.m.

Next meeting scheduled for Tuesday, February 25, 2020

Hamilton

MINUTES
Committee Against Racism
Tuesday, February 25, 2020

Present: Marlene Dei-Amoah, Tyrone Childs, Shamini Jacob, Annie Law, Leslyn Gombakomba, Phillip Jeffrey.

Regrets: Taimur Qasim and Councillor Brad Clark

Absent:

Also Present: John Ariyo, Manager, Community Initiatives
Guest: Kojo Damptey

Chair: M. Dei-Amoah

Welcome and Introductions

The Chair welcomed all in attendance.

1. Changes to the Agenda
None

2. Declaration of Interest
None declared

3. Approval of Minutes

3.1 January 28, 2020

S. Jacob / P. Jeffrey

That the Committee Against Racism accepts the Meeting Minutes of January 28, 2020 with the following changes:

Item 5.1 (b) **Committee Member Resignation**:
2nd sentence should read: The Committee Against Racism thanks L. LeBlanc for his years of dedicated service, his contribution, partnering and allying alongside CAR. CAR does not endorse or support the discriminatory behaviour to which the former member was subjected.

CARRIED

5.2 Election of Chair – Marlene Dei-Amoah.

Election of Vice-Chair **DEFER**

Election of Recording Secretary – Phillip Jeffrey

5.5 Committee Member Recruitment and Selection

There are now two vacancies on the Committee. The Committee requested, through John Ariyo, that the vacancies be posted.

5.6 Correspondence from Dina Honig, Hamilton Immigration Partnership Centre (HIPC), respecting a Request for Study/Research Ideas HIPC' s Research and Evaluation Committee.

Committee to request that HIPC be invited to do a presentation to an upcoming CAR meeting.

5.7 John C Holland Awards

CAR Committee member Leslyn Gombakomba attended this event. Very successful event for the recognition of the ongoing contributions of members of the Black community in Hamilton and Ontario. Future CAR support of this event to be included in the discussion and development of CAR's workplan.

5.8 CAR Brochure DEFER

5.9 Terms of Reference DEFER

5.10 Equity and Inclusion Toolkit

CAR was asked to comment. Committee is awaiting an updated version of document and how it is planned to be used by the City.

5.11 New Staff Liaison Remarks

John Ariyo thanked the CAR Committee for their years of hard work. Transition work is in progress and CAR will be under the umbrella of his portfolio as Manager of Community Initiatives.

5.12 HAARC Update

Included in the next steps are plans to establish an Independent Board of Directors /Advisory Committee for HAARC.
HAARC governance structure will mainly be built from members of community with the relevant lived experience. CAR will likely also be represented. A Consultant will be hired shortly to assist in reaching out to the community. A new position of Project Manager for Inclusion and Equity has been established. The anticipated start date for this position is March 8. There will be a June report to Council.

5.13 City of Hamilton's Hate Mitigation Initiative

A Consultant was hired by the City in November 2019 to develop an engagement plan to mitigate against hatred as experienced in Hamilton. The Consultant will be invited to share his/her work with CAR. This information could possibly align with CAR's priorities.

5.14 CAR's 4-Year Workplan (Term of Council) DEFER

6 Announcements

Activist/author Desmond Cole will be presenting from his new book at the Hamilton Public Library on February 28 from 6:00pm to 8:00pm.

7. Adjournment

T. Childs/L. Gombakomba
That the Committee Against Racism meeting adjourn at 8:50 pm.

MINUTES
Committee Against Racism
Tuesday, October 27, 2020

Present : Marlene Dei-Amoah, Phillip Jeffrey, Taimur Qasim, Shamini Jacob, Annie Law.

Regrets : Leslyn Gombakomba

Absent : Tyrone Childs

Also Present : John Ariyo, Manager, Community Initiatives.
Pauline Kajiura, Project Manager – Community Inclusion & Equity (Staff Liaison)

Chair : M. Dei-Amoah

1. WELCOME AND INTRODUCTIONS

The Chair welcomed all in attendance.

2. LAND ACKNOWLEDGEMENT

Pauline Kajiura introduced herself and read the Land Acknowledgement.

3 APPROVAL OF THE AGENDA

Taimur Qasim/ Phillip Jeffrey

CARRIED

4. DECLARATION OF INTEREST

None declared

5. APPROVAL OF MINUTES OF PREVIOUS MEETINGS

5.1 **Minutes –** February 25, 2020
(deferred for approval at November 24 meeting due to correction in 5.1 (b))

5. 2 Notes – Meeting of September 22, 2020 – no quorum

Taimur Qasim/ Shamini Jacob

That the Committee receive the Notes of the Meeting of September 22, 2020 since there was no quorum

CARRIED

6. COMMUNICATIONS

6.1 Correspondence - from Abedar Kamgari, June 1 2020.

:

Annie Law/ Taimur Qasim

That the Committee Against Racism receive the letter and proceed to discuss.

CARRIED

Phillip Jeffrey/ Shamini Jacob

That the Committee Against Racism:

- Requests that City Staff provide information on how the letter was responded to and dealt with by the City and the various persons and Committees addressed in the letter);
- Requests a copy of the 2014 Report and recommendations by Frank Iacobucci, which was cited in the correspondence, as well as Police Services Board presentations to Council regarding calls to defund the police;
- Upon receipt and subsequent analysis of the above information, the Committee Against Racism will continue to discuss the concerns raised in the letter as an ongoing business item, noting the societal relevance of the issues raised, in these times of the Black Lives Matter movement and the pandemic, and in regard to the lives of Black, Indigenous, and People of Colour (BIPOC) in the Hamilton community.

CARRIED

7 DELEGATION REQUESTS

None.

8. PUBLIC HEARINGS /DELEGATIONS

None.

9. BUSINESS /DISCUSSION ITEMS

9.1 **HARRC update**

CAR Committee member Taimur Qasim, who is a member of the HAARC Community Advisory Panel, provided an update on the progress of HAARC to date. The Advisory Panel is scheduled to complete its work in recruiting potential Board members by November 24, 2020.

John Ariyo, thanked the CAR members for their years of hard work on HAARC. A report to City Council is expected shortly after November 24.

9.2 **Election of Vice-Chair**

Taimur Qasim accepted the nomination (by Phillip Jeffrey) as CAR Vice-Chairperson.

9.3 **Committee Member recruitment and selection**

John Ariyo and Pauline Kajiura outlined the process procedures and procedures for replacing committee members. CAR Chair to send request to AF&A to begin a new recruitment process to solicit new applicants.

Taimur Quasim/Phillip Jeffrey

That the Committee Against Racism request the Audit, Finance, and Administration Committee open and complete a recruitment process, advertising to fill two vacancies on the committee.

CARRIED

9.4 **Committee Workplan**

Work will need to be done at a meeting which is dedicated to this task. There is a need to revisit CAR's mandate/Terms of Reference in the light of recent developments such as Black Lives Matter.

DEFER

10 CONSENT ITEMS

None.

11 STAFF PRESENTATIONS

11.1 Review Recommendations on City of Hamilton's Hate Prevention & Mitigation Initiative

20 recommendations were provided by Consultant to the City.

CAR Committee members are invited to look at the recommendations (https://engage.hamilton.ca) and provide feedback.

Pauline Kajiura to circulate recommendations to CAR members to review as a group at the next meeting. They are also attached to today's agenda.

DEFER

12 NOTICES OF MOTION

None

13 GENERAL INFORMATION/OTHER BUSINESS

None

14. PRIVATE AND CONFIDENTIAL

15 ADJOURNMENT

Taimur Qasim/ Shamini Jacob

That the Committee Against Racism meeting adjourn at 8:45 pm.

Hamilton

MINUTES
LGBTQ Advisory Committee
Tuesday, February 18, 2020
6:00 PM - 8:20 PM
City Hall, 71 Main Street West, Room 192

Present: James Diemert, Autumn Getty (Recording Secretary), Lisa-Marie Johnston, Cameron Kroetsch (Chair), Violetta Nikolskaya (Vice Chair), Kyle Weitz, Maureen Wilson (City Council Appointee)

Regrets: Freja Gray, Mitch Ray-Borsc, Terri Wallis

Absent: Kristin Cavarzan, Jake Maurice

Staff: Jessica Bowen (Diversity and Inclusion)

Guest: Greg Tedesco (Housing Services, City of Hamilton)

---

1. Welcome / Introductions

Committee members and guests were welcomed and there was a round of introductions.

2. Land Acknowledgement

V. Nikolskaya provided a Land Acknowledgement.

3. Declarations of Conflicts of Interest

None

4. Procedural Business

4.1 Motion to Approve the Formal Agenda

(J. Diemert / V. Nikolskaya)

That the LGBTQ Advisory Committee approve the agenda for today's meeting as distributed.

CARRIED

4.2 Motion to Approve the Informal Agenda

(J. Diemert / V. Nikolskaya)

That the LGBTQ Advisory Committee approve the agenda for today's meeting as distributed with the following additions / amendments:

- 7.7 - Civil Marriage Ceremonies at City Hall
- 7.8 - Informal Tour of the 519 in Toronto

CARRIED

4.3 Motion to Approve the Minutes of January 21, 2020

(K. Weitz / L. Johnston)

That the LGBTQ Advisory Committee approve the minutes from its January 21, 2020 meeting as distributed.

CARRIED

5. Presentations / Delegations

5.1 Delegation from Greg Tedesco, Housing Services, City of Hamilton with respect to feedback on the Point-in-Time Connection survey

Delegate provided an overview of the Point-in-Time (PIT) connection (with brief presentation) and explained to the Committee that this is the third time that the City of Hamilton was participating in the national PIT connection.

The PIT will be implemented from April 19, 2020 to April 23, 2020. It will be similar to the PIT connection done in 2018 with the goal of connecting to the greater population.

The delegate asked Committee members for feedback on the demographic questions included in the survey and let members know that if they were interested in volunteering to help with the PIT connection that they could apply to do so online (delegate provided the link).

6. Regular Business

6.1 Motion to Schedule a Training and Planning Day for the Committee and to Assign a Budget for its Expenses

(A. Getty / K. Weitz)

That the Committee schedule a training and planning day for Sunday, April 26, 2020 and spend up to $2,000.00 from its reserve.

CARRIED

Discussion: The Committee discussed possible options for capacity building and considered the objectives for the day as well as who might facilitate the content.

Possible training options included training related to anti-racism, anti-oppression, community engagement, and communications.

Members discussed different organisations who could possibly facilitate training. V. Nikolskaya will gather quotes for training from a few organisations for the Committee's consideration and will present them at the next meeting.

6.2 Motion to Delegate to the City of Hamilton's Advisory Committees about a(n):

All Advisory Committee Event; and

Change to the Standing Committee to which the LGBTQ Advisory Committee Reports

(K. Weitz / V. Nikolskaya)

That the Committee delegate to all of the City of Hamilton's Advisory Committees to get feedback from them about hosting an All Advisory Committee Event and about a Change to the Standing Committee to which the LGBTQ Advisory Committee Reports.

CARRIED

Discussion: The intention of delegating to all of the City of Hamilton's 13 Advisory Committees is to get feedback from them about holding an All Advisory Committee event potentially hosted by the LGBTQ Advisory Committee. The goal of the event is to get to know the members of other Advisory Committees.

Suggestions discussed by the Committee included the possibility of hearing presentations from all of the Advisory Committees about what they do so that these Committees can learn from one another; and to discuss the possibility of making joint recommendations to City Council around common issues. The delegates (Chair and Vice Chair) will bring these ideas for feedback to the other Advisory Committees.

The Committee also discussed the idea of moving from reporting to the Audit, Finance and Administration Committee to the Emergency and Community Services Committee. Members discussed that this might better align with its mandate and terms of reference.

6.3 Community Survey and Event about Flag Raising

(A. Getty / K. Weitz)

That the LGBTQ Advisory Committee draft a survey and plan an event to engage with Two Spirit and LGBTQIA+ communities to get feedback about a flag raising in order to make a recommendation to City Council.

Discussion: Members of the Committee will come back with a draft and event plan at future meetings.

7. Discussion Items

7.1 Update from Working Group on Committee Selection (on hiatus)

7.2 Update from Working Group on the Needs Assessment and Scheduling of its Next Meeting

The next meeting of the Working Group will be on Monday, March 16, 2020 at 6:00 PM at the YWCA.

7.3 Continued Discussion of Event for Pride Month 2020

Members discussed what options they wanted to see for a potential Pride event and that the matter would come before the Committee for a decision at its next meeting.

7.4 Continued Discussion of Food at Committee Meetings

Members discussed possible food vendors to provide refreshments for its monthly meetings including Planted, Cake & Loaf, and Coven. Other considerations included the proximity of the vendor to City Hall and supporting businesses that provide a living wage or that may be able to accommodate dietary restrictions.

7.5 Delegation to the Audit, Finance and Administration Committee of February 20, 2020

Members discussed the potential of delegating to the Audit, Finance and Administration Committee with respect to the Citizen Committee Reports that they submitted. Members didn't put forward a motion to delegate.

There was a brief related discussion following this about one of the Committee's Citizen Committee Reports with respect to how it might be possible to better advertise Committee vacancies. The Committee will prepare a report on this subject to send to the Office of the City Clerk.

7.6 Correspondence from the Hamilton Immigration Partnership Council

7.7 Civil Marriage Ceremonies at City Hall

Members discussed that there was a staff report with respect to civil marriage ceremonies at City Hall and that it was not possible for the Committee to comment formally due to the timelines for public feedback. C. Kroetsch asked the City Clerk if there was a way to extend the timelines to allow the Committee to comment but was told this was not possible.

7.8 Informal Tour of the 519 in Toronto

An informal invitation from City Staff was passed along to C.Kroetsch to see if members of the Committee would like to attend an informal tour of the 519 in Toronto. No members of the Committee expressed an interest in attending to represent it. C. Kroetsch was informed that attendees would include Mayor Fred Eisenberger, Deirdre Pike, Councillor Mauren Wilson, Councillor Nrinder Nann, and Christopher Cutler.

8. Notices

8.1 Motion to Submit a Citizen Committee Report to the Office of the City Clerk with respect to Recommending the Most Relevant Places for Advertising Committee Vacancies (see attached draft Citizen Committee Report)

9. Announcements

10. Adjournment

(J. Diemert / K. Weitz)

That, there being no further business, the meeting be adjourned at 8:20 PM.

CARRIED

Hamilton

MINUTES
LGBTQ Advisory Committee
Tuesday, September 15, 2020
6:15 PM - 7:00 PM
City Hall, 71 Main Street West, Room 192

Present: Lisa-Marie Johnston, Cameron Kroetsch (Chair), Jake Maurice, Violetta Nikolskaya (Vice Chair), Terri Wallis, Maureen Wilson (City Council Appointee)

Regrets: James Diemert, Freja Gray, Mitch Ray-Borsc, Kyle Weitz

Absent: Kristin Cavarzan, Autumn Getty (Recording Secretary)

Staff: John Ariyo (Manager, Community Initiatives), Pauline Kajiura (Staff Liaison)

---

1. Welcome / Introductions

Committee members and guests were welcomed and there was a round of introductions.

2. Land Acknowledgement

V. Nikolskaya provided a Land Acknowledgement.

3. Declarations of Conflicts of Interest

None

4. Procedural Business

4.1 Motion to Approve the Formal Agenda

(T. Wallis / V. Nikolskaya)

That the LGBTQ Advisory Committee approve the agenda for today's meeting as distributed.

CARRIED

4.2 Motion to Approve the Informal Agenda

(T. Wallis / V. Nikolskaya)

That the LGBTQ Advisory Committee approve the agenda for today's meeting as distributed.

CARRIED

4.3 Motion to Approve the Minutes of February 18, 2020

(L. Johnston / J. Maurice)

That the LGBTQ Advisory Committee approve the minutes from its February 18, 2020 meeting as distributed.

CARRIED

5. Recommendations

5.1 Motion to Submit a Citizen Committee Report to the Office of the City Clerk with respect to Recommending the Most Relevant Places for Advertising Committee Vacancies (see attached draft Citizen Committee Report)

(T. Wallis / L. Johnston)

That the Office of the City Clerk advertises for vacancies on the LGBTQ Advisory Committee in the places which the Committee has identified as likely to be most relevant to Two Spirit and LGBTQIA+ communities (see below).

- Pride and other 2SLGBTQIA+ websites and social media pages
- Facebook groups relevant to 2SLGBTQIA+ communities
- Public buildings
- Community bulletin boards
- Rural communities and rural community centres/hubs
- 2SLGBTQIA+ businesses and not-for-profit organizations
- Hamilton Regional Indian Centre and Six Nations
- Bus shelters, Hamilton Street Railway (HSR), DARTS (if feasible and safe)

Discussion - Consideration was also requested for the advertisements to be translated in multiple languages (not just English and French) in order to reach more interested Hamiltonians.

6. Regular Business

6.1 Motion to Delegate to give an Annual Presentation to the Standing Committee to which the LGBTQ Advisory Committee Reports at the end of the Calendar Year

(T. Wallis / V. Nikolskaya)

That the LGBTQ Advisory Committee delegate to provide an annual presentation to the Standing Committee to which it reports at the end of each calendar year.

CARRIED

Discussion - Members discussed a desire to make an annual presentation to the Audit, Finance and Administration Committee (the current Standing Committee to which the LGBTQ Advisory Committee reports), having noted that it had not made these annual presentations in the past but that other Advisory Committees routinely gave such presentations. The Chair and Vice Chair will prepare a presentation and either or both will delegate to the Audit, Finance and Administration Committee before the end of the calendar year.

7. Discussion Items

7.1 Update from Working Group on Committee Selection

The Working Group will need to convene in the coming months, at least once, in order to assist in disseminating information when Committee vacancies are advertised. The Working Group will wait for information from the Office of the City Clerk as to this timing.

7.2 Update from Working Group on the Needs Assessment

Violetta will no longer chair this working group but will call the next meeting (as soon as possible) and a new chair will be chosen at that meeting.

7.3 Update from Chair about the Committee's Delegations to the Hamilton Cycling Committee and the Arts Advisory Commission (see February 18, 2020 Minutes for more information)

The Chair delegated to both the Hamilton Cycling Committee and Arts Advisory Commission at their recent meetings and discussed an all Advisory Committee event. Both of these Advisory Committees were not only enthusiastic about the idea but the Arts Advisory Commission carried a motion in support. The Chair and Vice Chair will continue to delegate to the other 10 Advisory Committees and will report back about this progress.

7.4 Redaction of a Portion of the Citizen Committee Report Submitted in Relation to Motion 7.1 from the January 21, 2020 Meeting of the LGBTQ Advisory Committee (redacted version attached)

The City Clerk, at the request of Councillor Lloyd Ferguson, asked that an error be corrected in this Citizen Committee Report. The error was corrected by the Office of the City Clerk by redacting the entire paragraph within which it was contained. According to the Office of the City Clerk, the LGBTQ Advisory Committee will not be permitted to correct the error as the Citizen Committee Report has now been received with no further action to be taken.

8. Adjournment

(C. Kroetsch / V. Nikolskaya)

That, there being no further business, the meeting be adjourned at 7:00 PM.

CARRIED

Hamilton

MINUTES
LGBTQ Advisory Committee
Tuesday, October 20, 2020
6:00 PM - 7:30 PM
City Hall, 71 Main Street West, Room 192

Present: James Diemert, Lisa-Marie Johnston, Cameron Kroetsch (Chair), Jake Maurice, Violetta Nikolskaya (Vice Chair), Terri Wallis, Maureen Wilson (City Council Appointee)

Regrets: Autumn Getty (Recording Secretary), Freja Gray, Kyle Weitz

Absent: Kristin Cavarzan

Staff: Pauline Kajiura (Staff Liaison)

Guest: Rebecca Sutherns, Sage Solutions

---

1. Welcome / Introductions

Committee members and guests were welcomed and there was a round of introductions. C. Kroetsch took roll call.

2. Land Acknowledgement

V. Nikolskaya provided a Land Acknowledgement.

3. Declarations of Conflicts of Interest

None

4. Procedural Business

4.1 Motion to Approve the Agenda

(L. Johnston / T. Wallis)

That the LGBTQ Advisory Committee approve the agenda for today's meeting as distributed.

CARRIED

4.2 Motion to Approve the Minutes of September 15, 2020

(L. Johnston / T. Wallis)

That the LGBTQ Advisory Committee approve the minutes from its September 15, 2020 meeting as distributed.

CARRIED

5. Delegation Requests

5.1 Rebecca Sutherns, Sage Solutions with respect to the City of Hamilton's Hate Prevention and Mitigation Initiative (see attachments) for today's meeting

(L. Johnston / J. Diemert)

That the LGBTQ Advisory Committee approve the delegation request for today's meeting.

CARRIED

6. Delegations / Presentations

6.1 Rebecca Sutherns, Sage Solutions with respect to the City of Hamilton's Hate Prevention and Mitigation Initiative (see attachments)

Discussion - The delegate provided their phone number and email address for members in case they wished to provide further feedback after the meeting; (519) 994-0064; rebecca@sage-solutions.org. The delegate also stated that these comments would either be incorporated into or appended to the report that would go to a future meeting of the General Issues Committee.

Members of the Committee had several questions and comments for the delegate including the following.

- Why do you believe these recommendations will be taken up by City Council and how do you think it will follow through on your recommendations? How will the City of Hamilton be held accountable for implementing these recommendations? Members expressed a desire for accountability mechanisms to be embedded in the recommendations

- Suggestions that the report back might include unpacking "hate" and that this language may not be sufficient to describe what is happening in Two Spirit and LGBTQIA+ communities and that it needs to include language that gets to the nuances surrounding hate including those things that support or foster it, including silence.

- Concerns that the methodology was being challenged by members of Council with expressions from members that the final version of the report respond to those challenges with specific reference to cultures and climates in Hamilton that may prevent participation and an analysis around why the results may be atypical.

- Members expressed concerns around having to continue to provide information about their lived experiences to the City of Hamilton. Members said that they have been doing the work of testifying for decades and that many members of Two Spirit and LGBTQIA+ communities have been speaking out online and through social media. What tools are being used by the City to find, read, evaluate, and address those comments and to take them as serious feedback from communities?

- Where in this reporting are the Advisory Committees being used in their advice-giving capacity? How is the City of Hamilton reaching out to those on Advisory Committees that represent communities impacted by "hate"?

7. Regular Business

7.1 Motion to Accept the Resignation of K. Cavarzan from the Committee

(V. Nikolskaya / T. Wallis)

That the LGBTQ Advisory Committee accept the resignation of K. Cavarzan from the Committee.

(J. Diemert / L. Johnston)

That the LGBTQ Advisory Committee defer this motion to its next meeting.

DEFERRED

Discussion - Staff advised the Committee that the proper paperwork may not have been submitted and would like to reach out to K. Cavarzan before proceeding.

7.2 Motion to Accept the Resignation of M. Ray-Borsc from the Committee

(T. Wallis / L. Johnston)

That the LGBTQ Advisory Committee accept the resignation of M. Ray-Borsc from the Committee.

CARRIED

8. Discussion Items

8.1 Outstanding Business List

No discussion

8.2 Update from Working Group on Committee Selection

No discussion

8.3 Update from Working Group on the Needs Assessment

No discussion

8.4 Impacts of the COVID-19 Pandemic on Members of Two Spirit and LGBTQIA+ Communities

Members expressed seeing a housing and homelessness crisis as it pertains to mental health and youth, in-person support, access to walk-in clinics, access to physicians, domestic violence in isolation, and an overall concern about the lack of services in Hamilton for members of Two Spirit and LGBTQIA+ communities.

There are complex needs in our communities related to housing including the costs, difficulties with moving during a pandemic, full shelters and shelter hotels, and the deteriorating situation with encampments throughout the city. These needs are felt especially keenly for members of Two Spirit and LGBTQIA+ communities that have been made even more vulnerable by this pandemic. Specifically, there are concerns regarding safe spaces and shelters, an increase of domestic and other violence, and a complete lack of safe space for members of Two Spirit and LGBTQIA+ communities.

References made to the McMaster Labour Studies *Mapping the Void* report and comments that for many people home is not a safe space and this increases precarity in the “home” environment. Members hoped that the City of Hamilton could support people who are experiencing this.

The pandemic has been hard on everybody but particularly for people with visible and invisible disabilities. Many people in the disability community are stigmatized and assumed not to have "sexuality". For this and other reasons, it's difficult for disabled members of Two Spirit and LGBTQIA+ communities to find space in these communities and even harder during a pandemic where the benefit of connections in person has been lost. For some, especially those who are deaf, deafened, hard of hearing, speech-impaired, blind, and partially sighted, masks have increased difficulty with communication and the ability to form connections with others during the pandemic.

8.5 Integrity Commissioner Report and the Formal Reprimand of the LGBTQ Advisory Committee Chair by City Council

Note - Minutes were not taken for all parts of this discussion as the livestream was interrupted due to the host's sudden loss of an internet connection. The meeting was hosted by City staff.

C. Kroetsch read a statement (attached).

Members of the Committee expressed serious concern about the process, the chilling effect that all of this will have on Advisory Committees, and support for the Chair during this time.

Councillor Maureen Wilson made lengthy remarks, most of which were lost due to the interruption of the livestream, but which addressed concerns with the Mayor's response to the Integrity Commissioner's complaint and regret for participating in decisions that had an impact on the Chair, the LGBTQ Advisory Committee, and Advisory Committees generally. Members of the Committee thanked Councillor Wilson for accepting responsibility for the way she voted and for speaking out at the meeting with regret.

Other members of the Committee spoke at length about their concerns with respect to how this would be viewed as an attempt to limit speech and to stifle the ability of Advisory

Committee's to give advice to City Council. Particular attention was given to the ongoing dialogue about the differences between "advocacy", "advice", and "activism" at City Council. A member suggested that our existence as members of an Advisory Committee representing Two Spirit and LGBTQIA+ communities is an act of advocacy in and of itself and that the implications around this artificial separation between advocacy, advice, and activism is harmful.

Members expressed serious concerns with respect to comments made by Councillor Terry Whitehead on Twitter, specifically his suggestion that the powers of the Integrity Commissioner might be used to file complaints against organizations (including the Hamilton Centre for Civic Inclusion) and specific individuals.

Members encouraged one another to practice self-care after what was an emotionally impactful discussion.

8.6 New Policy on Delegations for Advisory Committees

The Chair explained that he had received communications via staff from the Office of the City Clerk outlining a new process for delegations from members of Advisory Committees to other governing bodies. In general, the new policy prevents delegations from members of Advisory Committees to other bodies (apart from the Standing Committee to which the LGBTQ Advisory Committee reports and the General Issues Committee).

A new policy has been developed which states that any such requests to delegate must be approved not only by the body to which the delegation is being requested, but also by City Council.

No information was provided as to the rationale for this decision or if it would become part of the official Advisory Committee Handbook.

The Chair expressed disappointment with this as several requests to delegate to other bodies had already been approved by the LGBTQ Advisory Committee that the Office of the City Clerk had now formally rescinded. It was not clear to the Chair if City Council had provided this direction or if this was done at the sole discretion of the City Clerk.

The Chair will not go through the process, which would take many months, of asking for permission for these specific delegations. Plans with respect to the content of those delegations will be made in their absence.

Members expressed confusion with this decision and asked the Chair for clarification. The Chair stated that he regretted that he had no further information.

9. Adjournment

(T. Wallis / J. Diemert)

That, there being no further business, the meeting be adjourned at 7:30 PM.

CARRIED

Hamilton

GOVERNANCE REVIEW SUB-COMMITTEE
REPORT 20-003
Wednesday, December 2, 2020
1:00 pm
Room 264
Hamilton City Hall

Present: Councillors T. Whitehead (Chair), M. Wilson (Vice-Chair), B. Clark, L. Ferguson, M. Pearson, and A. VanderBeek

---

THE GOVERNANCE REVIEW SUB-COMMITTEE PRESENTS REPORT 20-003 FOR INFORMATION:

(a) CHANGES TO THE AGENDA (Item 2)

The Committee Clerk advised that there were no changes to the agenda.

The December 2, 2020 Agenda of the Governance Review Sub-Committee was approved, as presented.

(b) DECLARATIONS OF INTEREST (Item 3)

There were no declarations of interest.

(c) APPROVAL OF MINUTES (Item 4)

(i) October 13, 2020 (Item 4.1)

The Minutes of the October 13, 2020 meeting of the Governance Review Sub-Committee were approved, as presented.

(d) DISCUSSION ITEMS (Item 10)

(i) Integrity Commissioner Work Plan (FCS20016(a)) (City Wide) (Item 10.1)

Report FCS20016(a), respecting the Integrity Commissioner Work Plan was referred back to Clerk’s staff and Principles Integrity to determine an upset limit for development of each the following and report back to the Governance Review Sub-Committee:

(a) Council Code of Conduct;

(b) Council/Staff Relations Policy;

(c) Protocols for review and/or investigation of complaints, and reporting on complaints;

(d) Members' roles and responsibilities including with respect to appointments to, and sitting on, external bodies and separate entities such as municipal corporations;

(e) Advisory Committee/Task Force Governance Issues, and Codes of Conduct (Local Boards); and,

(f) Such Other issues of integrity or governance that Council wishes to assign

(e) GENERAL INFORMATION/OTHER BUSINESS (Item 13)

(i) Procedural By-Law Update from City Clerk - Andrea Holland

Andrea Holland, City Clerk advised the Committee that a Governance Review Sub-Committee meeting will be scheduled for January 25, 2020 for the Procedural By-law Review.

(f) ADJOURNMENT (Item 15)

There being no further business, the Governance Review Sub-Committee meeting adjourned at 3:04 p.m.

Respectfully submitted,

Councillor T. Whitehead, Chair
Governance Review Sub-Committee

Angela McRae
Legislative Coordinator
Office of the City Clerk

Hamilton

CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Services and Taxation Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	December 10, 2020
SUBJECT/REPORT NO:	Hamilton Street Railway Pension Plan Valuation at January 1, 2020 (FCS20066) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Barb Howe (905) 546-2424 Ext. 5599
SUBMITTED BY: **SIGNATURE:**	Rick Male Director, Financial Services, Taxation and Corporate Controller Corporate Services Department

RECOMMENDATION

That the January 1, 2020 actuarial valuation for the Hamilton Street Railway Pension Plan per Appendix “C” to Report FCS20066 be received for information.

EXECUTIVE SUMMARY

The January 1, 2020 valuation indicates that the plan has a $17.5 million deficit on a going concern basis compared to a $21.2 million deficit at January 1, 2017. Significant legislated changes have occurred since the last valuation which now requires that a going concern valuation include the full cost of future indexing and a Provision for Adverse Deviation. These two changes increased the going concern liabilities by $37.4 million however the impact of the change was minimized by the gains in experience and changes in valuation assumptions.

On a solvency basis, the plan currently has a deficit of $5.3 million compared to a $26.1 million deficit at January 1, 2017. And on a windup basis the plan has a $104.5 million deficit compared to the previous $125.7 million deficit.

Since the solvency ratio is currently .98 (.88 – 2017) there are no solvency concerns and consequently no solvency funding is required. Further, since the solvency ratio is not less than 0.85, the next valuation will not be required until January 1, 2023.

However, the going concern deficit of $17.5 million will require annual special payments of $1.9 million starting January 1, 2021. The cost of this payment has been provided for in the current budget.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial:

Going Concern Funding Requirements

Under the new funding rules, a going concern valuation must now include 100% of the future cost of indexation. Although under the old rules, the valuation may exclude this indexation, the City of Hamilton (City) chose to fund 66-2/3%. The additional cost to fund 100% of the indexation has added $20.3 million to the going concern liabilities. In addition, the new rules require that a Provision for Adverse Deviation (PfAD) be included in the valuation. The objective of PfAD is to reflect the level of risk in the plan's funding and investment policy. The PfAD has added $17.1 million to the liabilities. However, the $37.4 million in liabilities was offset by gains in the plan such that the going concern deficit only decreased from $21.2 million (2017) to a $17.5 million deficit at January 1, 2020.

Under the new funding rules the $17.5 million deficit can be funded over 10 years instead of 15 years with a “fresh start” each valuation and deferred to start 12 months from the valuation date. This means that deficit payments required under the previous valuation end December 31, 2020 and are re-amortized over another 10 years resulting in a new all-inclusive annual special payment requirement of $1.9 million starting January 1, 2021.

Further, an adjustment is allowed in the first valuation period if the new funding requirements exceed the amount that would have been required under the old funding rules. A portion of the additional cost can be exempted from the required contributions so that the increase is phased in over the three year period. The table below shows the annual required special payments less the exempted portion for each year:

	2020	2021	2022
Going Concern Special Payment	$2,470,800	$1,956,000	$1,956,000
Less: Exempted Amount	(1,328,400)	(185,000)	(66,500)
Minimum Required Contribution	$1,142,400	$1,770,200	$1,889,500

Appendix “A” to Report FCS20066 contains a more detailed breakdown of the HSR annual special payments required during the period 2020-2022.

Solvency Funding Requirements

On a solvency basis, the plan is in a $5.3 million deficit position at January 1, 2020 compared to a deficit of $26.1 million in 2017. The current solvency ratio is 98% compared to 88% (2017). Under the previous funding rules plans were required to fund to a 100% level but under the new rules, funding is only required to a level of 85%. Since the solvency ratio exceeds 85%, no solvency funding is required during the valuation period.

Funding Source

Although the special payment for 2020 to fund the going concern liability is only $1.1 million, as at October 2020 an amount of $3.1 million had already been paid based on the requirements of the previous valuation. This has resulted in an excess contribution of $2 million for 2020. This excess contribution was unavoidable since current legislation does not allow plan administrators to suspend contributions required based on the funding requirements of a previous valuation pending the outcome of a current valuation. In addition, excess contributions cannot be refunded, nor applied to the required special payments of the remaining two years of the valuation period. Therefore the excess contribution will be applied to the next valuation.

An amount of $6.87 million has been provided for in the current budget. Since the windup status of the plan is currently a deficit of $104.5 million, it is recommended that we maintain the $6.8 million budgeted amount over the valuation period and transfer the excess above the required minimum special payments to the Pension Reserve. By doing so the estimated balance in the reserve will grow from $3.3 million to an estimated $16.7 million by December 31, 2022. Appendix "B" to Report FCS20066, illustrates in greater detail the funding requirements and the growth of the pension reserve.

Staffing:

None

Legal:

Under legislation, an actuarial valuation must be filed within nine months of the valuation date. For valuations dated December 31, 2019 and January 1, 2020, the regulators have introduced COVID measures to assist plan administrators, by extending the filing deadline from September 30, 2020 to December 31, 2020.

The 2020 valuation was filed in November 2020 so that special payments based on the previous valuation could be suspended and therefore no further payments would be required for 2020

HISTORICAL BACKGROUND

As a result of a court ordered settlement approved on December 22, 2008, between the ATU 107 and the City, all members of the HSR plan were enrolled in the OMERS plan effective January 1, 2009, with future service accruing in the OMERS plan and past service remaining in the HSR plan. All new employees hired on or after January 1, 2009, became members of the OMERS plan. As a result, the HSR plan has become a closed plan. In addition, the settlement provided the following enhancements to the HSR plan:

a) 100% indexing, equivalent to that provided by OMERS; and
b) an additional six months of credited service for all qualifying members.

There is also a further provision whereby spousal benefits would be enhanced to 66-2/3% when an actuarial filing does not produce a deficit on either a going concern or solvency basis.

Each valuation requires the plan to be valued using three different methods:

(i) Going Concern Basis – this valuation assumes that the plan will continue indefinitely. Consequently, to calculate funding requirements, an actuary selects an interest rate for the pension fund based on an assumed long-term average return. Any funding deficiencies must be eliminated through payments made over a period of 10 years. Under current legislation, post retirement indexation is included from the going concern valuation as well as a provision for adverse deviation.

(ii) Solvency basis – is intended to calculate the funding required to pay for all benefits if the plan were to wind up on the valuation date. To determine solvency funding requirements, an actuary selects a rate that is an approximation of the annuity purchase rate. On a solvency basis the plan must be at least 85% funded. If the funded status falls below this level, then solvency special payments are required for the unfunded portion below 85%. The unfunded portion can be eliminated through payments made over a period of 5 years. Under current legislation, post retirement indexation can be excluded from the solvency valuation.

(iii) Wind-up Basis – similar to the solvency basis, this valuation assumes that the plan would be wound up at the valuation date, but includes all benefit obligations, such as post-retirement indexing.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

This valuation is the first valuation reflecting the new funding rules under Regulation 250/18 which came into effect May 1, 2018.

Key changes to the funding rules include:

Effective Date: The new funding rules apply to actuarial valuation reports dated on or after December 31, 2017.

Solvency Funding: A pension plan is required to be funded at 85% (previously 100%) on a solvency basis. If the funded level is less than 85%, then solvency special payments are required and must be amortized over a five-year period. In addition, these payments must begin one year after the date of the valuation report.

Going Concern Funding: A pension plan must still be funded at 100% on a going concern basis however now it must include the estimated cost of indexation in the going concern liabilities. In addition, the amortization period has been reduced from 15 years to 10 years with a fresh start each valuation and any special payments required will commence one year after the date of the valuation report. Further, the going concern valuation must include a **Provision for Adverse Deviation (PfAD).**

Provision for Adverse Deviation (PfAD). Under Reg. 250/18, the PfAD is a formula that is applied to the going concern liabilities. It is the sum of three percentages:

(a) a fixed percentage depending on whether the plan is a closed plan,
(b) a percentage depending on the asset mix of the plan, as allocated between fixed and non-fixed income in accordance with the plan's Statement of Investment Policies and Procedures (SIPP).
(c) a percentage reflecting the excess of the pension plan's going concern discount rate over a benchmark discount rate.

Although the cost of indexation must be included in the going concern liabilities, it may be excluded when determining the value of the PfAD.

Restrictions on Benefit Improvements: Restrictions on plan amendments that would negatively impact the funding of a plan have been introduced. Immediate funding will trigger if the pension plan is not funded at 80% on both a solvency and going concern basis. The additional unfunded liability associated with the benefit improvement must be funded on a going concern basis over 8 years rather than 10 years.

Plan Documents and Member Communications: As a result of the new rules, changes will be required to a number of plan documents, including the Plan Text and Statement of Investment Policies and Procedures (SIPP). Moreover, additional disclosures will need to be made to members and former and retired members in the annual and biennial statements.

RELEVANT CONSULTATION

Actuaries from the firm Aon Hewitt prepared the January 1, 2020 Actuarial Valuation.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The following chart provides a synopsis of the plan position and membership as of January 1, 2020, as compared to January 1, 2017:

	($ in millions)	
	2020	**2017**
Going Concern Basis		
Value of Assets	$211.2	$193.5
Less: Accrued Liabilities	$211.6	$214.7
Actuarial Surplus/(Deficit) before PfAD	$ (0.4)	$(21.2)
Less: Provision for Adverse Deviation (PfAD)	$ 17.1	NA
Actuarial Surplus(Deficit)	$(17.5)	$(21.2)
Solvency Basis		
Value of Assets[1]	$211.0	$193.3
Less: Solvency Liabilities	$216.3	$219.4
Solvency Surplus/(Deficit)	$(5.3)	$(26.1)
Solvency Ratio	.98	.88
Windup Basis		
Value of Assets[1]	$211.0	$193.3
Less: Wind-up Liabilities	$315.5	$319.0
Wind-up Surplus/(Deficit)	$(104.5)	($125.7)
# of active members	315	388
# of retired or deferred	639	625

[1] includes windup expenses of $200,000.

The 2020 annual payment of $1.1 million to fund the going concern liability of $17.5 million can be funded from the current budgeted amount of $6.87 million. And by maintaining the budgeted amount over the valuation period will allow the pension reserve to grow to fund towards to the windup deficit of $104.5 million.

ALTERNATIVES FOR CONSIDERATION

None.

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.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report FCS20066 HSR Schedule of Amortization Payments.
Appendix "B" to Report FCS20066 HWRF and HSR Funding 2020-2022.
Appendix "C" to Report FCS20066 HSR Actuarial Valuation at January 1, 2020.

BH/dw

Appendix 'A' to Report FCS20066
Page 1 of 1

Schedule of Amortization Payments
HSR Pension Plan
Based on the January 1, 2020 Valuation

Valuation Report	Finance Report	2020	2021	2022	Date of last payment
January 1, 2009 going concern deficit	FCS09113	273,600			Dec-2020
January 1, 2010 going concern deficit		142,800			Dec-2020
January 1, 2011 going concern deficit	FCS12002	800,400			Dec-2020
January 1, 2014 going concern deficit	FCS14082	831,600			Dec-2020
January 1, 2017 going concern deficit	FCS17094	422,400			Dec-2020
January 1, 2020 going conern deficit[1]	FCS20064	-	1,956,000	1,956,000	Dec-2030
Special Payments required for Going Concern purposes		**$ 2,470,800**	**$ 1,956,000**	**$ 1,956,000**	
January 1, 2014 solvency deficit	FCS14082				Dec-2019
January 1, 2017 solvency deficit[2]	FCS17094				Dec-2022
Special Payments required for solvency purposes		**$ -**	**$ -**	**$ -**	
Total Special Payments		**$ 2,470,800**	**$ 1,956,000**	**$ 1,956,000**	
Adjustment due to Transitional Rules[3]		-1,328,400	-185,800	-66,500	
Minimum Special Payments Required for 2020-2022		**$ 1,142,400**	**$ 1,770,200**	**$ 1,889,500**	

[1] Annual special payment deferred by 12 months. And under new funding regulation all previous deficit start fresh
[2] The currrent valuation indicates that there is a Solvency Surplus, therefore no further solvency payments required
[3] New Funding Rules came into effect May 1 2018. For the first valuation filed under the new rules, the "transitional rule" for the increase in required contributions to be phased in over the first three year valuation period

HWRF and HSR funding 2020-2022

		2019	2020	2021	2022
Budgeted Amount		**6,870,000**	**6,870,000**	**6,870,000**	**6,870,000**
HWRF					
Minimum Annual Special Payments		1,202,900	-	-	-
Estimate for current year's Pension Increases		226,744	-	-	-
2020 Excess Contributions based on previous funding requirements	(a)		368,944	-	-
Total HWRF Special Payments		1,429,644	368,944	-	-
HSR					
Minimum Annual Special Payments		6,339,600	1,142,400	1,770,200	1,889,500
Estimate for current year's Pension Increases		138,059	-	-	
2020 Excess Contributions based on previous funding requirements	(b)		2,043,857		
Total HSR Special Payments		6,477,659	3,186,257	1,770,200	1,889,500
					-
Total HWF & HSR Special Payments		7,907,303	3,555,201	1,770,200	1,889,500
Less Budgeted Amounts		6,870,000	6,870,000	6,870,000	6,870,000
Budget (Shortfall)/Excess		(1,037,303)	3,314,799	5,099,800	4,980,500
Reserve Utilization					
Beginning Balance		3,258,357	3,341,300	6,656,099	11,755,899
Funding (shortfall)/excess of HSR/HWRF Special Payments		-	3,314,799	5,099,800	4,980,500
Interest Earned	(c)	82,944			
Estimated ReserveEnding Balance		3,341,300	6,656,099	11,755,899	16,736,399
Net Levy Impact		-	-	-	-

Note:

a) Based on the latest valuation report for HWRF the plan has a surplus and no special payments are required starting in 2020.
However prior to receipt of new report 10 months worth of payments have been made based on the previous funding requirements

b) Based on the latest valuation report for HSR there are no solvency special payments required, only going concern special payments
However prior to receipt of new report 10 months worth of payments have been made based on the previous funding requirements

(c) An estimate for future interest earned is not included

Proprietary and Confidential

Actuarial Valuation as at January 1, 2020 for The Hamilton Street Railway Company Pension Plan (1994)

Canada Revenue Agency Registration Number: 0253344

November 2020

AON
Empower Results®

Table of Contents

Executive Summary

An actuarial valuation has been prepared for the The Hamilton Street Railway Company Pension Plan (1994) (the "Plan") as at January 1, 2020 for the primary purpose of establishing a funding range in accordance with legislative requirements for the Plan until the next actuarial valuation is performed. This section provides an overview of the important results and the key valuation assumptions which have had a bearing on these results. The next actuarial valuation for the purposes of developing funding requirements should be performed no later than as at January 1, 2023.

Summary of Principal Results

Financial Position

	January 1, 2020	January 1, 2017
Going Concern		
Assets	$ 211,167,500	$ 193,491,200
Liabilities	211,592,100	214,681,400
Financial Position	$ (424,600)	$ (21,190,200)
Adjustments[2]	(17,103,300)	-
Surplus/(Unfunded Liability)	**$ (17,527,900)**	**$ (21,190,200)**
Solvency		
Assets[1]	$ 210,967,500	$ 193,291,200
Liabilities	216,314,100	219,410,700
Financial Position	$ (5,346,600)	$ (26,119,500)
Adjustments[2]	11,281,800	20,969,500
Surplus/(Unfunded Liability)	**$ 5,935,200**	**$ (5,150,000)**
Hypothetical Wind Up		
Assets[1]	$ 210,967,500	$ 193,291,200
Liabilities	315,487,000	318,997,500
Surplus/(Unfunded Liability)	**$ (104,519,500)**	**$ (125,706,300)**

1 Net of estimated wind up expenses
2 Adjustments include Provision for Adverse Deviation, prior year credit balance, and all solvency liability and solvency asset adjustments, where applicable

Legislative Ratios

	January 1, 2020	January 1, 2017
Funded ratio (Before PfAD)	1.00	0.90
Solvency ratio	0.98	0.88
Transfer ratio	0.67	0.61

Minimum Contribution Requirements

Considering the funding and solvency status of the Plan, the minimum City contributions for the period from January 1, 2020 to January 1, 2023 in accordance with legislative requirements, are as follows:

	Jan 1, 2020 to Dec 31, 2020	Jan 1, 2021 to Dec 31, 2021	Jan 1, 2022 to Dec 31, 2022
City normal cost	$ -	$ -	$ -
Special payments toward amortizing unfunded liability	2,470,800	1,956,000	1,956,000
Adjustments	(1,328,400)	(185,800)	(66,500)
Minimum Required City Contribution	$ 1,142,400	$ 1,770,200	$ 1,889,500

Key Assumptions

The principal assumptions to which the valuation results are most sensitive are outlined in the following table.

Going Concern	January 1, 2020	January 1, 2017
Discount rate	4.50% per year	Same
Provision for adverse deviation	9.80% of non-indexed liabilities	Not applicable
Inflation rate	2.00% per year	2.25% per year
Indexing	2.00% per year	1.50% per year
Pensionable earnings	2.00% per year	3.25% per year
Mortality table	110% of 2014 Public Canadian Pensioners’ Mortality Table (“CPM2014Publ”) with generational improvement using CPM Scale B2D (“CPM-B”)	Same
Retirement rates	50% of members retire at the earliest unreduced retirement age and 50% at age 65.	50% of members retire at the earliest unreduced retirement age and 50% at age 62.

Solvency/ Hypothetical Wind Up	**January 1, 2020**	**January 1, 2017**
Discount rate		
Solvency	Annuity purchases: 2.93% per year Transfers: 2.50% per year for 10 years, 2.60% per year thereafter	Annuity purchases: 3.08% per year Transfers: 2.30% per year for 10 years, 3.70% per year thereafter
Hypothetical Wind Up	Annuity purchases:-0.29% per year Transfers: 1.20% per year for 10 years, 1.20% per year thereafter	Annuity purchases: -0.09% per year Transfers: 1.30% per year for 10 years, 1.60% per year thereafter
Inflation rate	Not applicable	Not applicable
Pensionable earnings increase	Not applicable	Not applicable
Mortality table	2014 Canadian Pensioners' Mortality Table ("CPM2014") with generational improvement using CPM-B Scale	Same
Retirement rates	Age that produces the highest lump-sum value	Same

Section 1: Introduction

Purpose and Terms of Engagement

We have been engaged by Corporation of the City of Hamilton, and hereafter referred to as the City, to conduct an actuarial valuation of the Plan, registered in Ontario, as at January 1, 2020 for the general purpose of determining the minimum and maximum funding contributions required by pension standards, based on the actuarial assumptions and methods summarized herein. Specifically, the purposes of the valuation are to:

- Determine the financial position of the Plan on a going concern basis as at January 1, 2020;
- Determine the financial position of the Plan as at January 1, 2020 on a solvency and hypothetical wind up basis; and
- Provide the necessary actuarial certification required under the *Pension Benefits Act (Ontario)* (the "*Act*") and the *Income Tax Act.*

In accordance with Regulation, the City has elected to defer all new solvency special payments established as at January 1, 2020 by 12 months.

The results of this report may not be appropriate for accounting purposes or any other purposes not listed above.

The next required valuation will be as at January 1, 2023.

Ontario Funding Reform

This report reflects Ontario Regulation 250/18 that modifies the funding rules for Ontario registered defined benefit pension plans for actuarial valuations effective from May 1, 2018. In particular, this report allows for:

- The funding of a reserve in the Plan, referred to as a Provision for Adverse Deviation (PfAD);
- The amortization of the going concern unfunded liability over 10 years, instead of 15 years, and a "fresh start" at each valuation;
- The funding of a solvency deficiency up to the level that the plan would be 85% funded on a solvency basis;
- The amortization of any benefit improvement over an 8-year period; and
- The full inclusion of the value of post-retirement indexing in the going concern liability.

In addition, the Regulations provide certain one-time transitional measures that will assist plan sponsors with moving to the new Regulations. These include:

- The ability to reduce the solvency special payment amount when there is a solvency excess; and
- The ability to phase in an increase in required contributions over a 3-year period.

On May 21, 2019, the Ontario Minister of Finance filed Ontario Regulation 105/19, which amends the funding rules for Ontario registered defined benefit pension plans. The amendments mainly related to clarifying elements of the funding rules that took effect on May 1, 2018 under Ontario Regulation 250/18. Changes include the following:

- Clarification that the presence of a target allocation in below investment grade bonds in the Statement of Investment Policies and Procedures does not taint an entire bond category, thus allowing its use in the determination of the PfAD;
- Definition of a “closed plan” for the purpose of determining the PfAD: a plan in which at least 25% of the members entitled to defined benefits are in a class of employees from which new members are not permitted, according to the terms of the plan, to join the defined benefit plan;
- Clarification on the use of surplus and contribution holidays; and

Clarification that the Prior Year Credit Balance can be applied as prepayment of employer normal cost contributions, including the PfAD on the normal cost contributions.

Summary of Changes Since the Last Valuation

The last such actuarial valuation in respect of the Plan was performed as at January 1, 2017. Since the time of the last valuation, we note that the following events have occurred:

- There were post-retirement pension increases of 1.49% effective January 1, 2018, 2.29% effective January 1, 2019 and 1.89% effective January 1, 2020. These increases have been reflected in the results presented in this valuation report.
- Ontario regulations were amended and the option to fund the cost of future post-retirement indexation of pensions via the normal cost was removed. The going concern valuation now includes the full cost of post-retirement indexation.
- In December 2017, the Canadian Institute of Actuaries (“CIA”) released a new mortality improvement scale called MI-2017. MI-2017 was developed using general population data from 1967–2015. The City has not adopted MI-2017 as the mortality improvement scale in the going concern valuation as at December 31, 2020; and
- Ontario Regulation 250/18 came into effect.

City Information and Inputs

In order to prepare our valuation, we have relied upon the following information:

- A copy of the previous valuation report as at January 1, 2017;
- A copy of the Statement of Investment Policies and Procedures for the Plan;
- A copy of the funding policy for the City;
- Membership data compiled as at January 1, 2020 by the City;
- Asset data taken from the Plan's audited financial statements; and
- A copy of the latest Plan text and amendments up to and including January 1, 2020.

Furthermore, our actuarial assumptions and methods have been chosen to reflect our understanding of the City's desired funding objectives with due respect to accepted actuarial practice and regulatory constraints.

As a result of a Settlement Agreement dated March 12, 2009, the Plan was amended to include a conditional increase to the joint and survivor normal form of pension to 66 2/3% from 50%. The benefit improvement is conditional upon an actuarial report being filed that discloses a plan surplus on either a going concern, solvency or wind-up basis. All HSR Plan members who were employees on December 31, 2008 would be entitled to this benefit improvement when it comes into effect, if they continue to be entitled to a pension from the plan. For the purposes of this report, the conditional benefit improvement has not been reflected in the results that have been reported.

Subsequent Events

As of the date of this report, we have not been made aware of any subsequent events which would have an effect on the results of this valuation. However, the following points should be noted in this regard:

- Actual experience deviating from expected after January 1, 2020 will result in gains or losses which will be reflected in the next actuarial valuation report.
- Due to the COVID-19 pandemic, the financial markets experienced significant volatility after the valuation date. As with other experience emerging after the valuation date, the financial impact of this event on the Plan will be reflected in the next actuarial valuation report.
- The Canadian Institute of Actuaries has amended the Standards of Practice related to pension plans effective December 1, 2020. In particular, the amended Standards of Practice revise the way that commuted values are determined. The changes impact the interest rates and the retirement age assumption used in the determination of commuted values. As this change is not retroactive, it does not impact the Plan as at January 1, 2020 and the change will be reflected in future valuations.
- To the best of our knowledge, the results contained in this report are based on the regulatory and legal environment in effect at the date of this report and do not take into consideration any potential changes that may be currently under review. To the extent that actual changes in the regulatory and legal environment transpire, any financial impact on the Plan as a result of such changes will be reflected in future valuations.

Section 2: Going Concern Valuation Results

Going Concern Financial Position of the Plan

The going concern valuation provides an assessment of the Plan's financial position at the valuation date on the premise that the Plan continues on into the future indefinitely.

The selection of the applicable actuarial assumptions and methods reflect the Plan's funding objectives, as communicated by the City, actuarial standards of practice, and pension standards.

On the basis of the Plan provisions, membership data, going concern assumptions and methods, and asset information described in the Appendices, the going concern financial position of the Plan as at January 1, 2020 is shown in the following table. The results as at January 1, 2017 are also shown for comparison purposes.

Going Concern Financial Position

	January 1, 2020	January 1, 2017
Actuarial Value of Assets	**$ 211,167,500**	**$ 193,491,200**
Going Concern Liabilities[1]		
Active Members	$ 51,900,100	$ 73,380,900
Deferred Vested Members	1,204,000	1,118,100
Retired Members and Beneficiaries	158,317,300	140,182,400
Pending Payouts	170,700	-
Total Liabilities	**$ 211,592,100**	**$ 214,681,400**
Going Concern Position	**$ (424,600)**	**$ (21,190,200)**
Additional liabilities due to PfAD	17,103,300	-
Surplus/(Unfunded Liability) (before prior year credit balance)	**$ (17,527,900)**	**$ (21,190,200)**
Prior year credit balance	-	-
Surplus/(Unfunded Liability)	**$ (17,527,900)**	**$ (21,190,200)**

The PfAD is not required to be applied to the liabilities in respect of post retirement indexation of $37,068,600 as at January 1, 2020.

[1] Going concern liabilities reported at January 1, 2017 exclude the cost of future indexation of $38,966,400, assuming indexing at 2.25% per annum.

Change in Financial Position

The major components of the change in the Surplus/(Unfunded Liability)[1] for the period from January 1, 2017 to January 1, 2020 are summarized in the following table.

Surplus/(Unfunded Liability) as at January 1, 2017	**$**	**(21,190,200)**
Expected interest on Surplus/(Unfunded Liability)		(2,991,300)
City special payments in inter-valuation period with interest		18,583,200
Surplus/(Unfunded Liability) as at January 1, 2020	**$**	**(5,598,300)**
Change in liabilities due to experience gains/(losses)		
Gain/(loss) from investment earnings greater/lower than expected	$	7,579,400
Gain/(loss) due to salary increases lower/greater than expected		1,740,900
Gain/(loss) due to indexation experience		1,882,700
Gain/(loss) due to retirement experience		2,536,900
Gain/(loss) due to mortality experience		3,072,200
Gain/(loss) due to termination experience		187,800
Gain/(loss) on data correction		(2,709,300)
Gain/(loss) on YMPE/Maximum pension		(232,400)
Net gain/(loss) due to other experience and miscellaneous items		(120,900)
Surplus/(Unfunded Liability) After Experience Gains/(Losses) as at January 1, 2020	**$**	**8,339,000**
Change due to the inclusion of the value of post-retirement indexation as per Ontario funding reform	$	(20,275,800)
Change due to the Provision for Adverse Deviation		(17,103,300)
Change due to indexation assumption		5,721,600
Change due to ITA assumption		-
Change due to YMPE assumption		(106,100)
Change due to retirement decrement assumption		3,756,900
Change due to discount rate assumption		-
Change due to salary scale assumption		2,139,800
Surplus/(Unfunded Liability) as at January 1, 2020	**$**	**(17,527,900)**

[1] Prior to the application of the Prior Year Credit Balance

Discussion of Changes in Assumptions

Effective January 1, 2020 the following assumptions have been changed:

- The inflation rate has been changed from 2.25% per year to 2.00% per year. This change decreased the going concern liabilities by $5,721,600.
- The pensionable earnings increase has been change from 3.25% to 2.00% per year. This change has decreased the going concern liabilities by $2,139,800.
- The retirement decrement assumption has gone from 50% at earliest unreduced retirement date and 50% at age 62 to 50% at earliest unreduced retirement date and 50% at age 65. This change has decreased the liabilities by $3,756,900.

Plan Amendments

There were no Plan amendments during the last three years that had a bearing on the results of this valuation.

Going Concern Valuation Sensitivity Results

In accordance with the CIA Standards of Practice specific to pension plans, the table below presents the sensitivity of the going concern liabilities and the total normal cost (prior to the application of the Provision for Adverse Deviation) of using a discount rate 1% lower and 1% higher than that used for the going concern valuation.

			Effect	
January 1, 2020			**$**	**%**
Going concern liabilities	$	211,592,100		
Going concern liabilities (discount rate – 1%)	$	239,007,100	27,415,000	13.0%
Going concern liabilities (discount rate + 1%)	$	189,064,200	(22,527,900)	(10.6)%
Normal cost	$	-		
Normal cost (discount rate – 1%)	$	-	-	N/A
Normal cost (discount rate + 1%)	$	-	-	N/A

Plausible Adverse Scenarios

In accordance with the Canadian Institute of Actuaries Standards of Practice specific to pension plans, below is summarized scenarios of adverse but plausible assumptions, relative to the best estimate assumptions otherwise selected for the valuation.

Interest Rate Sensitivity

The table below presents the sensitivity of the going concern position of using interest rates 1% lower than the current level. In order to calculate the impact on the Actuarial Value of Assets, the decrease in interest rates only impacts fixed income assets (47.7% of total assets) and a duration of 15.62[1] was considered.

	Base Scenario	Adverse Scenario	Impact ($)
Actuarial value of assets	$ 211,167,500	$ 227,347,800	$ 16,180,300
Going concern liabilities	211,592,100	239,007,100	27,415,000
Going concern position	$ (424,600)	$ (11,659,300)	$ (11,234,700)
Additional liabilities due to PfAD	17,103,300	19,058,400	1,955,100
Surplus/(Unfunded Liability)[1]	**$ (17,527,900)**	**$ (30,717,700)**	**$ (13,189,800)**
Total Normal Cost			
Jan 1, 2020 to Dec 31, 2020	$ -	$ -	$ N/A
Jan 1, 2021 to Dec 31, 2021	$ -	$ -	$ N/A
Jan 1, 2022 to Dec 31, 2022	$ -	$ -	$ N/A

[1] Before application of PYCB

Deterioration in Asset Value

In assessing the risk related to the deterioration in asset value we have chosen an adverse scenario equal to a 15% reduction in the non-fixed income asset values and assume no change in future return expectations.

The table below presents the sensitivity of the going concern position of using the assets with a 15% reduction in non-fixed income asset values.

	Base Scenario	Adverse Scenario	Impact ($)
Actuarial value of assets	$ 211,167,500	$ 195,030,400	$ (16,137,100)
Going concern liabilities	211,592,100	211,592,100	-
Going concern position	$ (424,600)	$ (16,561,700)	$ (16,137,100)
Additional liabilities due to PfAD	17,103,300	17,103,300	-
Surplus/(Unfunded Liability)[1]	**$ (17,527,900)**	**$ (33,665,000)**	**$ (16,137,100)**
Total Normal Cost			
Jan 1, 2020 to Dec 31, 2020	$ -	$ -	$ N/A
Jan 1, 2021 to Dec 31, 2021	$ -	$ -	$ N/A
Jan 1, 2022 to Dec 31, 2022	$ -	$ -	$ N/A

Mortality Sensitivity

The table below presents the sensitivity of the going concern position of the Plan to using a mortality assumption with a 10% improvement to the base mortality rates. For the purposes of this analysis, we have used 100% of the rates of the base table used in the going concern valuation.

	Base Scenario	Adverse Scenario	Impact ($)
Actuarial value of assets	$ 211,167,500	$ 211,167,500	$ -
Going concern liabilities	211,592,100	217,367,000	5,774,900
Going concern position	$ (424,600)	$ (6,199,500)	$ (5,774,900)
Additional liabilities due to PfAD	17,103,300	17,491,000	387,700
Surplus/(Unfunded Liability)[2]	**$ (17,527,900)**	**$ (23,690,500)**	**$ (6,162,600)**
Total Normal Cost			
Jan 1, 2020 to Dec 31, 2020	$ -	$ -	$ N/A
Jan 1, 2021 to Dec 31, 2021	$ -	$ -	$ N/A
Jan 1, 2022 to Dec 31, 2022	$ -	$ -	$ N/A

[1] Before application of PYCB
[2] Before application of PYCB

Section 3: Solvency Valuation Results

Solvency Financial Position of the Plan

The solvency valuation is a financial assessment of the Plan that is required by the *Act* and is performed in accordance with requirements prescribed by that legislation. It is intended to provide an assessment of the Plan's financial position at the valuation date on the premise that certain obligations as prescribed by the *Act* are settled on the valuation date for all members. The liabilities must be calculated based on a postulated scenario that maximizes liabilities on wind up of the Plan. Contingent benefits are included in the liabilities that would be payable under the postulated scenario, unless permitted to be omitted under the definition of solvency liabilities under the Regulations to the *Act.* All assumptions for the solvency valuation are listed in Appendix D.

On the basis of the Plan provisions, membership data, solvency assumptions and methods and asset information described in the Appendices, as well as the requirements of the *Act*, the solvency financial position of the Plan as at January 1, 2020 is shown in the following table. The solvency financial position of the Plan as at January 1, 2017 is shown for comparison purposes.

Solvency Financial Position

	January 1, 2020	January 1, 2017
Assets		
Solvency assets	$ 211,167,500	$ 193,491,200
Estimated wind up expenses	(200,000)	(200,000)
Total Assets	**$ 210,967,500**	**$ 193,291,200**
Solvency Liabilities		
Active Members	$ 59,759,600	$ 76,398,200
Deferred Vested Members	1,348,500	1,256,400
Retired Members and Beneficiaries	155,035,300	141,756,100
Pending Payouts	170,700	-
Total Liabilities	**$ 216,314,100**	**$ 219,410,700**
Solvency Position	**$ (5,346,600)**	**$ (26,119,500)**
Prior year credit balance	-	-
Present value of special payments	11,281,800	20,969,500
Solvency liability adjustment	-	-
Solvency Surplus/(Deficiency)	**$ 5,935,200**	**$ (5,150,000)**
Solvency ratio [1]	**0.98**	**0.88**

[1] Solvency Assets divided by Solvency Liabilities

Solvency Asset Adjustment

The present value of scheduled special payments for solvency valuation purposes has been calculated by discounting the annual special payments to be remitted up to the end of their amortization period, at the weighted solvency discount rate.

Nature of Deficiency	Effective Date	End Date	Months Included	Annual Special Payment	Present Value as of January 1, 2020
Going concern	January 1, 2009	December 31, 2020	12	$ 273,600	$ 269,400
Going concern	January 1, 2010	December 31, 2020	12	142,800	140,600
Going concern	January 1, 2011	December 31, 2020	12	800,400	788,200
Going concern	January 1, 2015	December 31, 2020	12	831,600	818,900
Going concern	January 1, 2018	December 31, 2020	12	422,400	415,900
Going concern	January 1, 2021[1]	December 31, 2030	60	1,956,000	8,848,800
Present Value of Special Payments					**$ 11,281,800**

Statutory Solvency Financial Position

The minimum funding requirements under the Regulation are based on the statutory solvency financial position as at the valuation date. In calculating the statutory solvency financial position, various adjustments can be made including solvency funding of a reduced solvency deficiency effective for valuations filed after December 31, 2017. The reduced solvency deficiency is based upon 0.85 of the solvency liabilities and 0.85 of the solvency liability adjustment.

	January 1, 2020
The amount by which the sum of:	
85% of solvency liabilities	$ 183,867,000
85% of solvency liability adjustment	-
Prior year credit balance	-
	$ 183,867,000
Exceeds the sum of:	
Solvency assets net of wind-up expenses	$ 210,967,500
Solvency asset adjustment	11,281,800
	$ 222,249,300
Reduced Solvency Deficiency	**$ 0**

[1] In accordance with Regulation, the City has decided to defer new going concern and solvency special payments established as at January 1, 2020 by 12 months

Solvency Concerns

A report indicates solvency concerns under the *Act* if the ratio of the solvency assets to solvency liabilities is less than 0.85.

Where a report indicates solvency concerns, the effective date of the next valuation that needs to be filed under the *Act* is one year from the valuation date of the valuation that gave rise to the solvency concerns.

Since the ratio of solvency assets to solvency liabilities is equal to 0.98, this report does not indicate solvency concerns.

Solvency Valuation Sensitivity Results

In accordance with the CIA Standards of Practice specific to pension plans, the table below presents the sensitivity of the solvency liabilities to using a discount rate of 1% lower and 1% higher than that used for the solvency valuation.

		Effect	
January 1, 2020		**$**	**%**
Solvency liabilities	$ 216,314,100		
Solvency liabilities (discount rate – 1%)	$ 243,672,000	$ 27,357,900	12.6%
Solvency liabilities (discount rate + 1%)	$ 193,874,100	$ (22,440,000)	(10.4)%

Incremental Cost on a Solvency Basis

The incremental cost on a solvency basis represents the present value at January 1, 2020 of the expected aggregate change in the solvency liabilities between January 1, 2020 and the next calculation date, that is January 1, 2023. Appendix D gives more details on the calculation methodology and on assumptions.

Based on this methodology and on these assumptions, the incremental cost on a solvency basis can be found in the following table.

	Jan 1, 2020 to Dec 31, 2020	**Jan 1, 2021 to Dec 31, 2021**	**Jan 1, 2022 to Dec 31, 2022**
Incremental cost on a solvency basis	$ 2,484,300	$ 2,414,300	$ 2,518,900

Pension Benefits Guarantee Fund (“PBGF”)

A PBGF assessment is not required under Article 47(1) of Regulation 909 of the *Act*.

Section 4: Hypothetical Wind Up Valuation Results

Hypothetical Wind Up Financial Position of the Plan

A hypothetical wind up valuation is performed to determine the financial position of the Plan as at the valuation date on a wind up basis, reflecting market settlement rates as of the valuation date. Unlike the solvency valuation, all benefits are included that would be payable under the postulated scenario that would maximize benefits. The hypothetical wind up valuation is determined using benefit entitlements on the assumption that the Plan has neither a surplus nor a deficit. Contingent benefits are included in the liabilities that would be payable under the postulated scenario. Assets are set equal to market value net of estimated wind up expenses. All assumptions for the hypothetical wind up valuation are listed in Appendix D.

On the basis of Plan provisions, membership data, hypothetical wind up assumptions and methods, and asset information described in the Appendices, as well as the requirements of the *Act*, the hypothetical wind up financial position of the Plan as at January 1, 2020 is shown in the following table. The hypothetical wind up financial position of the Plan as at January 1, 2017 is shown for comparison purposes.

Hypothetical Wind Up Financial Position

	January 1, 2020	January 1, 2017
Assets		
Hypothetical wind up assets	$ 211,167,500	$ 193,491,200
Estimated wind up expenses	(200,000)	(200,000)
Total Assets	**$ 210,967,500**	**$ 193,291,200**
Hypothetical Wind Up Liabilities		
Active Members	$ 91,710,400	$ 115,284,600
Deferred Vested Members	2,311,900	2,149,200
Retired Members and Beneficiaries	221,294,000	201,563,700
Pending Payouts	170,700	-
Total Liabilities	**$ 315,487,000**	**$ 318,997,500**
Hypothetical Wind Up Surplus/(Deficiency)	**$ (104,519,500)**	**$ (125,706,300)**

Transfer Ratio

The transfer ratio is determined as follows:

			January 1, 2020		January 1, 2017
(1) Hypothetical wind up assets		$	211,167,500	$	193,491,200
Prior year credit balance	(A)	$	-	$	-
Total city normal cost and required special payments until next mandated valuation	(B)	$	6,382,800	$	17,695,000
(2) Asset adjustment	Lesser of (A) and (B)	$	-	$	-
(3) Hypothetical wind up liabilities		$	315,487,000	$	318,997,500
Transfer Ratio [(1)-(2)] / (3)			**0.67**		**0.61**

Section 5: Contribution Requirements

Contribution Requirements in Respect of the Normal Cost

Active members no longer accrue further credited service, and as such, there are no current service contributions required.

Development of Special Payments

The following table summarizes previously established amortization schedules of special payments before adjustment to reflect any gains or losses due to the going concern and solvency valuation results.

Nature of Deficiency	Effective Date	End Date	Annual Special Payment
Going concern	January 1, 2009	December 31, 2023	$ 273,600
Going concern	January 1, 2010	December 31, 2024	142,800
Going concern	January 1, 2011	December 31, 2025	800,400
Going concern	January 1, 2015	December 31, 2029	831,600
Going concern	January 1, 2018[1]	December 31, 2032	422,400
Solvency	January 1, 2015	December 31, 2019	2,726,400
Solvency	January 1, 2018	December 31, 2022	1,142,400
			$ 6,339,600

The following table summarizes the amortization schedules of special payments after adjustment to reflect any gains or losses due to the going concern and solvency valuation results. In accordance with Regulation, the City has decided to defer all new going concern and solvency special payments established as at January 1, 2020 by 12 months. The following table summarizes the amortization schedules of special payments after the aforementioned adjustments.

				Present Value as of January 1, 2020	
Nature of Deficiency	**Effective Date**	**Revised End Date**	**Revised Annual Special Payment**	**For Going Concern Valuation[2]**	**For Solvency Valuation[3]**
Going concern	January 1, 2009	December 31, 2020	$ 273,600	$ 267,200	$ 269,400
Going concern	January 1, 2010	December 31, 2020	142,800	139,400	140,600
Going concern	January 1, 2011	December 31, 2020	800,400	781,600	788,200
Going concern	January 1, 2015	December 31, 2020	831,600	812,100	818,900
Going concern	January 1, 2018	December 31, 2020	422,400	412,500	415,900
Going concern	January 1, 2021	December 31, 2030	1,956,000	15,115,100	8,848,800
			$ 4,426,800	**$ 17,527,900**	**$ 11,281,800**

[1] In accordance with Regulation, the City has decided to defer new solvency special payments established as at January 1, 2020 by 12 months
[2] The values in the table were developed using the going concern discount rate compounded monthly in arrears.
[3] The values in the table were developed using the weighted average solvency discount rate compounded monthly in arrears.

Prior Year Credit Balance (“PYCB”)

The City has elected not to track or apply any PYCB to reduce the special payments.

Available Actuarial Surplus

As at January 1, 2020 the Available Actuarial Surplus is calculated as follows:

Going Concern Basis		
(A)	Total assets	$ 211,167,500
(B)	Total liabilities	211,592,100
(C)	Additional liabilities due to PfAD	17,103,300
(D)	Prior year credit balance	-
(E)	**Available surplus: maximum (A – B – C – D); 0)**	**$ -**
Hypothetical Wind-Up Basis		
(F)	**Assets in excess of a transfer ratio of 105%**	**$ -**
(G)	**Available Actuarial Surplus: minimum (E; F)**	**$ -**

Under Regulations 7.0.3(1), 7.0.3(3) and 7.0.3(4) of the *Pension Benefits Act (Ontario)*, a contribution holiday may be permissible if an actuarial cost certificate is filed within the first 90 days of the fiscal year and the amount of the contribution holiday is less than the amount of the Available Actuarial Surplus.

Excess Surplus

The *Income Tax Act* requires that any excess surplus first be applied to reduce or eliminate the City contribution requirements. Excess surplus is defined in Section 147.2(2)(d) of the *Income Tax Act*, as the portion of surplus (if any) that exceeds 25% of the going concern liabilities.

Since the surplus is less than 25% of the going concern liabilities plus to Provision for Adverse Deviation, there is no excess surplus and therefore it does not impact the development of the City contribution requirements.

Transitional Rules

	2020	2021	2022
Under Rules Applicable Prior to May 1, 2018			
City normal cost	$ -	$ 77,700	$ 157,000
Going concern special payments	-	-	-
Solvency special payments	1,142,400	1,599,600	1,599,600
Total	**$ 1,142,400**	**$ 1,677,300**	**$ 1,756,600**
Under Rules Applicable as at May 1, 2018			
City normal cost	$ -	$ -	$ -
Going concern special payments	2,470,800	1,956,000	1,956,000
Solvency special payments	-	-	-
Total	**$ 2,470,800**	**$ 1,956,000**	**$ 1,956,000**
Increase in Contribution Requirement Due to New Rules	**$ 1,328,400**	**$ 278,700**	**$ 199,400**

According to Section 4 of the Regulations, should the contribution requirements including any required payments due to the PfAD established under the rules in effect as at May 1, 2018 exceed the contribution requirements under the rules in effect prior to May 1, 2018 for each year of the period covered by this report, the increase in contribution requirement can be phased in over a three-years period. The table below shows the contribution requirement that can be exempt from increases from 2020 to 2022:

	2020	2021	2022
Contribution to be Exempt from Increases	$ 1,328,400	$ 185,800	$ 66,500

Development of Minimum Required City Contribution

The table below presents the development of the minimum required City contribution for each of the plan years covered by this report.

	Jan 1, 2020 to Dec 31, 2020	Jan 1, 2021 to Dec 31, 2021	Jan 1, 2022 to Dec 31, 2022
City normal cost	$ -	$ -	$ -
Special payments toward amortizing unfunded liability	2,470,800	1,956,000	1,956,000
Special payments toward amortizing solvency deficiency	-	-	-
Contribution exempt from increase under transitional rules	(1,328,400)	(185,800)	(66,500)
Required application of excess surplus	-	-	-
Permitted application of available actuarial surplus	-	-	-
Minimum Required City Contribution, Prior to Application of Prior Year Credit Balance	**$ 1,142,400**	**$ 1,770,200**	**$ 1,889,500**
Permitted application of prior year credit balance	-	-	-
Minimum Required City Contribution	**$ 1,142,400**	**$ 1,770,200**	**$ 1,889,500**

Development of Maximum Deductible City Contribution

The table below presents the development of the maximum deductible City contribution for each of the plan years covered by this report.

The maximum deductible City contribution presented in the table below for a given plan year is calculated assuming that the City makes the maximum deductible City contribution in the first plan year covered by this report.

	Jan 1, 2020 to Dec 31, 2020	**Jan 1, 2021 to Dec 31, 2021**	**Jan 1, 2022 to Dec 31, 2022**
City normal cost	$ -	$ -	$ -
Greater of the Unfunded liability and the hypothetical wind up deficiency	104,519,500	-	-
Required application of excess surplus	-	-	-
Maximum Deductible City Contribution	**$ 104,519,500**	**$ -**	**$ -**

If the City wishes to make the maximum deductible City contribution, it is advisable to contact the Plan's actuary before making such contribution to ensure that the contribution will be permissible and deductible and that any regulatory requirements are considered.

Section 6: Actuarial Certificate

Actuarial Opinion, Advice and Certification for The Hamilton Street Railway Company Pension Plan (1994)

Canada Revenue Agency Registration Number: 0253344

Opinion

This actuarial certification forms an integral part of the actuarial valuation report for the Plan as at January 1, 2020. I confirm that I have prepared an actuarial valuation of the Plan as at January 1, 2020 for the purposes outlined in the Introduction section to this report and consequently:

My advice on funding is the following:

- The City should contribute the amounts within the range of minimum and maximum contribution amounts as outlined in Section 5 of this report, in accordance with legislative requirements.
- The next actuarial valuation for the purpose of developing funding requirements should be performed no later than as at January 1, 2023.

I hereby certify that, in my opinion:

- The contribution range as outlined in this report is expected to be sufficient to satisfy the Plan's funding requirements.
- The City contribution range outlined in this report qualifies as eligible contributions under Section 147.2(2) of the *Income Tax Act.*
- The pre-1990 maximum pension restrictions in Subsection 8504(6) of the Regulations to the *Income Tax Act* do not apply to any members of the Plan.
- For the purposes of the valuation:
  - The data on which this valuation is based are sufficient and reliable;
  - The assumptions used are appropriate; and
  - The actuarial cost methods and the asset valuation methods used are appropriate.

- This report and its associated work have been prepared, and my opinion given, in accordance with accepted actuarial practice in Canada and in compliance with the requirements outlined in subparagraphs 147.2(2)(a)(iii) and (iv) of the *Income Tax Act*.
- Notwithstanding the above certifications, emerging experience differing from the assumptions will result in gains or losses that will be revealed in subsequent valuations.

Mark Pearson, FCIA, FSA
Associate Partner

Aon
20 Bay Street, Suite 2300
Toronto, ON M5J 2N9

November 2020

Appendix A: Assets

Asset Data

The Plan's assets are combined in a pooled fund under a Master Trust agreement administered by RBC Investor Services Trust and are managed by a number of different investment managers. This type of arrangement governs only the investment of the asses deposited into the trust fund in no way "guarantees" the benefits provided under the Plan or the costs of providing such benefits. The asset information presented in this report is based on the financial statements of the pension fund prepared by KPMG LLP.

Tests of the sufficiency and reliability of the asset data were performed and the results were satisfactory. The tests included:

- A reconciliation of actual cash flow with expected cash flow from the previous actuarial report; and
- A reconciliation of any anticipated benefit payments (for retirees, terminated, or deceased members) against the financial statements of the pension fund for confirmation of payments.

Market Value of Assets

The following is a summary of the composition of the Plan's assets by asset type as reported by RBC Investor Services Trust as at January 1, 2020. For comparison purposes, the composition at the previous valuation date of January 1, 2017 is also shown.

	January 1, 2020		**January 1, 2017**	
	$	**%**	**$**	**%**
Cash and short term	2,757,900	1.3%	1,781,700	1.0%
Canadian fixed income	100,829,200	47.7%	83,582,200	43.2%
Canadian equities	67,764,800	32.1%	60,066,100	31.0%
Foreign equities	39,815,600	18.9%	48,061,200	24.8%
Total Invested Assets	**211,167,500**	**100.0%**	**193,491,200**	**100.0%**

Target Asset Mix

The target asset mix of the Plan is contained in the Plan's Statement of Investment Policies and Procedures. The Plan is currently on a glide path based on the funded ratio on a wind-up basis. As the funded ratio increases, the target mix changes in increments with an increase to fixed income and a corresponding decrease to return seeking equities. The below is the current target asset mix based on the wind-up results of the combined City defined benefit pension plans held in the Master Trust:

	Target
Short term	0.0%
Fixed income (including Real Return Bonds)	52.0%
Canadian equities	24.0%
Foreign equities	24.0%
	100.0%

Based on the glide path, the ultimate target asset mix is as follows:

	Target
Short term	0.0%
Fixed income (including Real Return Bonds)	85.0%
Canadian equities	8.0%
Foreign equities	7.0%
	100.0%

Reconciliation of Changes in Adjusted Market Value of Assets

The table below reconciles changes in the adjusted market value of assets between January 1, 2017 and January 1, 2020.

	Jan 1, 2017 to Dec 31, 2017	Jan 1, 2018 to Dec 31, 2018	Jan 1, 2019 to Dec 31, 2019
Adjusted Market Value of Assets, Beginning of Plan Year	**$ 193,491,200**	**$ 204,658,400**	**$ 190,957,400**
Contributions During Plan Year			
Employee contributions	$ -	$ -	$ -
City normal cost	-	54,300	138,100
City special payments	4,774,800	6,339,600	6,339,600
Total	**$ 4,774,800**	**$ 6,393,900**	**$ 6,477,700**
Benefit Payments During Plan Year			
Non-retired members[1]	$ 240,300	$ 135,600	$ 55,200
Retired members	10,858,200	11,019,300	11,384,300
Total	**$ 11,098,500**	**$ 11,154,900**	**$ 11,439,500**
Transfers During Plan Year			
Into plan	$ -	$ -	$ -
Out of plan	-	-	-
Total	**$ -**	**$ -**	**$ -**
Fees/Expenses			
Investment fees/expenses	$ 326,100	$ 410,900	$ 437,400
Non-investment fees/expenses	237,400	296,800	235,100
Total	**$ 563,500**	**$ 707,700**	**$ 672,500**
Investment Income	**$ 18,054,400**	**$ (8,232,300)**	**$ 25,844,400**
Adjusted Market Value of Assets, End of Plan Year	**$ 204,658,400**	**$ 190,957,400**	**$ 211,167,500**
Rate of return, net of fees/expenses	**9.2%**	**-4.4%**	**13.4%**

Development of Actuarial Value of Assets

The actuarial value of assets is equal to the adjusted market value of assets.

[1] Includes members who have terminated employment or died

Appendix B: Membership Data

Source of Data

This valuation was based on member data provided by the Company as of January 1, 2020. Tests of the sufficiency and reliability of the member data were performed and the results were satisfactory. The tests included:

- A reconciliation of membership status against the membership status at the last valuation. This test was performed to ensure that all members were accounted for. A summary of this reconciliation follows on the next page;
- A reconciliation of birth, hire, and participation dates against the corresponding dates provided for the last valuation to ensure consistency of data;
- A reconciliation of credited service against the corresponding amount provided for the last valuation to ensure that no member accrued any credited service from January 1, 2017;
- A reconciliation of pensionable earnings against the corresponding amounts provided for the last valuation to identify any unusual increases or decreases;
- A reconciliation of accrued benefits against the corresponding amounts provided for the last valuation to identify any unusual benefit accruals;
- A reconciliation of any stated benefit payments since January 1, 2017 (for retired, terminated, or deceased members) against the financial statements of the pension fund for confirmation of the payments; and
- A reconciliation of inactive member benefit amounts against the corresponding amounts provided for the last valuation to ensure consistency of data.

There was no information missing from the data, so no assumptions were required with respect to such data.

A copy of the administrator certification certifying the accuracy and completeness of the member data (and the Plan provisions summarized in this report) is included in Appendix H of this report.

Membership Summary

The table below reconciles the number of members as of January 1, 2020 with the number of members as of January 1, 2017 and the changes due to experience in the period.

	Active and Disabled Members	Deferred Vested	Retired Members and Beneficiaries	Total
As at January 1, 2017	**388**	**26**	**599**	**1,013**
New members	0	0	0	0
Paid out	(5)	0	0	(5)
Terminations	(4)	4	0	0
Deaths	(2)	0	(71)	(73)
No Further Benefits	0	0	(3)	(3)
Retired	(62)	(1)	63	0
New spouses	0	0	22	22
Transferred	0	0	0	0
Data corrections	0	0	0	0
As at January 1, 2020	**315**	**29**	**610**	**954**

Active and Disabled Members

	January 1, 2020	January 1, 2017
Number	315	388
Average age	54.3	52.8
Average pensionable service	9.3	10.5
Average pensionable earnings	$ 70,474	$ 66,849
Proportion female	23.8%	24.2%

Deferred Vested Members

	January 1, 2020	January 1, 2017
Number	29	26
Average age	55.8	54.2
Average deferred pension	$ 3,317	$ 3,714
Proportion female	41.4%	42.3%

Retired Members and Beneficiaries

	January 1, 2020	January 1, 2017
Number	610	599
Average age	75.3	75.5
Average annual lifetime pension	$ 18,587	$ 17,319
Average annual bridge pension	$ 547	$ 535
Proportion female	33.0%	31.6%

Active/Disabled Membership Distribution

The following table provides a detailed summary of the active/disabled membership at the valuation date by years of credited service and by age group. For privacy reasons, average pensionable earnings is not shown for groups with two or less members.

Age	< 5	5–10	10–15	15–20	20–25	25–30	>=30	Total
<40	10							10
	$ 67,044	$	$	$	$	$	$	$ 67,044
40–45	10	7						17
	$ 77,617	$ 77,268	$	$	$	$	$	$ 77,473
45–50	34	27	1					62
	$ 70,518	$ 69,678	$ *	$	$	$	$	$ 70,424
50–55	32	21	5	8	2			68
	$ 69,111	$ 70,063	$ 80,388	$ 69,459	$ *	$	$	$ 70,738
55–60	25	29	3	19	18			94
	$ 68,597	$ 69,433	$ 75,814	$ 69,694	$ 68,935	$	$	$ 69,372
60–65	8	15	3	14	7	2		49
	$ 68,034	$ 68,547	$ 64,058	$ 76,072	$ 73,610	$ *	$	$ 71,037
>=65	2	2	1	1	3	5	1	15
	$ *	$ *	$ *	$ *	$ 80,106	$ 67,800	$ *	$ 68,907
Total								
Count	**121**	**101**	**13**	**42**	**30**	**7**	**1**	**315**
Average Salary	**$ 69,689**	**$ 70,011**	**$ 74,928**	**$ 71,733**	**$ 72,204**	**$ 67,838**	**$ ***	**$ 70,474**

* Omitted for privacy reasons

Deferred Vested/Retired Membership Distribution

The following table provides a detailed summary of the deferred vested/retired membership at the valuation date by age group. For privacy reasons, average pensions are not shown for groups with two or less members.

Age	Deferred Vested Members	Retired Members and Beneficiaries
< 50	7	1
	$ 2,628	$ *
50–55	5	
	$ 2,515	$
55–60	9	21
	$ 3,475	$ 21,280
60–65	6	52
	$ 4,674	$ 22,674
65[1]–70	2	101
	$ *	$ 20,319
70–75		143
	$	$ 22,649
75–80		106
	$	$ 17,864
>=80		186
	$	$ 13,569
Total		
Count	**29**	**610**
Average Lifetime Pension	**$ 3,317**	**$ 18,587**

* Omitted for privacy reasons

[1] Includes all deferred vested members over age 65

Appendix C: Going Concern Assumptions and Methods

Assumptions and Methods

A member's entitlements under a pension plan are generally funded during the period over which service is accrued by the member. The cost of each member's benefits is allocated in some fashion over the member's service. An actuarial valuation provides an assessment of the extent to which allocations relating to periods prior to a valuation date (often referred to as the actuarial liabilities) are covered by the plan's assets.

The going concern valuation provides an assessment of a pension plan on the premise that the plan continues on into the future indefinitely based on assumptions in respect of future events upon which a plan's benefits are contingent and methods that effectively determine the way in which a plan's costs will be allocated over the members' service. The true cost of a plan, however, will emerge only as experience develops, investment earnings are received, and benefit payments are made.

This appendix summarizes the going concern assumptions and methods that have been used for the going concern valuation of the Plan at the valuation date. The going concern assumptions and methods have been chosen to reflect our understanding of the Plan's funding objectives with due respect to accepted actuarial practice and regulatory constraints. For purposes of this valuation, the going concern methods and assumptions were reviewed and changes as indicated were made.

The actuarial assumptions and methods used in the current and previous valuations are summarized below and described on the following pages.

	January 1, 2020	January 1, 2017
Economic Assumptions		
Discount rate	4.50% per year	Same
Inflation rate	2.00% per year	2.25% per year
Post-retirement indexing rate	2.00% per year	1.50% per year
Increases in pensionable earnings	2.00% per year	3.25% per year
Increases in year's maximum pensionable earnings (“YMPE”)	2.50% per year	2.75% per year
Increases in maximum pension limit	\$3,092.22 in 2020; then 2.50% per year	\$2,914.44 in 2017; then 2.75% per year
Investment expenses	0.20% per year (taken into account in the discount rate assumption)	Same
Non-investment expenses	0.20% per year (taken into account in the discount rate assumption)	Same
Provision for adverse deviation	9.80% of non-indexed liabilities	Not applicable
Margin for adverse deviation	Not applicable	0.30% per year (taken into account in the discount rate assumption)

	January 1, 2020	January 1, 2017
Demographic Assumptions		
Mortality table	110% of 2014 Public Canadian Pensioners' Mortality Table ("CPM2014Publ") with generational improvement using CPM-B Scale	Same
Retirement rates	50% of members retire at the earliest unreduced retirement age and 50% at age 65.	50% of members retire at the earliest unreduced retirement age and 50% at age 62.
Termination rates	Not applicable	Same
Disability rates	Not applicable	Same
Proportion married		
Non-retired proportion with spouse	85% with opposite-sex spouse	Same
Non-retired spousal age differential	Males three years older	Same
Retired members	Actual marital status and ages are used	Same
Margin for adverse deviation	Not applicable	Same
Methods		
Actuarial cost method	Projected unit credit	Same
Asset valuation method	Market value of assets adjusted to reflect contributions, benefit payments, transfers and fees/expenses in transit as of the valuation date	Same

Justification of Actuarial Assumptions and Methods

Margins for Adverse Deviations

The actuary has discussed the Plan's experience with the City and compared it to the expected experience. This review indicates that the use of the PfAD achieves the Company's desire to maintain safety cushions; therefore the decision was made to not to include any additional margins for conservatism. The Provisions for PfAD that is required by Ontario Regulation is discussed later in this section.

Economic Assumptions

Discount Rate

The overall expected return was developed using best-estimate returns for each major asset class in which the pension fund is invested. A Monte Carlo simulation is performed where the portfolio returns are projected assuming annual rebalancing. Expected plan cash flows are projected for a maximum of 30 years reflecting the plan's time horizon and discounted using the simulated returns. The internal rate of return is then calculated for each scenario and the results are used to develop an overall best-estimate rate of return for the entire pension fund. Gains from rebalancing and diversification are implicit to this return.

In determining the expected return, we have taken into account the current Master Trust target asset mix of 48% equities / 52% fixed income (including all details of asset categories) as well as the City's policy of intending to increase the investment in bonds and decrease the investment in equities as the funded position of the plan improves. We have assumed that the plan's investment will be 45% equities / 55% fixed income by the year 2035 and have assumed a smooth transition of assets during that time.

The overall expected return has been established based on the City's investment policy and its funding policy (whether formal or informal) and objectives. There may be some barriers to achieving this return such as inflation higher than expected, asset returns lower than expected, and assets and liabilities that are mismatched.

The following table lays out the adjustments that have been made to the overall expected rate of return in order to arrive at our going concern discount rate assumption:

Development of Discount Rate				
Overall expected return				4.77%
Non-investment expenses				(0.20)%
Investment expenses				
Passive	(1)	(0.07)%		
Actively managed	(2)	(0.13)%		
			(1)+(2)	(0.20)%
Additional returns due to active management				0.13%
Discount Rate				**4.50%**

Inflation Rate

The inflation rate is assumed to be 2.00% per year. The inflation rate assumption reflects our best estimate of future inflation considering current economic and financial market conditions.

Increases in Pensionable Earnings

The assumption for increases in pensionable earnings of 2.00% per year reflects the assumed rate of inflation, plus allowances for the effect of productivity growth.

Increases in YMPE

As the benefits paid to a member from the Plan are dependent on the future YMPE, it is necessary to make an assumption regarding the future increases in the YMPE.

The assumed increase in the YMPE reflects the assumed rate of inflation plus the productivity increase assumption.

Increases in the Maximum Pension Limit

Pensions are limited to the maximum limits under the *Income Tax Act*. The *Income Tax Act* specifies both a dollar limit, and in addition pensions cannot exceed 2% of indexed highest average compensation per year of credited service. The assumed increase in the dollar limit reflects the assumed rate of inflation plus the productivity increase assumption.

Expenses

Since the discount rate has been established net of all expenses, no explicit assumption is required for all expenses.

Provision for Adverse Deviation

For the purpose of this valuation, the PfAD is established based on the target asset allocation for each category of investments set out in the Plan's Statement of Investment Policies and Procedures (SIPP) in effect at the date of this report

Asset Mix Component	Investment Categorization under Regulation 76 (12)	Categorization under Regulation 11.2 (8)[1]	Target Asset Allocation(%)
Cash and short term	4	Fixed Income ("L")	0.0%
Fixed-income	15	Fixed Income ("L")	52.0%
Canadian equities	13	Non-Fixed Income	24.0%
Foreign equities	14	Non-Fixed Income	24.0%
			100.0%
Fixed income ("L")			52.0%
Alternative Investment ("M")			0.0%
(a) Percentage of fixed income for PfAD ["L" + 50%* "M"]			52.00%
(b) Percentage of non-fixed income for PfAD [100%-(a)]			48.00%
(c) Asset mix component (see table below) [2]			4.80%

Percent of Non-Fixed Income Assets	PfAD for Closed Plans	PfAD for Open Plans
0%	0%	0%
20%	2%	1%
40%	4%	2%
50%	5%	3%
60%	7%	4%
70%	11%	6%
80%	15%	8%
100%	23%	12%

[1] The fixed income investments satisfy the minimum credit rating requirements prescribed by the Regulation.
[2] Based on linear interpolation.

Page 117 of 137

Benchmark Discount Rate (BDR)

(d) V39056 rate at the valuation date	1.76%
(e) BDR [(d)+1.5%*(a)+5.0%*(b)+0.5%]	5.44%
(f) Best estimate discount rate[1]	4.77%
(g) Plan duration	11.43

PfAD is Determined as Follows:

Fixed component (open 4% or closed 5%)	5.00%
Asset mix component	4.80%
BDR component [Max [0, (g)*((f)-(e))]]	0.00%
Total	**9.80%**

[1] Gross of non-investment expenses and passive investment management fees.

Demographic Assumptions

Mortality

At the current and last valuation, we are using the 2014 Public Canadian Pensioners' Mortality Table and with generational improvement with CPM-B. We have adjusted the base rates of the table by 110% to account for the size of the pensions members are receiving.

In 2017, the CIA released a research paper introducing a new Mortality Improvement Scale (MI-2017) and subsequently published an Education Note stating that both the MI-2017 and CPM-B Scales "constitute broad and relevant mortality improvement studies for the Canadian population." The continued use of the CPM-B projection scale is considered reasonable.

Retirement

Retirement rates are typically developed taking into account the past experience of the Plan. Accordingly, the rates of retirement have been developed as our expectation of the best-estimate rates of retirement based on the Plan provisions and our experience with other similar plans.

Termination of Employment

No allowance has been made for termination of employment prior to retirement on the basis that the impact of including such an assumption would not have a material impact on the valuation results.

Proportion of Members with Spouses and Spousal Age Differential

These assumptions are relevant to the valuation of benefits since there is a subsidized joint and survivor benefit available for members with a spouse. The proportion of members who will have a spouse is based on broad population statistics. The spousal age difference was based on broad population statistics.

Other

Actuarial Cost Method

An actuarial cost method is a technique used to allocate in a systematic and consistent manner the expected cost of a pension plan over the years of service during which Plan members earn benefits under the Plan. By funding the cost of a pension plan in an orderly and rational manner, the security of benefits provided under the terms of the Plan in respect of service that has already been rendered is significantly enhanced.

The projected unit credit actuarial cost method has been used for this valuation. Under this method, the actuarial present value of benefits in respect of service prior to the valuation date, but based on pensionable earnings projected to retirement, is compared with the actuarial asset value, revealing either a surplus or an unfunded actuarial liability.

With respect to service after the valuation date, the expected value of benefits for service in the year following the valuation date (i.e., the normal cost) net of any required employee contributions is expressed as a percentage of the expected value of participating payroll for that year. The employer normal cost contributions are determined each year by applying this percentage to the actual participating payroll for the year.

When calculating the actuarial present value of benefits at the valuation date, the present value of all retirement, withdrawal and preretirement death benefits are included. For each member, the retirement, withdrawal and preretirement death benefits for a particular period of service are first projected each year into the future taking into account future vesting, early retirement entitlements and minimum pension/value entitlements. These projected benefits for each future year are then capitalized, multiplied by the probability of the member leaving the Plan in that year and discounted with interest and survivorship to the valuation date. The actuarial present value of benefits for the particular period of service is then determined by summing the present values of these projected benefits.

The pattern of future contributions necessary to pre fund future benefit accruals for any one particular individual will increase gradually as a percentage of their pensionable earnings as the individual approaches retirement. For a stable population (i.e., one where the demographics of the group remain constant from year to year), the normal cost will remain relatively level as a percentage of payroll. The projected unit credit actuarial cost method therefore allocates contributions among different periods in an orderly and rational manner for a stable population group.

In the event of future adverse experience, contributions in addition to the normal cost calculated under the projected unit credit actuarial cost method may be required to ensure that the Plan’s assets are adequate to provide the benefits. Conversely, favourable experience may generate surplus which may serve to reduce future contribution requirements.

Asset Valuation Method

Market value, adjusted by in-transit cash flows was used as the actuarial value of assets for this valuation.

Appendix D: Solvency and Hypothetical Wind Up Assumptions and Methods

Valuation Assumptions

	January 1, 2020	January 1, 2017
Economic Assumptions		
Discount rate		
Transfer value basis —*Without indexation*	2.50% per year for 10 years; 2.60% per year thereafter	2.30% per year for 10 years; 3.70% per year thereafter
Annuity purchase basis —*Without indexation*	2.93% per year	3.08% per year
Duration used to determine annuity purchase basis	10.51	10.63
Transfer value basis —*With indexation*	1.20% per year for 10 years; 1.20% per year thereafter	1.30% per year for 10 years; 1.60% per year thereafter
Annuity purchase basis —*With indexation*	-0.29% per year	-0.09% per year
Income Tax Act dollar limit	$3,092.22 per year	$2,914.44 per year
Weighted solvency discount rate	2.89% per year	3.00% per year

	January 1, 2020	January 1, 2017
Demographic Assumptions		
Mortality table	2014 Canadian Pensioners' Mortality Table ("CPM2014") with generational improvement using CPM-B[1] Scale (sex-distinct rates)	Same
Withdrawal rates	Not applicable	Same
Retirement age		
Active and deferred vested members	Ages that produces the highest value	
Retired members and beneficiaries	Not applicable	Same
Termination of employment	Terminate with full vesting	Same
Marital status		
Non-retired spousal proportion	85% with spouses	Same
Non-retired spousal age differential	Males three years older	Same
Retired members	Actual marital status and ages are used	Same
Other		
Wind up expenses	$200,000	Same
Actuarial cost method	Unit credit	Same
Asset valuation method	Market value of assets adjusted to reflect contributions, benefit payments, transfers and fees/expenses in transit as of the valuation date	Same
Incremental Cost		
The assumptions for the expected benefit payments and decrement probabilities, service accruals, and projected changes in benefits and/or pensionable earnings	Same as going concern	Same

[1] No preretirement mortality was applied

Based on the CIA's Guidance and information such as pension legislation, Plan provisions and Plan experience, we have made the following assumptions regarding how the Plan's benefits would be settled on Plan wind up:

	Percent of Liability Assumed to be Settled By Purchase of Annuities	Percent of Liability Assumed to be Settled By Lump-Sum Transfer
Active Members		
Not retirement eligible	0%	100%
Retirement eligible	100%	0%
Deferred Vested Members		
Not retirement eligible	0%	100%
Retirement eligible	100%	0%
Retired Members and Beneficiaries	100%	0%

Postulated Scenario

The postulated scenario is the assumption of immediate termination of employment for the active group at the valuation date. Therefore, no allowance for future salary increases or demographic experience are reflected.

Benefits Valued

	Solvency Valuation	Hypothetical Wind Up Valuation
Vesting	We have treated all accrued benefits as vested on Plan wind up.	We have treated all accrued benefits as vested on Plan wind up.
Grow-in Benefits	Grow-in to early retirement and other benefits were included	Grow-in to early retirement and other benefits were included
Exclusions	Post-retirement indexing was excluded from the valuation	No Plan benefits were excluded from the valuation
Post-valuation Date Benefit Increases	None were assumed	None were assumed
Indexing	Excluded from the valuation	Included from the valuation

Justification for Valuation Assumptions

We have set the aforementioned assumptions based on guidance prepared by the CIA Committee on Pension Plan Financial Reporting (“PPFRC”) in Educational Note – Assumptions for Hypothetical Wind-Up and Solvency Valuations with Effective Dates between December 31, 2019 and December 30, 2020 (“CIA Guidance”) released on January 30, 2020.

For benefit entitlements that are expected to be settled by lump-sum transfer, we based the assumptions on Section 3500 (Pension Commuted Values) of the CIA Standards of Practice, using rates corresponding to a valuation date of January 1, 2020.

For benefit entitlements that are expected to be settled by purchase of annuities, we based the assumptions on information compiled by the PPFRC from insurance companies active in the group annuity market as described in the educational note.

Development of Discount Rates

The development of the discount rates is shown below.

Solvency lump-sum discount rate for 10 years	= V122542[1] + 90 bps = 1.64% + 0.90% **= 2.54% (rounded to 2.50%) per year**
Solvency lump-sum discount rate thereafter	= V122544[1]+ 0.5 x (V122544[1] – V122542[1]) + 90 bps = 1.68% + 0.5 x (1.68% – 1.64%) + 0.90% **= 2.60% per year**
Solvency annuity purchase discount rate	= V39062 + Duration Adjustment = 1.76% +1.17% **= 2.93% per year**

Mortality Table

The derivation of the discount rate above is in conjunction with CPM2014 in accordance with the CIA Guidance.

Preretirement Mortality

We have made no allowance for preretirement mortality. The impact of including such an assumption would not have a material impact on the valuation, since the value of the death benefit is approximately equal to the value of the accrued pension.

Pensionable Earnings

To estimate active and disabled members’ best average earnings, we have used actual historical member earnings.

[1] CANSIM Series (annualized)

Assumptions Not Needed

The following are not relevant to the solvency or hypothetical wind up valuation:

- Increases in pensionable earnings;
- Termination of employment rates;
- Increases in CPP and OAS benefits;
- Increases in *Income Tax Act* maximum pension limit; and
- Disability rates.

Estimated Wind Up Expenses

Plan wind up expenses would normally include such items as fees related to preparation of the actuarial wind up report, fees imposed by a pension supervisory authority, legal fees, administration, custodial and investment management expenses. We have assumed these fees would be $200,000.

Calculation of Special Solvency Payments

To calculate the special payments necessary to liquidate the Solvency deficiency we used a weighted average of the solvency discount rates based on the relative proportions of benefit entitlements that are expected to be settled by purchase of annuities and lump-sum transfer.

Unisex Assumption

The liabilities are valued on a sex-distinct basis. The determination of the unisex percentage used in the payment of commuted values to non-Quebec members eligible for portability is based on the proportion of non-Quebec active and deferred vested liabilities for males and females. As such, the determination of commuted value liabilities on a sex-distinct basis in the solvency/hypothetical wind-up valuation is appropriate.

Actuarial Cost Methods

Unit credit (accrued benefit) cost method as prescribed.

Asset Valuation Method Considerations

Assets for solvency purposes have been determined using market value, adjusted by in-transit cash flows.

Incremental Cost

The incremental cost represents the present value, at the calculation date (time 0), of the expected aggregate change in the liabilities between time 0 and the next calculation date (time t), adjusted upwards for expected benefit payments between time 0 and time t.

An educational note was published in December 2010 by the CIA Committee on PPFRC to provide guidance for actuaries on the calculation of this new information.

The calculation methodology can be summarized as follows:

- The present value at time 0 of expected benefit payments between time 0 and time t, discounted to time 0,

  plus

- Projected liabilities at time t, discounted to time 0, allowing for, if applicable to the pension plan being valued:
  - expected decrements and related changes in membership status between time 0 and time t,
  - accrual of service to time t,
  - expected changes in benefits to time t,
  - a projection of pensionable earnings to time t,

  minus

- The liabilities at time 0.

The projection calculations take into account the following assumptions and additional considerations:

- The assumptions for the expected benefit payments and decrement probabilities, service accruals, and projected changes in benefits and/or pensionable earnings would be consistent with the assumptions used in the pension plan’s going concern valuation.
- The assumptions used to calculate the projected liability at time t are consistent with the assumptions for the liabilities at time 0, assuming that interest rates remain at the levels applicable at time 0, that the select period is reset at time t for interest rate assumptions that are select and ultimate and that the Standards of Practice for the calculation of commuted values and the guidance for estimated annuity purchase costs in effect at time 0 remain in effect at time t.
  - Active and inactive Plan members as of time 0 are considered in calculating the incremental cost.

Appendix E: Summary of Plan Provisions

This funding valuation was based on Plan design information provided by the City as of January 1, 2020. The following is a summary of the main provisions of the Plan.

Effective Date

July 1, 1980 (Prior plans, running continuously, applied before this date).

Eligibility

Prior to January 1, 2009, full time employees must join on completion of six months of continuous service.

Part time employees are eligible to join after two years of service, provided, they have either:

- Earnings of at least 35% of the Canada Pension Plan (CPP) Year's Maximum Pensionable Earnings (YMPE), or
- 700 hours of employment

in each of two consecutive calendar years immediately prior to joining the Pension Plan.

Effective January 1, 2009, the Plan has been closed to new members.

Retirement

Normal Retirement Date

Age 65.

Unreduced Retirement Date

Members may retire with no reduction in accrued pension following attainment of age plus service (including OMERS service) totalling 85 years, but not earlier than age 55.

Early Retirement Date

Members may retire after their 55th birthday. In this case, the pension will be reduced as per the table below:

Age at Retirement	Adjustment Between Age Reached and Initial Date of Unreduced Retirement
Active member	1/2% for each month (up to 60 months) preceding the earlier of the date the member's age reaches 65, or the member's age plus service* reaches 85. Plus 1/3% for each month (greater than 60 but less than 120 months) preceding the earlier of the date the member's age reaches 65, or the member's age plus service* reaches 85.
Member entitled to a deferred pension	Actuarial equivalent of the deferred pension payable at age 65

* including OMERS service

Credited Pension

Normal Retirement Pension

Members receive a pension equal to 1.5% of average pensionable earnings up to the average Year's Maximum Pensionable Earnings (YMPE) as established under the Canada Pension Plan, plus 2% of the excess, multiplied by years of credited service. The “average pensionable earnings” are defined as the average of best five years’ earnings. The average YMPE is the average of the YMPE for the last thirty-six months of the Plan membership.

In the event that pensions accrued under the prior plan exceed the pension accrued under this Plan for service prior to July 1, 1980, then the pension is increased accordingly.

Credited service includes an additional six months of past service for all active members as at January 1, 2009, subject to satisfying certain employment continuation requirements.

Active members accrue no credited service under this Plan with respect to service on and after January 1, 2009.

Bridge Benefit

A bridge benefit is payable on early retirement in the amount of $18.00 per month per year of employment service up to January 1, 2009 to a maximum of 30 years of employment service, reduced by the early retirement reduction as described above. The bridge benefit stops at age 65 or death, if earlier, and is fully indexed.

Normal Form of Pension

The normal form of Pension Benefit is payable for life with a five year guarantee. A 50% continuation is provided to a surviving spouse. The spouse is defined to be the spouse as of the date of death or retirement subject to only one spouse having entitlements and the spouse at retirement taking precedence if more than one spouse would otherwise exist. If the age difference between the member and the spouse is greater than five years, the pension is actuarially reduced.

Indexing

Effective January 1, 2009, pension benefits payable following retirement and surviving spouse pensions are to be increased at the same rate provided under OMERS (100% of inflation up to a maximum of 6% each year) for both lifetime and bridge pensions in payment on and after January 1, 2009.

Benefits Paid Following Termination of Employment

The member may elect to receive a cash settlement as specified in the Plan rules, or a deferred pension (subject to provincial legislation regarding locking-in requirements).

For current active members, all pre-1987 entitlements are 100% vested. For members with at least 2 years of membership, all entitlements are 100% vested.

Death Benefits Prior to Retirement

In the event of death in service, a member's beneficiary will receive a return of contributions according to the description in the Plan rules, or a spousal pension equal to 50% of the member's accrued entitlement. The “50% rule” for post 1986 accruals applies.

Death Benefits After Retirement

Optional forms of pension are available on an actuarially equivalent basis to the normal form of pension.

50% Rule (Excess Contributions)

Upon a member's termination of service or death after two years of membership in the Plan, or retirement, the employer must fund at least 50% of the value of any benefits resulting from years of credited service after January 1, 1987.

Contributions

Prior to 2003, a member contributed 7.5% of earnings less contributions which are made to the Canada Pension Plan. However, for calendar years 1999-2002 the employees were not required to contribute because by Plan terms employee contributions cannot occur without equal City contributions. Effective January 1, 2009, members are neither required nor permitted to make contributions to the Plan.

A copy of a letter from the City certifying the accuracy and completeness of the Plan provisions summarized in this report is included in Appendix H of this report.

Appendix F: History of Plan

Predecessor plans were established with effect from July 1, 1980, which succeeded plans originally established in the mid-to-late 1940s. The current Plan dates from January 1, 1994 when two predecessor plans were merged.

Prior to July 1, 1980, pension benefits were provided through group annuity policies with the Prudential Assurance Company Limited. Benefits with respect to service during this period together with these group annuity policies were transferred to this Plan. These annuities were placed on a paid-up basis. Most of the insured benefits were provided through participating annuities; the rest were provided through non-participating annuities. The participating annuities were credited with bonuses as established by Prudential from time to time.

In September 1986, except for pensions in the course of payment and certain deferred vested members, these group annuities were cashed out, with the proceeds being added to the invested assets of the Plan.

At the prior plan's inception, annuity contracts were purchased by the Plan when a member retired. Assets and liabilities in respect of such purchased annuities are excluded from this report. With effect from June 1986, new retirees were paid out of the fund on a monthly basis. For administrative reasons, since January 1988 pension payments are now made by the City of Hamilton (and were formerly made by the Region of Hamilton-Wentworth) subject to reimbursement by the Plan. Such actions are merely flow-through transactions, with no financial consequences whatsoever to the Plan. In fact, such actions save the Plan any costs of cheque issuance, etc., and as such, have a beneficial effect on the Plan.

Early Retirement windows have been effected at several dates under predecessor plans between 1991 and 1993 inclusive.

Effective January 1, 1999 the Plan was amended as follows:

A. The early retirement reduction is equal to

   a. the lesser of

      i. ½ % for each month (up to 60 months) by which age is less than age 65, and
      ii. ½ % for each month (up to 60 months) by which age plus service is less than 85 years,

   plus

   b. the lesser of

      i. ⅓% for each month (in excess of 60 months, but not in excess of 120 months) by which age is less than age 65, and
      ii. ⅓% for each month (in excess of 60 months, but not in excess of 120 months) by which age plus service is less than 85 years.

B. A bridging benefit is payable on early retirement in the amount of $18.00 per month per year of employment service, to a maximum of 30 years of employment service (accrued to December 31, 2008), reduced by the early retirement reduction as described above.

C. Indexing on May 1, 1999, May 1, 2000 and May 1, 2001 will be based on the greater of the current formula or 1% for all pensioners and beneficiaries who are paid from the Plan.

D. During 1999 and 2000 members are not required to contribute. During 2001 members were scheduled to contribute 1% of pensionable earnings with a minimum equal employer contribution. Employer contributions during 1999-2001 will equal member contributions, contingent upon the amounts being within amount required and permitted by applicable authorities. Since Employer contributions cannot occur due to restrictions in the *Income Tax Act,* no employee contributions will occur in 2001, with further review scheduled thereafter.

Effective May 1, 2002 the Plan was amended to provide that indexing on May 1, 2002 will be based on the greater of the current formula or 1% for all pensioners and beneficiaries who are paid from the Plan.

Effective January 1, 2003, the Plan was amended to reflect agreement (as per the current Collective Bargaining Agreement, effective April 1, 1998) which provides that contributions by members and the City shall be equal annually, unless member contributions are constrained by the Income Tax Act.

Effective January 1, 2009, the Plan was amended to provide the following:

- Post-retirement indexation that mirrors the indexation provided under OMERS (100% of inflation up to a maximum of 6% each year);
- No future service accruals;
- Six months additional credited service, subject to certain employment continuation requirements;
- OMERS service used for eligibility for certain benefits;
- An increase in the joint and survivor normal form of pension to 66 2/3% from 50%; conditional upon an actuarial report being filed that discloses a plan surplus. All HSR Plan members who were employees on December 31, 2008 would be entitled to this benefit improvement when it comes into effect if they continue to draw a pension from the plan.

Appendix G: Glossary of Terms

- The **actuarial value of assets** is the asset value used for going concern valuation purposes. Smoothing methods are sometimes used to smooth investment gains and losses over a certain period.
- The **estimated wind up expenses** is an estimate of the administrative and other expenses expected to be charged against the pension fund if the Plan were to terminate on the valuation date.
- The **going concern excess/(unfunded liability)** is the difference between the actuarial value of assets and sum of the going concern liabilities, the amount equal to the provision for adverse deviations in respect of the going concern liabilities of the pension plan, and the prior year credit balance of the pension plan.
- The **going concern funded ratio** compares the value of the assets of the pension plan determined on the basis of a going concern valuation, including accrued and receivable income but excluding the amount of any letter of credit held in trust for the pension plan, exceeds the prior year credit balance to the total amount of the going concern liabilities of the pension plan.
- The **going concern liabilities** are the actuarial present value of benefits earned in respect of service prior to the valuation date. The going concern liabilities are calculated using the going concern assumptions and methods summarized in Appendix C of this report.
- The **going concern position** is the difference between the actuarial value of assets and the going concern liabilities.
- The **maximum deductible company contribution** refers to an eligible contribution pursuant to Section 147.2(2) of the *Income Tax Act*. Under Subsection 8502(b) of the Regulations to the *Income Tax Act*, each Company contribution made after January 1, 1991 in respect of a defined benefit provision of a registered pension plan must be such eligible contribution.

  In a company's fiscal year, the following contributions are eligible under Section 147.2(2) of the *Income Tax Act*.

  – The company normal cost, eligible under Section 147.2(2) subject to certification by the actuary and approval by the Canada Revenue Agency; plus

  – Special payments eligible under Section 147.2(2) up to the amount of the unfunded liability, the solvency deficiency, or the hypothetical wind up deficiency, whichever is greater, subject to certification by the actuary and approval by the Canada Revenue Agency; less

  – Required application of excess surplus.

  The company normal cost and special payments for this Plan will be deductible under Section 147.2(2) of the *Income Tax Act*, subject to the approval of the Canada Revenue Agency.

  Note that contributions to a plan are still permissible and deductible if there is an excess surplus, providing there is simultaneously a solvency or hypothetical wind up deficiency in the Plan or the contributions are required as minimum contributions under provincial or federal *Act* legislation, pursuant to Subsections 8516(2) and (3) of the Regulations to the *Income Tax Act*.

One restriction under the *Income Tax Act* is that if there is an excess surplus, and a solvency or hypothetical wind up deficiency, the maximum deductible contribution is restricted to the full amount of the deficiency without allowance for interest or any other contributions such as company normal cost and/or transfer deficiency payments.

In order to be deductible in a given fiscal year, company contributions must be made not later than 120 days after the end of the fiscal year.

- The **minimum required company contribution** for each plan year is equal to:
  - The company normal cost; plus
  - Special payments toward amortizing any unfunded liability over ten (10) years beginning one year from the date on which the unfunded liability was established; plus
  - Special payments toward amortizing any solvency deficiency over five years beginning no later than 12 months (24 months if the company elected temporary funding relief option 8) from the date on which the solvency deficiency was established (this period of years may be longer if the Company has elected temporary funding relief options 3, 5, and/or 7); less
  - Required application of excess surplus; less
  - Permitted application of surplus; less
  - Permitted application of PYCB.

  In order to satisfy the requirements of the *Act* and its Regulations, contributions to the fund must be made in accordance with the following rules:
  - Required member contributions (if any) must be remitted to the pension fund within 30 days following the month in which the contributions were received from the member or deducted from his or her remuneration.
  - Company normal cost contributions must be remitted to the pension fund within 30 days after the end of the month for which the contributions are payable.
  - Special payments must be remitted to the pension fund in the month for which they are payable.
- The **prior year credit balance** is
  - The PYCB stated in the last report in respect of the Plan under the Regulation; plus
  - The total amount of contributions made to the Plan by the Company after the valuation date of the last report in respect of the Plan and before the valuation date for the report being prepared; less
  - The total minimum amount of contributions required to have been made after the valuation date of the last report in respect of the Plan and before the valuation date for the report being prepared, if the contributions had been calculated without reference to any PYCB.

  The Company may choose to set the PYCB between nil and the amount as calculated above, but may not recapture the amount forfeited at any time.
- **Reduced solvency deficiency** the difference between the sum of 85% of the solvency liability, 85% of solvency liability adjustment and the PYCB to the sum of the solvency asset and solvency asset adjustment.
- **Solvency/Hypothetical wind up assets** are the market value of pension fund assets adjusted to reflect contributions, benefit payments, transfers and fees/expenses in-transit at the valuation date.

- The **solvency asset adjustment** is an adjustment that may be made to the solvency assets to reflect:
  - The impact of using an averaging method that stabilizes short-term fluctuations in the market value of the Plan's assets calculated over a period of not more than five years; plus
  - The present value of any remaining special payments required to liquidate any unfunded liability (for service not previously recognized for benefit determination purposes) established after December 31, 1987; plus
  - The present value of any remaining special payments other than those above that are scheduled for payment within six years after the valuation date. This period of years may be longer if the Company has elected temporary funding relief options 3, 5, 7, and/or 8.
- The **solvency liabilities** are the actuarial present value of benefits earned in respect of service prior to the valuation date determined as if the Plan were wound up on the valuation date and taking into account Section 74 of the *Act* (i.e., grow-in). In calculating the solvency liabilities, which includes plant closure benefits or permanent layoff benefits that would be immediately payable if the Plan sponsor's business was discontinued on the valuation date, the *Act* and its Regulations permit the exclusion of the following benefits:
  - Any escalated adjustments;
  - "Excluded plant closure benefits" that the City elected on November 26, 1992 to exclude;
  - "Excluded permanent layoff benefits" that the City elected on November 26, 1992 to exclude;
  - Special allowances other than those where the member has met all age and service eligibility requirements;
  - Consent benefits other than those where the member has met all eligibility requirements except the consent of the employer, or in the case of a jointly sponsored pension plan, the consent of the employer or the administrator;
  - Prospective benefit increases;
  - Potential early retirement window benefit values; and
  - Pension and ancillary benefits payable under a qualifying annuity contract.

  The solvency liabilities are determined using benefit entitlements on the assumption that the Plan has neither a surplus nor a deficit. The solvency liabilities are calculated using the solvency valuation assumptions summarized in Appendix D of this report.
- The **solvency liability adjustment** is an adjustment that may be made to the solvency liabilities to reflect the impact of using a solvency valuation discount rate for discounting the liability that is the average of market discount rates calculated over the same period of time as that used in the calculation of the solvency asset adjustment.
- The **solvency position** is the difference between the solvency assets (net of estimated wind up expenses) and the solvency liabilities.
- The **solvency ratio** compares the solvency assets (plus any letters of credit held in trust exceeding the prior year credit balance) to the solvency liabilities for purposes of Subsections 14(2) and (3) of the Regulations of the *Act* to determine the latest effective date of the next required valuation.
- The **solvency excess/(deficiency)** is the solvency position, increased by the solvency asset adjustment and the solvency liability adjustment, then decreased by the PYCB.

- The **special payments** are payments required to liquidate the unfunded liability and/or reduced solvency deficiency:
  - The going concern special payments are payments required to liquidate the unfunded liability, with interest at the going concern valuation discount rate, by equal monthly instalments over a period of ten (10) years beginning one year from the valuation date of the report in which the going concern unfunded liability was determined.
  - The solvency special payments are payments required to liquidate the reduced solvency deficiency, with interest at the solvency valuation discount rate, by equal monthly instalments over a period of five years beginning no later than 12 months (24 months if company elected temporary funding relief option 8) from the valuation date of the report in which the solvency deficiency was determined. This period of years may be longer if the City has elected temporary funding relief options 3, 5, and/or 7.
- The **total normal cost** is the actuarial present value of benefits expected to be earned in respect of service for each year starting on the valuation date. Required member contributions (if any) are deducted from the total normal cost to determine the company normal cost. The total normal cost is calculated using the going concern valuation assumptions and methods summarized in Appendix C of this report.
- The **transfer ratio** compares the solvency assets, minus the lesser of the PYCB and the required company contributions until the next required valuation (before application of the PYCB), to the solvency liabilities plus the liability of any excluded benefits (except for pension benefits and ancillary benefits payable under a qualifying annuity contract). If the transfer ratio is less than 1.00, lump-sum transfers from the pension fund under Section 42 of the *Act* are limited to the commuted value of the member's pension multiplied by the transfer ratio. The administrator may transfer the entire commuted value if:
  - The administrator is satisfied that an amount equal to the transfer deficiency has been remitted to the pension fund; or
  - The aggregate of transfer deficiencies for all transfers made since the last valuation date does not exceed 5% of the Plan's assets at that time.

  In June 2009, Subsection 19 of the Regulations of the *Act* was amended and Policy T800-402 was released. The Policy imposes additional restrictions for payment of commuted values under certain circumstances.

Appendix H: Administrator Certification

With respect to the The Hamilton Street Railway Company Pension Plan (1994), forming part of the actuarial report as at January 1, 2020, I hereby certify that, to the best of my knowledge and belief:

- The asset data provided or made available to the actuary is complete and accurate;
- The membership data and subsequent query answers provided or made available to the actuary are complete and accurate for all persons who are entitled to benefits under the terms of the Plan in respect of service up to the date of the valuation;
- The Plan provisions provided or made available to the actuary are complete and accurate up to the latest Amendment;
- The actuary has been notified of all relevant events subsequent to the valuation measurement date; and
- The terms of engagement contained in Section 1 of this report are accurate and reflect the plan administrator's direction.

Name (print) of Authorized Signatory	Title
Signature	Date

About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.