



AUDIT, FINANCE & ADMINISTRATION COMMITTEE

REPORT 16-018

9:30 am

Monday, December 12, 2016

Council Chambers

Hamilton City Hall

71 Main Street West

Present: Councillor A. Johnson (Chair), Councillor D. Skelly (Vice-Chair)
Councillors C. Collins, M. Pearson, L. Ferguson and
A. VanderBeek

**Absent with
Regrets:** Councillor B. Johnson, City Business

THE AUDIT, FINANCE & ADMINISTRATION COMMITTEE PRESENTS REPORT 16-018 AND RESPECTFULLY RECOMMENDS:

1. SELECTION OF CHAIR AND VICE-CHAIR (Added Item A)

That Councillor D. Skelly be appointed Chair of the Audit, Finance and Administration Committee for 2017.

That Councillor A. VanderBeek be appointed Vice-Chair of the Audit, Finance and Administration Committee for 2017.

2. Tax Appeals under Sections 357 and 358 of the *Ontario Municipal Act, 2001* (FCS16038(e)) (City Wide) (Item 5.1)

(a) That Appendix "A" to AF&A Report 16-018 respecting the Tax Appeals processed under Section 357 of the *Ontario Municipal Act, 2001*, in the amount of \$80,570, be approved; and,

(b) That Appendix "B" to AF&A Report 16-018 respecting the Tax Appeals, due to a Gross or Manifest Clerical Error, Pursuant to Section 358 of the *Ontario Municipal Act, 2001*, in the amount of \$36,469, be approved.

3. 2016 Third Quarter Request for Tenders and Proposals Report (FCS16044(b)) (City Wide) (Item 5.2)

That Report FCS16044(b) respecting the 2016 Third Quarter Request for Tenders and Proposals, be received.

4. 2016 Third Quarter Emergency and Non-Competitive Procurements Report (FCS16045(b)) (City Wide) (Item 5.3)

That Report FCS16045(b) respecting the 2016 Third Quarter Emergency and Non-Competitive Procurements, be received.

5. 2016 Third Quarter Non-Compliance with the Procurement Policy Report (FCS16046(b)) (City Wide) (Item 5.4)

That Report FCS16046(b) respecting the 2016 Third Quarter Non-Compliance with the Procurement Policy, be received.

6. \$128,415,000 Debenture with Ontario Infrastructure and Lands Corporation (OILC) dated October 17, 2016 maturing October 17, 2031 (FCS16096) (City Wide) (Item 5.5)

That Report FCS16096 respecting \$128,415,000 Debenture with Ontario Infrastructure and Lands Corporation (OILC) dated October 17, 2016 maturing October 17, 2031, be received.

7. 2017 Interim Levy and Temporary Borrowing By-Laws (FCS16097) (City Wide) (Item 5.6)

That Report FCS16097 respecting the 2017 Interim Levy and Temporary Borrowing By-Laws, be received.

8. HMRF-HWRF Pension Administration Sub-Committee Report 16-001, December 1, 2016 (Item 5.7)

That Report 16-001, December 1, 2016 respecting the HMRF-HWRF Pension Administration Sub-Committee, be approved, as follows:

- (a) Financial Statements of the Hamilton Municipal Retirement Fund Pension Plan, December 31, 2015 (City Wide) (Item 5.1)**

- (i) That the Financial Statements of the Hamilton Municipal Retirement Fund Pension Plan, December 31, 2015, be received.

- (b) Financial Statements of the Hamilton-Wentworth Retirement Fund Pension Plan, December 31, 2015 (City Wide) (Item 5.2)**
 - (i) That the Financial Statements of the Hamilton-Wentworth Retirement Fund Pension Plan, December 31, 2015, be received.

- (c) 2016 Master Trust Pension Statement of Investment Policies and Procedures (FCS16081) (City Wide) (Item 5.3) (Attached hereto as Appendix "C" to AF&A Report 16-018)**
 - (i) That the 2015 Master Trust Pension Statement of Investment Policies and Procedures be deleted and replaced with the 2016 Master Trust Statement of Investment Policies and Procedures, attached as Appendix "C" to AF&A Report 16-018 Pension Administration Sub-Committee Report 16-001; and,
 - (ii) That the 2016 Master Trust Pension Statement of Investment Policies and Procedures, attached as Appendix "C" to AF&A Report 16-018, be forwarded to the Hamilton Street Railway Pension Advisory Committee for their information.

- (d) Master Trust Pension Investment Performance Report, June 30, 2016 (FCS16060) (City Wide) (Item 8.1)**
 - (i) That Report FCS16060 respecting the Master Trust Pension Investment Performance, June 30, 2016, be received.

- (e) Master Trust Pension Investment Performance Report, December 31, 2015 (FCS15075(a)) (City Wide) (Item 8.2)**
 - (i) That Report FCS15075(a) respecting the Master Trust Pension Investment Performance, December 31, 2015, be received.

- (f) Resignation from the HMRF/HWRF Pension Administration Sub-Committee by Mr. Keith Avery (Added Item 11.2)**
 - (i) That the resignation of Mr. Keith Avery, from the HMRF/HWRF Pension Administration Sub-Committee, be received.

9. Municipal and Education Property Tax Exemptions for CityHousing Hamilton (CES16061) (City Wide) (Item 8.1)

- (a) That the by-law attached as Appendix "D" to AF&A Report 16-018, being a By-law to Designate Eligible Properties Owned by CityHousing Hamilton as Municipal Capital Housing Facilities, which has been prepared in a form satisfactory to the City Solicitor, be approved;
- (b) That the City Solicitor be directed to register the by-law attached as Appendix "D" to AF&A Report 16-018 against all properties set out in Appendix "E" to AF&A Report 16-018;
- (c) That the General Manager of Community & Emergency Services be directed to deduct the one-time costs of registering site specific by-laws against all properties set out in Appendix "D" to AF&A Report 16-018 from the 2017 annual subsidy payment to CityHousing Hamilton;
- (d) That the City of Hamilton enter into a Municipal Capital Facilities Agreement with CityHousing Hamilton to exempt eligible properties from taxation for municipal and education purposes commencing in 2017 and to require CityHousing Hamilton to direct funds equal to the savings of the education portion of the property taxes towards capital repairs and regeneration of its housing stock;
- (e) That the General Manager of Community and Emergency Services or her designate be authorized and directed to execute the Municipal Capital Facilities Agreement, as attached as Appendix "F" to AF&A Report 16-018, prepared in a form satisfactory to the City Solicitor;
- (f) That the General Manager of Community and Emergency Services be directed to reduce the annual subsidy provided by the City to CityHousing Hamilton, pursuant to an operating agreement dated May 14, 2012 between the City of Hamilton and CityHousing Hamilton, by an amount equal to the municipal portion of the property tax exemptions applicable to the eligible properties commencing in 2017;
- (g) That the General Manager of Community and Emergency Services be directed to notify the Honourable Charles Sousa, Minister of Finance, in writing, of Council's approval to exempt eligible CityHousing Hamilton housing units from taxation;
- (h) That the Clerk be directed to notify the Municipal Property Assessment Corporation and the secretaries of any affected school boards of Council's approval to exempt eligible CityHousing Hamilton housing units from taxation;

- (i) That staff from the Housing Services Division meet with other social profit housing providers which operate projects receiving municipal subsidy for property taxes to investigate the feasibility of extending tax exemptions based on estimated savings and current capital repair needs and report back to the Emergency & Community Services Committee on a case-by-case basis; and,
- (j) That the item Tax Exemptions - CityHousing Hamilton be identified as complete and removed from the Audit, Finance and Administration Committee Outstanding Business List.

10. 2016 City Hamilton External Audit Plan (FCS16098) (City Wide) (Item 8.2)

That Appendix "G", attached to AF&A Report 16-018 respecting the 2016 City of Hamilton External Audit Planning Report prepared by KPMG, which outlines their audit responsibilities and audit approach in accordance with Canadian generally accepted auditing standards, be received, for information and review.

11. Workplace Mental Health and Wellbeing Policy (HUR16022) (City Wide) (Item 8.3)

That Report HUR16022 respecting Workplace Mental Health and Wellbeing Policy, be received.

12. Occupational Injury and Illness Claims (HUR16023) (City Wide) (Item 8.4)

That Report HUR16023 respecting Occupational Injury and Illness Claims, be received.

13. Employee Attendance Report Q1 to Q3 2016 (HUR16024) (City Wide) (Item 8.5)

That Report HUR16024 Q1 to Q3 2016 respecting Employee Attendance, be received.

14. Resignation from the Committee Against Racism by Donna Kydd (Item 9.1)

That the resignation submitted by Donna Kydd from the Committee Against Racism, be received.

15. Citizen Appointments to the LGBTQ Advisory Committee (Item 9.2)

That the following individuals be appointed to the Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Advisory Committee for the balance of the 2014-2018 term of Council or until successors are appointed by Council:

- (i) Kristeen Sprague
- (ii) Debbie Wooldridge
- (iii) James Diemert
- (iv) Kate Dalton
- (v) Keisha Joseph
- (vi) Hibbert Briscoe

FOR THE INFORMATION OF COUNCIL:

(a) CHANGES TO THE AGENDA (Item 1)

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

1. ADDED ITEM

- A. Selection of Chair and Vice-Chair - 2017

2. GENERAL INFORMATION / OTHER BUSINESS

11.1 Amendments to the Outstanding Business List:

(a) Items to be removed:

- (ii) Item "G" – Audit of City of Hamilton Utilities
(Addressed as Item 8.5, September 14, 2015 AF&A
(AUD15021))

The Agenda for the December 12, 2016 meeting of the Audit, Finance & Administration Committee was approved, as amended.

(b) DECLARATIONS OF INTEREST (Item 2)

There were none declared.

(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 3)

(i) November 21, 2016 (Item 3.1)

The Minutes of the November 21, 2016 Audit, Finance & Administration Committee meeting were approved, as presented.

(d) Citizen Appointments to the LGBTQ Advisory Committee (Item 9.2)

Councillor A. Johnson relinquished the Chair to Councillor Skelly in order to introduce the following motion:

That the following individuals be appointed to the Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Advisory Committee for the balance of the 2014-2018 term of Council or until successors are appointed by Council:

- (i) Kristeen Sprague
- (ii) Debbie Wooldridge
- (iii) James Diemert
- (iv) Kate Dalton
- (v) Keisha Joseph
- (vi) Hibbert Briscoe

Councillor A. Johnson reassumed the Chair.

For disposition of this matter, please refer to Item 15.

(e) DELEGATION REQUESTS (Item 4)

(i) Shekar Chandrashekar, Respecting a Freedom Of Information Request for Access to Police Services Accounting Records (Item 4.1)

The delegation request from Mr. Shekar Chandrashekar, respecting a Freedom of Information Request for Access to Police Services Accounting Records, to appear before the Audit, Finance & Administration Committee for a future meeting, was approved.

(f) PUBLIC HEARINGS / DELEGATIONS (Item 6)

(i) Christian Kieller, Smart REIT, Requesting an Extension on Development Charge Credits (Item 6.1)

The presentation included, but was not limited to, the following:

- Requesting an additional three (3) year extension of the remaining 46,608 sq. ft. of Development Charge Credits resulting from the demolition and redevelopment of Mountain Plaza Mall
- Development History
 - Phase 1 – in order to keep tenants operational, a portion of the mall remained open for business while 7 new retail stores were constructed in the parking lot for tenant relocation;
 - Phase 2 - complex relocation of existing tenants in south portion of mall into permanent and temporary units in north end of mall to allow Phase 1 Demolition to occur
 - Phase 3 – while the former Walmart was still in operation, a new Walmart was constructed and opened
 - Phase 4 – once new Walmart was opened, the former Walmart and smaller tenant space was vacated to allow Phase 2 of demolition to occur
 - Phase 5 – time intensive 5 phase parking lot construction to allow all tenants to remain open and customers to be able to access stores; constructed a new enclosed mall entrance to create a modern entrance to the existing mall
 - Phase 6 – construction of LCBO
 - Present Day – after a few turbulent years for tenants throughout the re-development, this shopping centre represents one of the busiest and more pedestrian focused centres
- Original redevelopment plan contemplated full site build out by 2014 however, there have been many development timing setbacks
- Rationale for extending development charge credits include:
 - Municipal infrastructure enhancements and controls were designed and installed for full site build out. Water Quality – Financial contribution provided to City. Water Quantity – onsite underground storage accommodates full site build out

- The DC demolition credits played a crucial role in the financial decision to acquire and redevelop Mountain Plaza Mall
 - Development charge credits offset additional costs incurred during a re-development and remain competitive in the retail market
 - Precedent exists for the Development Charge Credit extension to be granted to a large scale mall redevelopment
- Development Charge Demolition Credits expire January 2017
 - Requesting approval to extend the remaining 46,608.59 sq. ft. of Development Charge Credits from January 12, 2017 to January 12, 2020

The presentation from Christian Kieller, representing SMARTREIT, respecting a request for an extension on Development Charge Credits, was received.

The Staff were directed to report to the Audit, Finance and Administration Committee respecting a request from Christian Kieller, SMARTREIT for a three (3) year extension on the remaining 46,608 sq. ft. of Development Charge Credits, resulting from the demolition and redevelopment of Mountain Plaza Mall.

A copy of the presentation is available through the Office of the City Clerk.

(g) GENERAL INFORMATION / OTHER BUSINESS (Item 11)

(i) Amendments to the Outstanding Business List (Item 11.1)

The following amendments to the Audit, Finance and Administration Committee's Outstanding Business List, were approved:

(a) Items to be removed:

- (i) Item "F" – Request to have the wages of the Ironworkers and Rodworkers added to the Wage Schedule of the Fair Wage Policy
(Addressed as Item 8.3, March 7, 2016 AF&A (FCS16013/HUR16001))

- (ii) Item "G" – Audit of City of Hamilton Utilities (Added Item 11.1)
(Addressed as Item 8.3, March 7, 2016 AF&A
(FCS16013/HUR16001))

(h) ADJOURNMENT (Item 13)

There being no further business, the Audit, Finance & Administration Committee was adjourned at 10:20 a.m.

Respectfully submitted,

Councillor A. Johnson,
Chair, Audit, Finance & Administration
Committee

Judy Sheppard
Legislative Coordinator
Office of the City Clerk

City of Hamilton
 Corporate Services Department
 Taxation Division
 Section 357 Tax Appeals of the *Municipal Act, 2001*

357-10-076	181 Sherman Ave N	Exempt does not meet criteria	2010	0.00
357-12-057	0 Rymal Rd E	Exempt Karst feeders lands does not meet criteria for exemption	2012	0.00
357-12-058	0 Rymal Rd E	Exempt Karst feeders lands does not meet criteria for exemption	2012	0.00
357-12-059	1909 Rymal Rd E	Exempt Karst feeders lands does not meet criteria for exemption	2012	0.00
357-14-271	57 Discovery Dr	Exempt tenant on premises does not meet criteria for exemption	2014	0.00
357-14-272	17-47 Discovery Dr	Exempt Waterfront Trust does not meet criteria for exemption	2014	0.00
357-15-134	343 Emerald St N	Fire making the house unlivable	2015	-170.94
357-15-237	291 Concession 7 Rd E	Tax Class Conversion no longer any commercial activity	2015	-651.01
357-15-272	101 Saint Margaret Rd	Demolition of single family dwelling	2015	-559.60
357-15-280	881 King St W	Gross or Manifest Error incorrect code no change in value	2015	0.00
357-15-295	595 Highway 6 N	Exempt property will be used in Clappison Corners expansion	2015	-3,794.77
357-15-319	61 Glen Cannon	Fire making the home unlivable	2016	-1,783.10
357-15-321	398 Upper Centennial Pkwy	Tax Class Conversion commercial space was reduced	2015	-6,197.61
357-15-324	57 Discovery Dr	Exempt tenant on premises does not meet criteria for exemption	2015	0.00
357-15-341	562 Moxley Dr	Exempt does not meet criteria as the cell tower has not been assessed	2015	0.00

City of Hamilton
 Corporate Services Department
 Taxation Division
 Section 357 Tax Appeals of the *Municipal Act, 2001*

357-15-356	497 Millgrove Side Rd	Demolition of old school assessment changed there is not \$\$ value	2015	0.00
357-15-367	90 Robins Ave	Demolition of 1 storey single family dwelling	2015	-29.36
357-16-004	34 Reginald St	Fire damage to 2 storey home	2016	-1,152.99
357-16-007	57 Discovery Dr	Exempt Waterfront Trust does not meet criteria for exemption	2016	0.00
357-16-009	14 Gardenia Ct	Demolition of single family house and carport	2016	-800.76
357-16-045	17 Woodsworth Ave	Exempt the property is part of Clappison Corners expansion	2016	-1,247.33
357-16-061	128 Barton St W	Demolition reduction denied the buildings were not assessed	2016	0.00
357-16-062	211 Stinson St	Tax Class Conversion new owners using the house as their residence	2016	-4,691.05
357-16-066	4574 Governors Rd	Demolition of old farm buildings	2016	-697.61
357-16-068	1542 Highway 5 Rd W	Tax Class Conversion no longer any commercial activity on the property	2016	-1,205.47
357-16-085	16 Corinthian Dr	Demolition of original structure new home under construction	2016	-1,659.61
357-16-089	0 Highway 52 S	Tax Class Conversion from residential to farm	2016	-136.46
357-16-093	442 Millen Rd Unit 7	Tax Class Conversion from industrial to commercial	2016	-2,052.59
357-16-094	442 Millen Rd Unit 8	Tax Class Conversion from industrial to commercial	2016	-2,918.78
357-16-095	387 Rymal Rd W	Tax Class Conversion unit now under life lease	2016	-469.66

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357-16-096	387 Rymal Rd W	Tax Class Conversion unit now under life lease	2016	-638.23
357-16-097	387 Rymal Rd W	Tax Class Conversion unit now under life lease	2016	-608.17
357-16-098	387 Rymal Rd W	Tax Class Conversion unit now under life lease	2016	-764.69
357-16-099	387 Rymal Rd W	Tax Class Conversion unit now under life lease	2016	-855.02
357-16-100	387 Rymal Rd W	Tax Class Conversion unit now under life lease	2016	-722.54
357-16-101	387 Rymal Rd W	Tax Class Conversion unit now under life lease	2016	0.00
357-16-102	387 Rymal Rd W	Tax Class Conversion unit now under life lease	2016	0.00
357-16-103	387 Rymal Rd W	Tax Class Conversion unit now under life lease	2016	-770.71
357-16-104	387 Rymal Rd W	Tax Class Conversion unit now under life lease	2016	0.00
357-16-105	387 Rymal Rd W	Tax Class Conversion unit now under life lease	2016	0.00
357-16-106	387 Rymal Rd W	Tax Class Conversion unit now under life lease	2016	-66.23
357-16-107	387 Rymal Rd W	Tax Class Conversion unit now under life lease	2016	-222.78
357-16-108	387 Rymal Rd W	Tax Class Conversion unit now under life lease	2016	-102.37
357-16-109	387 Rymal Rd W	Tax Class Conversion unit now under life lease	2016	-138.49
357-16-110	85 Lakeview Dr	Demolition of two storey single family dwelling	2016	-736.59

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Taxation Division
Section 357 Tax Appeals of the *Municipal Act, 2001*

357-16-116	253 Charlton Ave E	Demolition of old single family dwelling	2016	-615.06
357-16-120	22 Rivercrest Rd	Demolition of inground pool	2016	-127.87
357-16-121	47 Fielding Cres	Major Renovations due to damage done by previous tenants	2016	-441.79
357-16-124	1444 Sandhill Dr	Tax Class Conversion from industrial to commercial	2016	-16,664.27
357-16-126	1026 Regional Rd 97	Tax Class Conversion from industrial to commercial	2016	-3,400.24
357-16-132	122 Overdale Ave	Demolition of house and carport	2016	-1,227.52
357-16-133	1704 Valens Rd	Demolition of garage shed and barn	2016	-511.75
357-16-134	541 Wellington St N	Demolition of old single family dwelling	2016	-625.74
357-16-143	383 East 28th St	Demolition of single family dwelling	2016	-743.16
357-16-144	221 Glover Rd	Demolition of 1 storey single family dwelling new home under construction	2016	-857.29
357-16-145	218 Brookview	Demolition of two storey single family dwelling	2016	-407.26
357-16-146	153 Sunnyridge Rd	Demolition of one storey single family dwelling	2016	-302.31
357-16-147	261 Cedarvale Ave	Demolition of single family dwelling and detached garage	2016	-510.77
357-16-148	7 Falcon Rd	Demolition of old single family dwelling new home under construction	2016	-1,251.14
357-16-150	307 Caledon Ave	Demolition of two storey single family dwelling	2016	-922.40

City of Hamilton
 Corporate Services Department
 Taxation Division
 Section 357 Tax Appeals of the *Municipal Act, 2001*

357-16-152	348 Carlisle Rd	Demolition of house and garage	2016	-351.94
357-16-156	307 Old Guelph Rd	Demolition of structures due to a fire in 2015	2016	-4,276.28
357-16-160	117 Braeheid Ave	Demolition of old house and garage	2016	-1,032.92
357-16-162	91 East 16th St	Demolition of single family dwelling	2016	-363.14
357-16-164	30 Park Lane	Demolition of one storey single family dwelling	2016	-585.80
357-16-167	92 Paradise Rd N	Fire damage house owners hope to be back in residence by year end	2016	-752.87
357-16-169	364 Federal St	Demolition of inground pool	2016	-279.66
357-16-171	97 Barton St E	Demolition of building due to a fire	2016	-604.73
357-16-173	229-231 Burlington St E	Tax Class Conversion Lafarge vacated, the building was demolished	2016	606.41
357-16-173	229-231 Burlington St E	Tax Class Conversion Lafarge vacated, the building was demolished	2016	-3,366.60
357-16-183	112 Kennedy Ave	Demolition of all structures	2016	-667.70
357-16-184	76 Parker Ave	Demolition of original structure new home under construction	2016	-279.96
357-16-186	4 Haines Ave	Demolition of inground pool	2016	-267.10
357-16-207	40 Tally Ho Dr	Demolition of inground pool	2016	-152.99
357-16-208	54 Jerome Park Dr	Fire making the home unlivable	2016	-463.27

City of Hamilton
Corporate Services Department
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Section 357 Tax Appeals of the *Municipal Act, 2001*

357-16-209	307 Old Guelph Rd	Fire caused structures to be demolished	2015	-3,278.90
357-16-196	150 Hillyard St	Tax class conversion M&P Recycling reduced space	2016	1,500.64
357-16-196a	150 Hillyard St	Tax class conversion M&P Recycling reduced space	2016	-1,500.64
357-16-197	150 Hillyard St	Tax class conversion M&P Recycling lease expired July 31	2016	827.47
357-16-197a	150 Hillyard St	Tax class conversion M&P Recycling lease expired July 31	2016	-827.47
			TOTAL	-80,570.54

City of Hamilton
Corporate Services Department
Taxation Division
Section 358 Tax Appeals of the *Municipal Act, 2001*

358-15-078	881 King St W	Gross or Manifest Error coding corrected no \$\$ value involved	2014	0.00
358-15-079	881 King St W	Gross or Manifest Error coding corrected no \$\$ value involved	2015	0.00
358-16-026	0 Highway 52 S	Gross or Manifest Error property class changed no \$\$ value involved	2015	0.00
358-16-041	1444 Sandhill Dr	Gross or Manifest Error tax class changed years ago	2015	-17,524.88
358-16-042	1444 Sandhill Dr	Gross or Manifest Error tax class changed years ago	2014	-18,438.03
358-16-043	364 Federal St	Gross or Manifest Error inground pool removed in 2014	2015	-277.56
358-16-045	328 East 32nd St	Gross or Manifest Error incorrect square footage on garage	2015	-67.46
358-16-046	328 East 32nd St	Gross or Manifest Error incorrect square footage on garage	2014	-65.96
358-15-110	618 Knox Ave	Gross or Manifest Error original structure still on the roll	2014	-94.68
			Total	-36,468.57

Statement of Investment Policies and Procedures

City of Hamilton Defined Benefit Pension Plans Master Trust

September 2016

APPROVED on this day of , 2016

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Section 1—Overview

1.1 Purpose of Statement

This Statement of Investment Policies and Procedures (the “Policy” or “Master Trust SIPP”) provides the framework for the investment of the assets of the City of Hamilton Defined Benefit Pension Plans Master Trust (the “Master Trust”).

This Policy is based on the “prudent person portfolio approach” to ensure the prudent investment and administration of the assets of the Master Trust are within the parameters set out in the *Pension Benefits Act, (Ontario)* and the Regulations thereunder.

1.2 Background of the Master Trust

The inception date of the Master Trust is November 1, 1999, when three defined benefit pension plans, the “Plans”, (the Hamilton Municipal Retirement Fund (Registration number 0275123), the Hamilton Street Railway Pension Plan (1994) (Registration number 0253344), and the Hamilton Wentworth Retirement Fund (Registration number 1073352)) invested in units of the Master Trust. The portfolio of assets in the Master Trust is referred to as “the Fund”. These Plans hold units of the Master Trust and share, on a pro-rata basis, in all income, expenses and capital gains and losses of the Master Trust.

For reference purposes, the details of the Statement of Investment Policies and Procedures for each of the above mentioned Plans participating in the Master Trust have been attached to Appendix A of this Policy.

1.3 Objective of the Plan

The objective of the Plans is to provide members of the Plans with retirement benefits prescribed under the terms thereof.

1.4 Investment and Risk Philosophy

The primary investment objective is to provide an economic return on assets sufficient to fund Plan liabilities over the long-term, while adhering to prudent investment practices.

The investment philosophies and strategies must take into account both return and risk objectives of the Plans and the City of Hamilton (the “City”).

In recognition of the risk and return objectives of the Plans and the City, an initial asset allocation policy was developed by the Investment Consultant in consultation with both the Chief Investments Officer and the Treasurer of the City (the “Treasurer”) based on the Plans’ current (at that time) funded status and the characteristics of the Plans and City. It is recognized, however, that the Plans’ return requirements and risk tolerance will change over time, and the intent is to reallocate the portfolio to lower risk allocations dynamically as the Plans’ funded statuses improve.

1.5 Administration

The General Manager of Finance and Corporate Services for the City ("General Manager of Finance and Corporate Services") is the designated contact person at the City for administrative purposes.

Section 2—Asset Mix and Diversification Policy

2.1 Master Trust Return Expectations

Each of the investment managers appointed to invest the assets of the Master Trust (the “Investment Managers”) is directed to achieve a satisfactory long-term real rate of return through a diversified portfolio, consistent with acceptable risks, performance objectives and prudent management.

In order to achieve their long-term investment goals, the Plans must invest in assets that have uncertain returns, such as Canadian equities, foreign equities and bonds. However, the City attempts to reduce the overall level of risk by diversifying the asset classes and further diversifying within each individual asset class. Based on historical data and reasonable expectations for future returns, the City believes that a diversified portfolio of Canadian equities, nominal bonds, real return bonds and foreign equities will likely outperform over the long term.

The overall goal of this Policy is to maximize the return of the Fund while bearing a reasonable level of risk relative to the liabilities in order to ensure the solvency of the Fund over time. The assets of the Plans are sufficiently liquid to make payments which may become due from the Plans. The weights applied to each of the asset classes are based on the targets in the initial asset allocation outlined in Section 2.03 and adjusted based on the target allocation in the Dynamic Investment Policy Schedule in Section 2.03.

2.2 Expected Volatility

The volatility of the Master Trust is directly related to its asset mix, specifically, the balance between Canadian bonds, Canadian equities and foreign equities. Since the Investment Managers do not have the authority to make any type of leveraged investment on behalf of the Master Trust, the volatility of the Master Trust should be similar to the volatility of the Benchmark Portfolio set out in Section 4.02 (Performance Measurement).

2.3 Asset Mix

(a) In order to achieve the long term objective within the risk/return considerations described in Section 1.04, the following asset mix policy (Benchmark Portfolio) and ranges were selected for the initial asset allocation:

Assets	Minimum %	Initial Target Weight %	Maximum %	Asset Category
Canadian Equity	25	30	35	Return-Seeking
Global Equity	25	30	35	Return-Seeking
Total Equities	50	60	70	Return-Seeking
Fixed Income	30	40	50	Liability-Hedging

For purpose of the total asset mix described above, the Investment Managers' asset class pooled funds are deemed to be 100% invested, even though these funds may contain a portion held in cash and cash equivalent instruments.

- (b) Return-Seeking Assets: These assets generally will consist of all non-fixed income investments, such as equities and alternatives, with a main focus on price appreciation with generally higher expected long-term returns.
- (c) Liability-Hedging Assets: These assets generally will be fixed-income investments, such as bonds, with similar duration characteristics as the pension liabilities (i.e., these assets generally behave like pension liabilities). Since these assets focus mainly on current income, their expected long-term returns will generally be lower than return-seeking assets.
- (d) Sub-Allocations and Rebalancing Ranges: The sub-allocations and rebalancing ranges within the return-seeking portfolio will be reviewed from time to time as the total return-seeking allocation changes due to the Dynamic Investment Policy Schedule below. The rebalancing ranges for the total return-seeking assets and liability-hedging assets (fixed income) are also determined by the Dynamic Investment Policy Schedule below.
- (e) In recognition of the risk and return objectives of the Plans and the City, an initial asset allocation policy was developed by the Investment Consultant in consultation with both the Chief Investments Officer and the Treasurer based on the Plans' current (at that time) funded status and the characteristics of the Plans and City. It is recognized, however, that the Plans' return requirements and risk tolerance will change over time, and the intent is to reallocate the portfolio to lower risk allocations dynamically as the Plans' funded statuses improve.

Based on an assessment of the Plans' long-term goals and desired risk levels, the HMRF/HWRF Pension Administration Sub-Committee (following advice from the Investment Consultant) recommended to City Council a "Dynamic Investment Policy" which was subsequently approved by City Council. The Dynamic Investment Policy was developed by the Investment Consultant in consultation with the Chief Investments Officer and the Treasurer, and is based on the 2010 Dynamic Investment Policy Study which was conducted by the Investment Consultant.

The Dynamic Investment Policy dynamically adjusts the allocation to return-seeking assets and liability-hedging assets as the Plans' funded statuses improve. Funded status may change due to any combination of investment returns, contributions, benefit payments, fund expenses, and changes to liabilities (including discount rate changes).

This Policy is based on the results of the 2010 Dynamic Investment Policy Study and the Dynamic Investment Policy Schedule is as follows:

Funded Ratio ^{1 2}	Return -Seeking Allocation		
	Minimum	Target	Maximum
<65%	50%	60%	70%
65%	50%	60%	70%
66%	50%	60%	70%
67%	50%	60%	70%
68%	50%	60%	70%
69%	50%	60%	70%
70%	50%	60%	70%
71%	49%	59%	69%
72%	47%	57%	67%
73%	46%	56%	66%
74%	44%	54%	64%
75%	43%	53%	63%
76%	41%	51%	61%
77%	40%	50%	60%
78%	38%	48%	58%
79%	37%	47%	57%
80%	35%	45%	55%
81%	34%	44%	54%
82%	32%	42%	52%
83%	31%	41%	51%

Funded Ratio ^{1 2}	Return -Seeking Allocation		
	Minimum	Target	Maximum
84%	29%	39%	49%
85%	28%	38%	48%
86%	26%	36%	46%
87%	25%	35%	45%
88%	23%	33%	43%
89%	22%	32%	42%
90%	20%	30%	40%
91%	19%	29%	39%
92%	17%	27%	37%
93%	16%	26%	36%
94%	14%	24%	34%
95%	13%	23%	33%
96%	11%	21%	31%
97%	10%	20%	30%
98%	8%	18%	28%
99%	7%	17%	27%
100%	5%	15%	25%
>100%	5%	15%	25%

¹Funded ratio defined on a Wind-up basis.

²Funded ratio will change based on any combination of investment returns, contributions, benefits payments, expenses and changes in liabilities.

Sub-Allocations: The sub-allocations within the liability hedging and return seeking categories will be drawn down approximately based on the table below. However, allocations to illiquid assets may be adjusted at a slower rate. Sub-allocations should be within 5% of their targets. The sub-allocations will be adjusted proportionately when the return-seeking allocation is between the levels listed in the table below.

	Return Seeking		Liability Hedging	
	Canadian Equity	Global Equity	Long-Term Bonds	Real Return Bonds
15% return seeking	8%	7%	11%	74%
20% return seeking	10%	10%	12%	68%
25% return seeking	13%	12%	14%	61%
30% return seeking	15%	15%	15%	55%
35% return seeking	18%	17%	17%	48%
40% return seeking	20%	20%	18%	42%
45% return seeking	23%	22%	20%	35%
50% return seeking	25%	25%	21%	29%
55% return seeking	28%	27%	23%	22%
60% return seeking	30%	30%	25%	15%

Duration Strategy: Based on the Dynamic Investment Policy Study completed in 2010, the portfolio interest rate dollar duration will increase as the funded status improves and the allocation to liability hedging assets increases. Interest rate derivatives may be used on either a strategic or opportunistic basis to mitigate risk by increasing the hedge ratio up to 100%. This will be at the discretion of the Administrator and based on the duration of the Plan's liabilities.

Rebalancing and Monitoring: A systematic rebalancing procedure will be utilized to ensure that the asset allocation of the Fund stays within the ranges defined above. As the return-seeking asset allocation changes, the sub-category allocations will be kept approximately proportional to the Initial allocation specified above. However, the allocations to illiquid investments may be adjusted more slowly. The funded ratio and asset allocation of the Fund will be reviewed regularly or when significant cash flows occur, and will be monitored and reported on at least an annual basis, or upon such more frequent basis as may be requested by City Council or its delegates from time to time. The Fund will be rebalanced as necessary, making use of benefit payments and contributions to the extent possible and considering the transaction costs involved in the rebalancing.

2.4 Management Structure

The Master Trust may employ a mix of active and passive management styles. Active management provides the opportunity to outperform specific investment benchmarks and it can provide lower absolute volatility of returns. Passive, or index, management minimizes the risk of underperformance relative to a benchmark index and is generally less expensive than active management. This approach also diversifies the manager risk, making the Master Trust less reliant on the skills of a single Investment Manager.

Because holding large amounts of foreign assets can expose the Master Trust to fluctuations in the level of the Canadian dollar, a portion of the foreign assets may be hedged back into Canadian dollars.

2.5 Environmental, Social and Governance (ESG) Issues

The Administrator's primary responsibility is to make decisions in the best interest of the Plan beneficiaries. This responsibility requires that there be an appropriate balance between the need to seek long-term investment returns to help build better pensions for all members of the Plans and the needs for those returns to be delivered in as stable a manner as possible (given the behaviour of the investment markets).

The Administrator neither favours nor avoids managers and investments based on ESG integration. In keeping with the foregoing, and having regard to the size of the Plans and the pension fund, the Administrator does not take ESG factors into account when making investment decisions. As previously noted, the Administrator has delegated the search for investment managers to its Investment Consultant. On the direction of the Administrator, the Investment Consultant is directed to search and select the best investment managers for investing the assets of the Plans considering factors such as business, staff, historical performance and investment process, since the Administrator believes that these factors will contribute to higher investment returns in the long run and manage risk. Investment Managers are not prohibited from considering ESG factors if they believe that it will have a positive impact on the Plans' investment returns.

Section 3—Permitted and Prohibited Investments

3.1 General Guidelines

The investments of the Master Trust must comply with the requirements and restrictions set out in the *Income Tax Act (Canada)* and the *Pension Benefits Act (Ontario)*, and their respective Regulations.

3.2 Permitted Investments

In general, and subject to the restrictions in this Section 3, the Investment Managers may invest in any of the following asset classes and in any of the investment instruments listed below:

- (a) **Canadian and Foreign Equities**
 - (i) Common and convertible preferred stock the shares of which are (a) listed on a prescribed stock exchange in Canada; or (b) listed on a prescribed stock exchange outside Canada;
 - (ii) Debentures convertible into common or convertible preferred stock, provided such instruments are traded on a recognized public exchange or through established investment dealers;
 - (iii) Rights, warrants and special warrants for common or convertible preferred stock the shares of which are (a) listed on a prescribed stock exchange in Canada; or (b) listed on a prescribed stock exchange outside Canada;
 - (iv) Private placement equities, where the security will be eligible for trading on a recognized public exchange within a reasonable and defined time frame;
 - (v) Instalment receipts, American Depository Receipts, Global Depository Receipts and similar exchange traded instruments;
 - (vi) Units of real estate investment trusts (REITs);
 - (vii) Exchange traded index-participation units (e.g., iUnits; SPDRs);
 - (viii) Income trusts registered as reporting issuers under the Securities Act, domiciled in a Canadian jurisdiction that provides limited liability protection to unit holders; and
 - (ix) Units of limited partnerships which are listed on the TSX exchange.

(b) Canadian and Foreign Fixed Income

- (i) Bonds, debentures, notes, non-convertible preferred stock and other evidence of indebtedness of Canadian or developed market foreign issuers whether denominated and payable in Canadian dollars or a foreign currency, provided such instruments are traded on a recognized public exchange or through established investment dealers, subject to Section 3.04 below;
- (ii) Real return bonds, subject to Section 3.04 below;
- (iii) Mortgages secured against Canadian real estate subject to Section 3.05 below;
- (iv) Mortgage-backed securities, guaranteed under the *National Housing Act*;
- (v) Term deposits and guaranteed investment certificates;
- (vi) Private placements of bonds subject to Section 3.03 below; and,
- (vii) Investment in bond and debenture issues of the City and affiliated bodies is neither encouraged nor discouraged. The decision by the Investment Manager(s) to invest in such issues is entirely their responsibility and they should be governed by the same degree of due diligence and prudence that they would apply when assessing any other investment in respect of a registered pension plan.

(c) Cash and Short Term Investments

- (i) Cash on hand and demand deposits;
- (ii) Canadian and U.S. Treasury bills and bonds (with remaining maturities not exceeding 365 days) issued by the federal (Canada & U.S., as applicable) and provincial governments and their agencies;
- (iii) Sovereign short-term debt instruments of developed countries, with maturities not exceeding 365 days;
- (iv) Obligations of trust companies and Canadian and foreign banks chartered to operate in Canada, including bankers' acceptances;
- (v) Commercial paper and term deposits; and
- (vi) Other money market instruments (maturity not exceeding 365 days).

(d) Derivatives

Assets are not invested in derivative instruments and the trust will not invest in derivatives directly. In the event that a pooled fund invests in derivatives, prior to investing in such pooled fund, appropriate risk management processes and procedures will be in place in order to help mitigate any risks associated with derivatives. Specifically, all derivative investments will be made in accordance

with applicable legislation and regulatory policies relating to the investment of pension plan assets in derivatives. The following uses of non-leveraged derivative instruments are permitted:

- (i) Covered put and/or call options with respect to publicly traded securities that are held in the portfolio;
 - (ii) The Investment Manager of an index portfolio may utilize fully backed, i.e. non-leveraged, derivative strategies designed to replicate the performance of specific market indices, i.e.- exchange-traded equity index futures contracts;
 - (iii) Investment Managers may use currency futures contracts and forward contracts to hedge foreign currency exposure; and
 - (iv) Interest rate derivatives can be used to hedge the interest rate risk in the liabilities.
- (e) **Other Investments**
- (i) Investments in open-ended or closed-ended pooled funds provided that the assets of such funds are permissible investments under this Policy, and
 - (ii) Deposit accounts of the Custodian can be used to invest surplus cash holdings.
- (f) **Index Mandates**
- (i) For managers of index mandates, permitted investment vehicles may include all instruments that may form part of the respective index.

3.3 Minimum Quality Requirements

(a) **Quality Standards**

Within the investment restrictions for individual portfolios, all portfolios should hold a prudently diversified exposure to the intended market.

- (i) The minimum quality standard for individual bonds and debentures is 'BBB-' or equivalent as rated by a Recognized Bond Rating Agency, at the time of purchase.
- (ii) The minimum quality standard for individual short term investments is 'R-1' low or equivalent as rated by a Recognized Bond Rating Agency, at the time of purchase.
- (iii) The minimum quality standard for individual preferred shares is 'P-1' or equivalent as rated by a Recognized Bond Rating Agency, at the time of purchase.
- (iv) All investments shall be reasonably liquid (i.e. in normal circumstances they should be capable of liquidation within 1 month).

(b) Split Ratings

In cases where the Recognized Bond Rating Agencies do not agree on the credit rating, the bond will be classified according to the following methodology:

- (i) If two agencies rate a security, use the lower of the two ratings;
- (ii) If three agencies rate a security, use the most common; and if four agencies rate a security, use the lowest most common; and
- (iii) If three agencies rate a security and all three agencies disagree, use the middle rating; if four agencies rate a security and all four agencies disagree, use the lowest middle rating.

(c) Downgrades in Credit Quality

Each Investment Manager will take the following steps in the event of a downgrade in the credit rating of a portfolio asset by a Recognized Rating Agency to below the purchase standards set out in Section 3.03 (a) Quality Standards:

- (i) The Chief Investments Officer will be notified of the downgrade by telephone at the earliest possible opportunity;
- (ii) Within ten business days of the downgrade, the Investment Manager will advise the Chief Investments Officer in writing of the course of action taken or to be taken by the Investment Manager, and its rationale; and
- (iii) Immediately upon downgrade, the Investment Manager will place the asset on a Watch List subject to monthly review by the Investment Manager with the Chief Investments Officer until such time as the security matures, is sold or until it is upgraded to a level consistent with the purchase quality standards as expressed in the above guidelines.

(d) Rating Agencies

For the purposes of this Policy, the following rating agencies shall be considered to be 'Recognized Bond Rating Agencies':

- (i) Dominion Bond Rating Service Limited;
- (ii) Standard and Poor's;
- (iii) Moody's Investors Services Inc.; and
- (iv) Fitch Ratings

(e) Private Placement Bonds

Private placement bonds are permitted subject to **all** of the following conditions:

- (i) The issues acquired must be 'A' or equivalent rated;
- (ii) The total investment in such issues must **not** exceed 10% of the market value of the Investment Manager(s) bond portfolio;

- (iii) The Investment Manager's portfolio may **not** hold more than 5% of the market value of any one private placement;
- (iv) The Investment Manager(s) must be satisfied that there is sufficient liquidity to ensure sale at a reasonable price; and
- (v) The minimum issue size for any single security must be at least \$150 million.

3.4 Maximum Quantity Restrictions

(a) Total Fund Level

No one equity holding shall represent more than 10% of the total market value of the Master Trust's assets.

(b) Individual Investment Manager Level

The Investment Manager(s) shall adhere to the following restrictions:

(i) Equities

- (A) No one equity holding shall represent more than 10% of the market value of any one Investment Manager's equity portfolio.
- (B) No one equity holding shall represent more than 10% of the voting shares of a corporation.
- (C) No one equity holding shall represent more than 10% of the available public float of such equity security.
- (D) Income Trusts shall not comprise more than 15% of any Investment Manager's Canadian equity portfolio.

(ii) Bonds and Short Term

- (A) Except for federal and provincial bonds (including government guaranteed bonds), no more than 10% of an Investment Manager's bond portfolio may be invested in the bonds of a single issuer and its related companies.
- (B) Except for federal and provincial bonds, no one bond holding shall represent more than 10% of the market value of the total outstanding for that bond issue.
- (C) No more than 8% of the market value of an Investment Manager's bond portfolio shall be invested in bonds rated BBB (this includes all of BBB's: BBB+, BBB, and BBB-) or equivalent.
- (D) This Policy will permit the continued holding of instruments whose ratings are downgraded below BBB- after purchase, provided that such instruments are disposed of in an orderly fashion.

- (E) No more than 10% of the market value of an Investment Manager's bond portfolio shall be invested in bonds denominated in a currency other than Canadian dollars.
- (F) Except for the dedicated real return bond mandate, no more than 10% of the market value of the bond portfolio may be held in real return bonds.

(iii) Other

The use of derivative securities shall be supported at all times by the explicit allocation of sufficient assets to back the intended derivative strategy. For greater certainty, Investment Managers are not permitted to leverage the assets of the Master Trust. The use of derivative securities is only permitted for the uses described in this Policy. Purchase or sale of any of these instruments for speculative purposes is prohibited.

Notwithstanding the limits described in this Section, the single security limits do not apply to an Investment Manager's index mandate.

3.5 Prior Permission Required

The following investments are permitted **provided that** prior permission for such investments has been obtained from the Administrator:

- (a) Investments in private placement equities (except for the foreign equity investment managers investing in pooled funds where the pooled fund policy permits private placement equities).
- (b) Direct investments in mortgages.
- (c) Direct investments in any one parcel of real property that has a book value less than or equal to 5% of the book value of the Master Trust's assets. The aggregate book value of all investments in real property and Canadian resource properties shall not exceed 25% of the book value of the Master Trust's assets. (Previously, the overall 25% limit in respect of real and resource properties was a requirement under the *Pension Benefits Act (Ontario)*.)
- (d) Direct investments in venture capital financing or private equity partnerships; and
- (e) Derivatives other than those described in 3.02(d).

3.6 Prohibited Investments

The Investment Managers shall not:

- (a) Invest in companies for the purpose of managing them;
- (b) Invest in securities that would result in the imposition of a tax on the Fund under the Income Tax Act (Canada) unless they provide a prior written acknowledgement that such investments will result in a tax and receive prior written permission for such investments from the Administrator or;
- (c) Make any investments not specifically permitted by this Policy.

3.7 Securities Lending

The investments of the Master Trust may be loaned, for the purpose of generating revenue for the Fund, subject to the provisions of the *Pension Benefits Act (Ontario)* and the *Income Tax Act (Canada)*, and applicable regulations.

For securities held in segregated accounts, such loans must be secured by cash and/or readily marketable government bonds, treasury bills and/or letters of credit, discount notes and bankers' acceptances of chartered banks. For loaned securities, the security held or collateral must have an aggregate market value which shall never be less than the percentage of the aggregate market value of the loaned securities which is the highest of: (i) the minimum percentage required by any applicable legislation, regulatory authority or prevailing market practice; or (ii) 105%. The aggregate market value of the loaned securities and of the collateral shall be monitored and calculated by the Custodian daily.

The terms and conditions of any securities lending program will be set out in a contract with the custodian. The custodian shall, at all times, ensure that the Chief Investments Officer has a current list of those institutions that are approved to borrow the Fund's investments.

Lending of the portion of the Master Trust's assets held in a pooled fund is governed by the terms of the conditions set out in the pooled fund Statement of Investment Policies and Procedures or similar document.

3.8 Borrowing

The Master Trust shall not borrow money, except to cover short-term contingency and the borrowing is for a period that does not exceed ninety days, subject to the *Pension Benefits Act (Ontario)*, the *Income Tax Act (Canada)* and the written permission of the General Manager of Finance and Corporate Services.

3.9 Conflicts between the Policy and Pooled Fund Investment Policies

While the guidelines in this Policy are intended to guide the management of the Master Trust, it is recognized that, due to the use of pooled funds, there may be instances where there is a conflict between the Policy and the investment policy of a pooled fund. In that case, the Investment Manager is expected to notify Chief Investments Officer upon the initial review of the Policy and whenever a change in the pooled fund policy creates a conflict. However, it is understood that any ambiguity will be interpreted in favour of the pooled fund policy.

Section 4—Monitoring and Control

4.1 Delegation of Responsibilities

The General Manager of Finance and Corporate Services is the designated contact person for administrative matters. However, City Council has delegated certain administrative duties and responsibilities to internal and external agents, including to the HMRF/HWRF Pension Administration Sub-committee, the Chief Investments Officer and the General Manager of Finance and Corporate Services. Overall responsibility for the Master Trust ultimately rests with City Council, and the City (acting through Council) is the pension plan administrator of the Plans (for each Plan, the "Administrator").

(a) Chief Investments Officer

The Chief Investments Officer has been delegated the following responsibilities:

- (i) monitoring the Master Trust asset mix and rebalancing as required, including executing asset mix changes required per the Dynamic Policy Schedules outlined in section 2.03;
- (ii) day-to-day liaison including contract management with external Investment Managers, the Investment Consultant, and the Custodian/Trustee;
- (iii) monitoring and budgeting for cash flow within the pension fund;
- (iv) researching, recommending and implementing improvements to asset management of the Master Trust;
- (v) directing and implementing strategy for self-managed portfolios, if any; and
- (vi) preparing and presenting to City Council and the HMRF/HWRF Pension Administration Sub-Committee a report on the Plan's investment performance and asset mix, and such other information as City Council may require and/or other such information as the Chief Investments Officer considers appropriate to include in the report, on at least an annual basis, or upon such more frequent basis as may be requested by City Council or its delegates from time to time.

(b) Investment Managers

The Investment Managers have been delegated the following responsibilities:

- (i) invest the assets of the Master Trust in accordance with this Policy;

- (ii) meet with the Chief Investments Officer as required and provide written reports regarding the Investment Manager's past performance, their future strategies and other issues as requested;
- (iii) notify the Chief Investments Officer, in writing of any significant changes in the Investment Manager's philosophies and policies, personnel or organization and procedures;
- (iv) will provide periodically, but no less than on an annual basis, or upon such more frequent basis as may be requested by City Council or its delegates from time to time, lists of assets and such other information as may be requested by the Chief Investments Officer; and,
- (v) file, on at least an annual basis, or upon such more frequent basis as may be requested by City Council or its delegates from time to time compliance reports (see Section 4.03).

(c) Custodian/Trustee

The custodian/trustee will:

- (i) Fulfil the regular duties of a Custodian/Trustee as required by law;
- (ii) maintain safe custody over the assets of the Master Trust Plans;
- (iii) execute the instructions of the Chief Investments Officer and the Investment Managers; and
- (iv) record income and provide financial statements to the Chief Investments Officer on at least an annual basis, or upon such more frequent basis as may be requested by City Council or its delegates from time to time, or as otherwise required.

(d) Investment Consultant

The investment consultant has been delegated the following responsibilities:

- (i) assist the Chief Investments Officer in developing a prudent long-term asset mix, and specific investment objectives and policies;
- (ii) monitor, analyse and report on the Master Trust's investment performance and to support the Chief Investments Officer on any investment related matters;
- (iii) monitor and report the funded status of the Plans to the Chief Investments Officer on at least an annual basis, or upon such more frequent basis as may be requested by City Council or its delegates from time to time;
- (iv) assist with the selection of Investment Managers, custodians and other suppliers; and

- (v) meet with the Chief Investments Officer as required.
- (e) **Actuary**
The actuary has been delegated the following responsibilities:
 - (i) perform actuarial valuations of the Plan as required; and
 - (ii) advise the Chief Investments Officer and the Investment Consultant on any matters relating to Plan design, membership and contributions, and actuarial valuations.

4.2 Performance Measurement

For the purpose of evaluating the performance of the Master Trust and the Investment Managers, all rates of returns are measured over moving four-year periods. Return objectives are net of fees and include realized and unrealized capital gains or losses plus income from all sources. Returns will be measured quarterly and will be calculated as time-weighted rates of return.

- (a) **Active and Index Canadian Equity Managers**
Investment results of the active and index Canadian Equity Managers are to be tested regularly against a Benchmark Portfolio comprising:

Benchmark	%
S&P/TSX Composite Index	100

- (b) **Active and Index Global Equity Managers**
Investment results of the active and index Global Equity Managers are to be tested regularly against a long-term Benchmark Portfolio comprising:

Benchmark	%
MSCI World Index (C\$)	100

- (c) **Active and Index Canadian Bond Managers – Long Bonds**
Investment results of the active and index Canadian Bond Managers for Long Bonds are to be tested regularly against a Benchmark Portfolio comprising:

Benchmark	%
FTSE TMX Long Bond Index	100

- (d) **Active and Index Canadian Bond Managers – Real Return Bonds**
Investment results of the active and index Canadian Bond Managers for Real Return Bonds are to be tested regularly against a Benchmark Portfolio comprising:

Benchmark	%
FTSE TMX Real Return Bond Index	100

4.3 Compliance Reporting by Investment Manager

The Investment Managers are required to complete and deliver a compliance report to the Chief Investments Officer and the Investment Consultant on at least an annual basis, or upon such more frequent basis as may be requested by City Council or its delegates from time to time. The compliance report will indicate whether or not the Investment Manager was in compliance with this Policy during the period covered in the report.

In the event that an Investment Manager is not in compliance with this Policy, the Investment Manager is required to advise the Chief Investments Officer immediately, detail the nature of the non-compliance and recommend an appropriate course of action to remedy the situation.

The Master Trust invests in pooled funds with separate investment policies. In that case, the Investment Manager must confirm compliance to the pooled fund policy. In addition, should a conflict arise between a pooled fund policy and this Policy, the Investment Manager is required to advise the Chief Investments Officer immediately and detail the nature of the conflict.

4.4 Standard of Professional Conduct

The Investment Managers are expected to comply, at all times and in all respects, with a written code of ethics that is no less stringent in all material respects than the Code of Ethics and Standards of Professional Conduct as promulgated by the CFA Institute.

The Investment Managers will manage the assets with the care, diligence and skill that an investment manager of ordinary prudence would use in dealing with pension plan assets. The Investment Managers will also use all relevant knowledge and skill that they possess or ought to possess as prudent investment managers.

Section 5—Administration

5.1 Conflicts of Interest

(a) Responsibilities

This standard applies to the City's staff, as well as to all agents employed by the City, in the execution of their responsibilities under the *Pension Benefits Act (Ontario)* (the "Affected Persons").

An "agent" is defined to mean a company, organization, association or individual, as well as its employees who are retained by the Administrator to provide specific services with respect to the investment, administration and management of the assets of the Master Trust.

(b) Disclosure

In the execution of their duties, the Affected Persons shall disclose any material conflict of interest relating to them, or any material ownership of securities, which could impair their ability to render unbiased advice, or to make unbiased decisions, affecting the administration of the Master Trust assets.

Further, it is expected that no Affected Person shall make any personal financial gain (direct or indirect) because of his or her *fiduciary position*. However, normal and reasonable fees and expenses incurred in the discharge of their responsibilities are permitted in accordance with City policies as approved by Council.

No Affected Person shall accept a gift or gratuity or other personal favour, other than one of nominal value, from a person with whom the employee deals in the course of performance of his or her duties and responsibilities for the Master Trust.

It is incumbent on any Affected Person who believes that he or she may have a conflict of interest, or who is aware of any conflict of interest, to disclose full details of the situation to the attention of the General Manager of Finance and Corporate Services and/or the Treasurer immediately. The General Manager of Finance and Corporate Services and/or the Treasurer, in turn, will decide what action is appropriate under the circumstances.

No Affected Person who has or is required to make a disclosure as contemplated in this Policy shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he or she has made or is required to make disclosure, unless otherwise determined permissible by decision of the General Manager of Finance and Corporate Services and/or the Treasurer.

5.2 Related Party Transactions

The Chief Investments Officer shall not, on behalf of the Plans or the Master Trust, directly or indirectly,

- (i) lend the moneys of the Plans to a related party or use those moneys to hold an investment in the securities of a related party; or
- (ii) enter into a transaction with a related party.

The Chief Investments Officer may enter into a transaction with a related party:

- (i) for the operation or administration of the Plans if it is under terms and conditions that are not less favourable to the Plans than market terms and conditions and such transaction does not involve the making of loans to, or investments in, the related party or
- (ii) the value of the transaction is nominal or the transaction is immaterial. In assessing whether the value of the transaction is nominal or immaterial, two or more transactions with the same related party shall be considered as a single transaction.

For the purposes of Section 5.02, only the market value of the combined assets of the Fund shall be used as the criteria to determine whether a transaction is nominal or immaterial. Transactions less than 0.5% of the combined market value of the assets of the Fund are considered nominal.

The following investments are exempt from the related party rules:

- (i) investments in an investment fund or a segregated fund (as those terms are used in the Pension Benefits Standards Regulations) in which investors other than the administrator and its affiliates may invest and that complies with Section 9 and Section 11 of Schedule III to the Pension Benefits Standards Regulations;
- (ii) investments in an unallocated general fund of a person authorized to carry on a life insurance business in Canada;
- (iii) investments in securities issued or fully guaranteed by the Government of Canada, the government of a province, or an agency of either one of them;

- (iv) investments in a fund composed of mortgage-backed securities that are fully guaranteed by the Government of Canada, the government of a province, or an agency of either one of them;
- (v) investments in a fund that replicates the composition of a widely recognized index of a broad class of securities traded at a marketplace (as that term is used in the Pension Benefits Standards Regulations); or
- (vi) investments that involve the purchase of a contract or agreement in respect of which the return is based on the performance of a widely recognized index of a broad class of securities traded at a marketplace (as that term is used in the Pension Benefits Standards Regulations).

A "related party" is defined to mean the Administrator of the Plans, including any officer, director or employee of the Administrator. It also includes, the Investment Managers and their employees, a union representing employees of the employer, a member of the Master Trust, a spouse or child of the persons named previously, or a corporation that is directly or indirectly controlled by the persons named previously, and any other person constituting a "related party" under the *Pension Benefits Act* (Ontario). Related party does not include government or a government agency, or a bank, trust company or other financial institution that holds the assets of the Master Trust.

5.3 Selecting Investment Managers

In the event that a new Investment Manager must be selected or additional Investment Manager(s) added to the existing Investment Manager(s), the Chief Investments Officer will undertake an Investment Manager search with or without the assistance of a third-party investment consultant depending on the expertise required. The criteria used for selecting an Investment Manager will be consistent with the investment and risk philosophy set out in Section 1.04 (Investment and Risk Philosophy).

5.4 Directed Brokerage Commissions

Investment Managers may use directed brokerage to pay for research and other investment related services provided they comply with, and provide the disclosure required by, the Soft Dollar Standards promulgated by the CFA Institute.

5.5 Monitoring of Asset Mix

In order to ensure that the Master Trust operates within the minimum and maximum guidelines stated in this Policy as outlined in Section 2, the Chief Investments Officer shall monitor the asset mix on at least an annual basis, or upon such more frequent basis as may be requested by City Council or its delegates from time to time. Rebalancing between the investment mandates can take place over a reasonably short period of time after an imbalance has been identified. Rebalancing may be effected by redirecting the net cash flows to and from the Master Trust, or by transferring cash or securities between portfolios and/or Investment Managers.

5.6 Monitoring of Investment Managers

An important element in the success of this Policy is the link between the Investment Managers and the Chief Investments Officer. It is expected that the Investment Managers will communicate with the Chief Investments Officer whenever necessary. Periodic, written investment reports from the Investment Managers are sent to and reviewed by the Chief Investments Officer and form part of the monitoring process.

Meetings including telephone conference call meetings between the Investment Managers and the Chief Investments Officer will be scheduled as required. At each meeting or telephone conference call meeting, it is expected that the Investment Managers will prepare a general economic and capital markets overview, which will be distributed prior to or during the meeting. They should also include the following in their presentations:

- review of the previous period's strategy and investment results,
- discussion of how the condition of the capital markets affects the investment strategy of their respective portfolios,
- economic and market expectations,
- anticipated changes in the asset mix within the limits provided in this Policy, and,
- discussion of compliance and any exceptions.
- discussion of any votes that were cast against the wishes of company management by the Investment Managers in exercising voting rights (Section 5.08).

5.7 Dismissal of an Investment Manager

Reasons for considering the termination of the services of an Investment Manager include, but are not limited to, the following factors:

- (a) performance results which are below the stated performance benchmarks;
- (b) changes in the overall structure of the Master Trusts' assets such that the Investment Manager's services are no longer required;
- (c) change in personnel, firm structure or investment philosophy which might adversely affect the potential return and/or risk level of the portfolio; and/or
- (d) failure to adhere to this Policy.

5.8 Voting Rights

The Administrator has delegated voting rights acquired through the investments held by the Master Trust to the custodian of the securities to be exercised in accordance with the Investment Manager's instructions. Investment Managers are expected to exercise all voting rights related to investments held by the Master Trust in the interests of the members of the underlying pension plans. The Investment Managers shall report when they vote against the wishes of the company management to the Chief Investments Officer, providing information as to the reasons behind this vote.

5.9 Valuation of Investments Not Regularly Traded

The following principles will apply for the valuation of investments that are not traded regularly:

- (a) **Equities**
Average of bid-and-ask prices from two major investment dealers, at least once every calendar quarter.
- (b) **Bonds**
Same as for equities.
- (c) **Mortgages**
Unless in arrears, the outstanding principal plus/minus the premium/discount resulting from the differential between face rate and the currently available rate for a mortgage of similar quality and term, determined at least once every month.
- (d) **Real Estate**
A certified written appraisal from a qualified independent appraiser at least once every two years.

5.10 Policy Review

This Policy may be reviewed and revised at any time, but at least once every calendar year it must be formally reviewed. Should the Investment Manager(s) wish to review this Policy at any time, it is his/her responsibility to contact the Chief Investments Officer with specific recommendations.

The appropriateness of the Dynamic Investment Policy asset allocation parameters should be reviewed on an ongoing basis. A new Dynamic Investment Policy Study (Dynamic Asset-Liability Modeling Study) may be undertaken if any of the following events occur:

- (a) The plan gets significantly closer to the end-state of the flight path, including if the flight path funded ratio measurement changes significantly (to over 84%) from the starting point of the 2010 study, which was 69%.
- (b) There are significant changes to the regulations that affect the key metrics used in making decisions in the 2010 Dynamic Investment Policy Study or should affect the asset allocation in the future;
- (c) Capital market conditions change significantly such that the assumptions embedded in the 2010 Dynamic Investment Policy Study are no longer reasonable; or
- (d) The plan sponsor's risk posture changes significantly.

Appendix A – Statement of Investment Policies & Procedures

Statement of Investment Policies & Procedures - Hamilton Municipal Retirement Fund

Overview

1.1 Purpose of Statement

This Statement of Investment Policies and Procedures (the "Hamilton Municipal Retirement Fund SIPP") provides the framework for the investment of the assets of the Hamilton Municipal Retirement Fund, registration number 0275123 (the "Plan");

The objective of the Hamilton Municipal Retirement Fund SIPP is to ensure that the assets of the Plan, together with expected contributions made by both the City and the Plan members, shall be invested in a continued prudent and effective manner.

The Hamilton Municipal Retirement Fund SIPP is based on the "prudent person portfolio approach" to ensure the prudent investment and administration of the assets of the Plan (the "Fund") are within the parameters set out in the *Pension Benefits Act, (Ontario)* and the Regulations thereunder.

All provisions in the Master Trust SIPP apply to this Appendix.

1.2 Background of the Plan

The Hamilton Municipal Retirement Fund is a contributory defined benefit plan. The plan has been closed to new entrants since 1965. Municipal employees hired after June 30, 1965 participate in the OMERS Pension Plan. Therefore, this is a closed fund and will terminate upon the death of the last retiree or successor. Effective July 1, 2001, the last active member retired from the Plan.

1.3 Plan Profile

a) Contributions

Under the terms of the Plan text:

For normal retirement age 60 class: 7% of contributory earnings up to YMPE plus 8.5% of contributory earnings in excess of the YMPE.

For normal retirement age 65 class: 6% of contributory earnings up to the YMPE plus 7.5% of contributory earnings in excess of the YMPE.

Effective August 1, 1998, the last member attained "Paid Up" status and employee contributions to the Plan ceased.

b) Benefits

2% of average annual earnings in best consecutive 5 years before retirement for each year of credited service up to 35 years reduced by 0.675% of the 5-year average earnings up to the final year's YMPE for each year of contributory service after

January 1, 1966. CPP Offset suspended from date of retirement to age 65. Effective Jan 1, 2008 annual increases will not be less than the increase provided to retirees under the OMERS plan which is currently equal to 100% of the increase in the Consumer Price Index to a maximum of 6.0% per annum.

c) Liabilities

As of the most recent actuarial valuation of the Plan as at December 31, 2014, there were no active members, 3 deferred members and 219 retirees and beneficiaries.

As of December 31, 2014, the going-concern liability of the plan was \$77,821,100 compared to the actuarial value of assets of \$82,150,100. On a solvency basis, the liability was \$76,623,200, while the assets (at market) were \$82,050,100.

1.4 Objective of the Plan

The objective of the Plans is to provide members of the Plans with retirement benefits prescribed under the terms thereof.

1.5 Investment and Risk Philosophy

The primary investment objective is to provide an economic return on assets sufficient to fund plan liabilities over the long-term, while adhering to prudent investment practices.

The investment philosophies and strategies must take into account both return and risk objectives of the Plan and the City.

In recognition of the risk and return objectives of the Plan and the City, an initial Asset Allocation Policy was developed based on the Plan's current funded status and the characteristics of the Plan and City. It is recognized, however, that the Plan return requirements and risk tolerance will change over time, and the intent is to reallocate the portfolio to lower risk allocations dynamically as the Plan's funded status improves.

1.6 Administration

The General Manager of Finance and Corporate Services for the City of Hamilton is the designated contact at the City for administrative purposes.

1.7 Pooling of Assets

For investment purposes, certain assets of the Plan are invested in units of the City of Hamilton Defined Benefit Plans Master Trust, along with certain assets of the Hamilton-Wentworth Retirement Fund and the Hamilton Street Railway Pension Plan (1994).

Up to 2 % of Plan assets may be invested outside of the City of Hamilton Defined Benefit Plans Master Trust for operating expenses and liquidity purposes, in accordance with the parameters set out in Section 3.02 (c) and (e) of the City of Hamilton Defined Benefit Plans Master Trust SIPP. The provisions of the City of Hamilton Defined Benefit Plans Master Trust SIPP apply to the investment of these assets.

1.8 Master Trust SIPP

The Master Trust SIPP is the policy that should be followed while investing the pooled assets of the Hamilton Municipal Retirement Fund.

Statement of Investment Policies & Procedures - Hamilton Street Railway Pension Plan (1994)

Overview

1.1 Purpose of Statement

This Statement of Investment Policies and Procedures (the "Hamilton Street Railway Pension Plan SIPP") provides the framework for the investment of the assets of the Hamilton Street Railway Pension Plan (1994), registration number 0253344 (the "Plan");

The objective of the Hamilton Street Railway Pension Plan SIPP is to ensure that the assets of the Plan, together with expected contributions made by both the City and the Plan members, shall be invested in a continued prudent and effective manner.

The Hamilton Street Railway Pension Plan SIPP is based on the "prudent person portfolio approach" to ensure the prudent investment and administration of the assets of the Plan (the "Fund") are within the parameters set out in the *Pension Benefits Act, (Ontario)* and the Regulations thereunder.

All provisions in the Master Trust SIPP apply to this Appendix.

1.2 Background of the Plan

The current Plan dates from January 1, 1994 when two former plans – Canada Coach Lines and Hamilton Street Railway plans were merged. Effective January 1, 2009 this contributory defined benefit plan was closed to new members and active members stopped contributing and accruing service under the plan.

1.3 Plan Profile

a) Contributions

Under the terms of the Plan text, members' contributions prior to 1999 were 7.5% of earnings less contributions made to Canada Pension Plan. For the calendar years 1999 through 2008, members (depending on the year) either enjoyed a contribution holiday or were limited to contribution rates of 1% of earnings. Effective January 2009, as members became City employees, no member contributions have been required or permitted to be made to the Plan.

b) Benefits

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 accrued up to December 2008. The "average pensionable earnings" are defined as the average of best five years' earnings during the member's credited service and OMERS credited service, if any. The average YMPE is the average of the YMPE for the last thirty-six months of plan membership.

In the event that pensions accrued under the prior plan exceed the pension accrued under the current plan for service prior to July 1, 1980, then the pension is increased accordingly. Pensions are subject to annual indexing equal to the indexing provided to retirees under the OMERS plan (100% of inflation to a maximum of 6% per annum).

c) *Liabilities*

As of the most recent actuarial valuation of the Plan as at January 1, 2014, there were 448 active members, 28 deferred members and 570 retirees and beneficiaries. The average age of the active members was approximately 51.3 years with average pensionable earnings of \$63,296.

As of January 1, 2014, the going-concern liability of the plan was \$192,605,100 compared to the actuarial value of assets of \$174,394,000. Approximately 38.0% of the accrued liability was related to active members, approximately 61.4% was related to retirees, and approximately 0.6% was related to deferred members. On a solvency basis, the liability was \$196,854,100, while the assets (at market) were \$174,194,000. Both the going-concern and solvency deficits are being eliminated through a series of special payments.

1.4 Objective of the Plan

The objective of the Plan is to provide members of the Plan with retirement benefits prescribed under the terms thereof.

1.5 Investment and Risk Philosophy

The primary investment objective is to provide an economic return on assets sufficient to fund plan liabilities over the long-term, while adhering to prudent investment practices.

The investment philosophies and strategies must take into account both return and risk objectives of the Plan and the City.

In recognition of the risk and return objectives of the Plan and the City, an initial Asset Allocation Policy was developed based on the Plan's current funded status and the characteristics of the Plan and City. It is recognized, however, that the Plan return requirements and risk tolerance will change over time, and the intent is to reallocate the portfolio to lower risk allocations dynamically as the Plan's funded status improves.

1.6 Administration

The General Manager of Finance and Corporate Services for the City of Hamilton is the designated contact at the City for administrative purposes.

1.7 Pooling of Assets

For investment purposes, certain assets of the Plan are invested in units of the City of Hamilton Defined Benefit Plans Master Trust, along with certain assets of the Hamilton-Wentworth Retirement Fund and the Hamilton Municipal Retirement Fund.

Up to 2 % of Plan assets may be invested outside of the City of Hamilton Defined Benefit Plans Master Trust for operating expenses and liquidity purposes, in accordance with the parameters set out in Section 3.02 (a), (c) and (e) of the City of Hamilton Defined Benefit

Plans Master Trust SIPP. The provisions of the City of Hamilton Defined Benefit Plans Master Trust SIPP apply to the investment of these assets.

1.8 Master Trust SIPP

The Master Trust SIPP is the policy that should be followed while investing the pooled assets of the Hamilton Street Railway Pension Plan (1994).

Statement of Investment Policies & Procedures - The Hamilton-Wentworth Retirement Fund

Overview

1.1 Purpose of Statement

This Statement of Investment Policies and Procedures (the "Hamilton-Wentworth Retirement Fund SIPP") provides the framework for the investment of the assets of the Hamilton-Wentworth Retirement Fund, registration number 1073352 (the "Plan");

The objective of the Hamilton-Wentworth Retirement Fund SIPP is to ensure that the assets of the Plan, together with expected contributions made by both the City and the Plan members, shall be invested in a continued prudent and effective manner.

The Hamilton-Wentworth Retirement Fund SIPP is based on the "prudent person portfolio approach" to ensure the prudent investment and administration of the assets of the Plan (the "Fund") are within the parameters set out in the *Pension Benefits Act*, (*Ontario*) and the Regulations thereunder.

All provisions in the Master Trust SIPP apply to this Appendix.

1.2 Background of the Plan

The Plan is a contributory, defined benefit Plan. Effective January 1, 1985 all active Region Other Participants, excluding Police Civilians, were transferred to OMERS. The liability to transfer such members to OMERS was met by monthly payments of \$115,187 until December 31, 2000 and monthly payments of \$361, concluding September 30, 2003. Effective January 1, 2002, the last active member retired from the plan.

1.3 Plan Profile

a) Contributions

Under the terms of the Plan text:

For normal retirement age 60 class:

- 1) Senior Police Officers: contributions should be 7% of earnings up to the YMPE plus 8.5% of contributory earnings in excess of YMPE.
- 2) Other Police Officers: contributions should be 6.5% of earnings up to YMPE plus 8% of contributory earnings in excess of YMPE.

For a normal retirement age of 65 contributions should be 5.75% of earnings.

b) Benefits

2% of average annual earnings in best 5 years before retirement for each year of credited service up to 35 years reduced by 0.675% of the 5-year average earnings up

to the final year's YMPE for each year of contributory service after January 1, 1966. CPP Offset suspended from date of retirement to age 65. Effective Jan 1, 2008 annual increases will not be less than the increase provided to retirees under the OMERS plan, which is currently equal to 100% of the increase in the Consumer Price Index to a maximum of 6.0% per annum.

c) Liabilities

As of the most recent actuarial valuation of the Plan as at December 31, 2013, there were no active members, no deferred members and 207 retirees and beneficiaries.

As of December 31, 2013, the going-concern liability of the plan was \$63,097,000 compared to the actuarial value of assets of \$60,959,000. On a solvency basis, the liabilities were \$69,199,000, while the assets were \$60,889,000. Both deficits are being eliminated through a series of special payments.

1.4 Objective of the Plan

The objective of the Plan is to provide members of the Plan with retirement benefits prescribed under the terms thereof.

1.5 Investment and Risk Philosophy

The primary investment objective is to provide an economic return on assets sufficient to fund plan liabilities over the long-term, while adhering to prudent investment practices.

The investment philosophies and strategies must take into account both return and risk objectives of the Plan and the City.

In recognition of the risk and return objectives of the Plan and the City, an initial Asset Allocation Policy was developed based on the Plan's current funded status and the characteristics of the Plan and City. It is recognized, however, that the Plan return requirements and risk tolerance will change over time, and the intent is to reallocate the portfolio to lower risk allocations dynamically as the Plan's funded status improves.

1.6 Administration

The General Manager of Finance and Corporate Services for the City of Hamilton is the designated contact at the City for administrative purposes.

1.7 Pooling of Assets

For investment purposes, certain assets of the Plan are invested in units of the City of Hamilton Defined Benefit Plans Master Trust, along with certain assets of the Hamilton Street Railway Pension Plan (1994) and the Hamilton Municipal Retirement Fund.

Up to 2 % of Plan assets may be invested outside of the City of Hamilton Defined Benefit Plans Master Trust for operating expenses and liquidity purposes, in accordance with the parameters set out in Section 3.02 (c) and (e) of the City of Hamilton Defined Benefit Plans Master Trust SIPP. The provisions of the City of Hamilton Defined Benefit Plans Master Trust SIPP apply to the investment of these assets.

1.8 Master Trust SIPP

The Master Trust SIPP is the policy that should be followed while investing the pooled assets of the Hamilton-Wentworth Retirement Fund Pension Plan.

Appendix B – Compliance Reports

**The City of Hamilton Master Trust
Index Bond Manager**

**Compliance Report for the Quarter Ended _____
(date)**

		GUIDELINES	POLICY COMPLIED WITH
ASSET MIX (at Market Value)		%	YES/NO *
FIXED INCOME	BONDS	100%	
CASH	SHORT-TERM & CASH	0%	
CONSTRAINTS			
GENERAL	Investment Policy Section 3.01 – General Guidelines		
BONDS	Investment Policy Section 3.02 (b) – Bonds		
CASH	Investment Policy Section 3.02 (c) – Cash		
DERIVATIVES	Investment Policy Section 3.02 (c) – Derivatives		
OTHER	Investment Policy Section 3.02 (e) – Other Investments		
INDEX	Investment Policy Section 3.02 (f) – Index Mandates		
QUALITY REQUIREMENTS	Investment Policy Section 3.03 – Minimum Quality Requirements		
QUANTITY RESTRICTIONS	Investment Policy Section 3.04 – Maximum Quantity Restrictions		
PRIOR PERMISSION	Investment Policy Section 3.05 – Prior Permission Required		
PROHIBITED INVESTMENTS	Investment Policy Section 3.06 – Prohibited Investments		
SECURITIES LENDING	Investment Policy Section 3.07 – Securities Lending		
RESPONSIBILITIES	Investment Policy Section 4.01 (b) – Delegation of Responsibilities – Investment Managers		
STANDARDS OF PROFESSIONAL CONDUCT	Investment Policy Section 4.04 - Standards of Professional Conduct		
CONFLICTS OF INTEREST	Investment Policy Section 5.01 - Conflicts of Interest		
VOTING RIGHTS	Investment Policy Section 5.08 - Voting Rights		

* If policy not complied with, comment on specifics

COMPLETED BY: _____ **SIGNED BY:** _____

**The City of Hamilton Master Trust
Index Equity Manager**

Compliance Report for the Quarter Ended _____
(date)

		GUIDELINES	POLICY COMPLIED WITH
ASSET MIX (at Market Value)		%	YES/NO *
EQUITIES			
	U.S.		
	EAFE		
	TOTAL FOREIGN		
CASH	SHORT-TERM & CASH		
CONSTRAINTS			
GENERAL	Investment Policy Section 3.01 – General Guidelines		
EQUITIES	Investment Policy Section 3.02 (a) – Canadian and Foreign Equities		
CASH	Investment Policy Section 3.02 (c) – Cash and Short Term Investments		
DERIVATIVES	Investment Policy Section 3.02 (d) – Derivatives		
OTHER INVESTMENTS	Investment Policy Section 3.02 (e) – Other Investments		
INDEX	Investment Policy Section 3.02 (f) – Index Mandates		
QUALITY REQUIREMENTS	Investment Policy Section 3.03 – Minimum Quality Requirements		
QUANTITY RESTRICTIONS	Investment Policy Section 3.04 – Maximum Quantity Restrictions		
PRIOR PERMISSION	Investment Policy Section 3.05 – Prior Permission Required		
PROHIBITED INVESTMENTS	Investment Policy Section 3.06 – Prohibited Investments		
SECURITIES LENDING	Investment Policy Section 3.07 – Securities Lending		
BORROWING	Investment Policy Section 3.08 – Borrowing		
RESPONSIBILITIES	Investment Policy Section 4.01 (b) – Delegation of Responsibilities – Investment Managers		
STANDARDS OF PROFESSIONAL CONDUCT	Investment Policy Section 4.04 - Standards of Professional Conduct		
CONFLICTS OF INTEREST	Investment Policy Section 5.01 - Conflicts of Interest		
VOTING RIGHTS	Investment Policy Section 5.08 - Voting Rights		

* If policy not complied with, comment on specifics

COMPLETED BY: _____ **SIGNED BY:** _____

**The City of Hamilton Master Trust
Active Bond Manager**

**Compliance Report for the Quarter Ended _____
(date)**

		GUIDELINES	POLICY COMPLIED WITH
ASSET MIX (at Market Value)		%	YES/NO *
FIXED INCOME	BONDS	100%	
CASH	SHORT-TERM & CASH	0%	
CONSTRAINTS			
GENERAL	Investment Policy Section 3.01 – General Guidelines		
BONDS	Investment Policy Section 3.02 (b) – Bonds		
CASH	Investment Policy Section 3.02 (c) – Cash		
DERIVATIVES	Investment Policy Section 3.02 (c) – Derivatives		
OTHER	Investment Policy Section 3.02 (e) – Other Investments		
INDEX	Investment Policy Section 3.02 (f) – Index Mandates		
QUALITY REQUIREMENTS	Investment Policy Section 3.03 – Minimum Quality Requirements		
QUANTITY RESTRICTIONS	Investment Policy Section 3.04 – Maximum Quantity Restrictions		
PRIOR PERMISSION	Investment Policy Section 3.05 – Prior Permission Required		
PROHIBITED INVESTMENTS	Investment Policy Section 3.06 – Prohibited Investments		
SECURITIES LENDING	Investment Policy Section 3.07 – Securities Lending		
RESPONSIBILITIES	Investment Policy Section 4.01 (b) – Delegation of Responsibilities – Investment Managers		
STANDARDS OF PROFESSIONAL CONDUCT	Investment Policy Section 4.04 - Standards of Professional Conduct		
CONFLICTS OF INTEREST	Investment Policy Section 5.01 - Conflicts of Interest		
VOTING RIGHTS	Investment Policy Section 5.08 - Voting Rights		

* If policy not complied with, comment on specifics

COMPLETED BY: _____ **SIGNED BY:** _____

**The City of Hamilton Master Trust
Active Equity Manager**

Compliance Report for the Quarter Ended _____
(date)

		GUIDELINES	POLICY COMPLIED WITH
ASSET MIX (at Market Value)		%	YES/NO *
EQUITIES	CANADIAN		
	U.S.		
	EAFE		
	TOTAL FOREIGN		
CASH	SHORT-TERM & CASH		
CONSTRAINTS			
GENERAL	Investment Policy Section 3.01 – General Guidelines		
EQUITIES	Investment Policy Section 3.02 (a) – Canadian and Foreign Equities		
CASH	Investment Policy Section 3.02 (c) – Cash and Short Term Investments		
DERIVATIVES	Investment Policy Section 3.02 (d) – Derivatives		
OTHER INVESTMENTS	Investment Policy Section 3.02 (e) – Other Investments		
INDEX	Investment Policy Section 3.02 (f) – Index Mandates		
QUALITY REQUIREMENTS	Investment Policy Section 3.03 – Minimum Quality Requirements		
QUANTITY RESTRICTIONS	Investment Policy Section 3.04 – Maximum Quantity Restrictions		
PRIOR PERMISSION	Investment Policy Section 3.05 – Prior Permission Required		
PROHIBITED INVESTMENTS	Investment Policy Section 3.06 – Prohibited Investments		
SECURITIES LENDING	Investment Policy Section 3.07 – Securities Lending		
BORROWING	Investment Policy Section 3.08 – Borrowing		
RESPONSIBILITIES	Investment Policy Section 4.01 (b) – Delegation of Responsibilities – Investment Managers		
STANDARDS OF PROFESSIONAL CONDUCT	Investment Policy Section 4.04 - Standards of Professional Conduct		
CONFLICTS OF INTEREST	Investment Policy Section 5.01 - Conflicts of Interest		
VOTING RIGHTS	Investment Policy Section 5.08 - Voting Rights		

* If policy not complied with, comment on specifics

COMPLETED BY: _____ SIGNED BY: _____