



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

TO:	Chair and Members HMRF / HWRF Pension Administration Sub-Committee
COMMITTEE DATE:	December 10, 2019
SUBJECT/REPORT NO:	2019 Master Trust Pension Statement of Investment Policies and Procedures (FCS19073) (City Wide)
WARD(S) AFFECTED:	City Wide
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SUBMITTED BY:	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That Appendix "A" attached to Report FCS19073 respecting the 2019 City of Hamilton Defined Benefit Pension Plans Master Trust Statement of Investment Policies and Procedures be approved and replace the previous 2018 City of Hamilton Defined Benefit Pension Plans Master Trust Statement of Investment Policies and Procedures contained in Report FCS18090 and approved by Council on January 23, 2019.
- (b) That Appendix "A" attached to Report FCS19073 respecting the 2019 City of Hamilton Defined Benefit Pension Plans Master Trust Statement of Investment Policies and Procedures be forwarded to the Hamilton Street Railway Pension Advisory Committee for their information.

EXECUTIVE SUMMARY

The Statement of Investment Policies and Procedures for the City of Hamilton Defined Benefit Pension Plans Master Trust (the "Master Trust SIPP") has been amended as a result of the annual formal review required under the Master Trust SIPP. The amended Master Trust SIPP is attached as Appendix "A" to Report FCS19073.

The Master Trust SIPP comprises the investment policy for the Hamilton Municipal Retirement Fund (HMRP), the Hamilton Street Railway Company Pension Plan, 1994 (HSR), and the Hamilton-Wentworth Retirement Fund (HWRF) pension plans.

The Master Trust SIPP has been amended to update information relating to the contributions, benefits and liabilities of the HMRP, HSR and HWRF pension plans.

There were no changes in the applicable pension legislation affecting the Master Trust SIPP since the preceding review that was undertaken and described in Report FCS18090 respecting the 2018 City of Hamilton Defined Benefit Pension Plans Master Trust Statement of Investment Policies and Procedures.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Not Applicable.

Staffing: Not Applicable.

Legal: Not Applicable.

HISTORICAL BACKGROUND

The Master Trust SIPP provides the framework for the investment of the assets of the City of Hamilton's three non-OMERS defined-benefit pension plans: HMRP, HSR, HWRF. Assets for the three pension plans (the "Plans") have been aggregated for investment purposes in a private pooling vehicle structure or master trust structure (the "Master Trust") which was approved and adopted by Council on May 18, 1999. Each of the pension plans participates in the Master Trust.

Appendices "A", "B" and "C" of the Master Trust SIPP contain details of the individual statement of investment policies and procedures for the HMRP, HSR and HWRF pension plans, respectively.

Since 2006, a policy review of the Master Trust SIPP has been completed annually except for fiscal years 2010 and 2013. For each review, the applicable Master Trust SIPP was replaced with the amended version adopted and approved by Council.

Details of each review can be found in the following staff reports: Report FCS07096; Report FCS08111; Report FCS09093; Report FCS11033; Report FCS12084; Report FCS14080; Report FCS15083; Report FCS16081; Report FCS17079; and Report FCS18090.

The review for the year of 2010 was constrained because of the City's decision to implement the Dynamic Investment Policy (Report FCS09112) which was approved by Council on February 10, 2010. Similarly, in 2013, unplanned pressures resulted in the deferral of the annual review.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Ontario Regulation 909 (the "Regulation") made under the *Pension Benefits Act* (PBA) requires that the administrator of a provincially regulated pension plan establish a written statement of investment policies and procedures that complies with requirements of the federal investment regulations as modified in Sections 47.8 and 79 of the Regulation.

RELEVANT CONSULTATION

Staff consulted with Legal and Risk Management Services Division in the preparation of Report FCS19073.

The City's investment consultant, Aon, undertook a review of the Master Trust SIPP from a compliance and governance perspective. Aon took account of all applicable regulatory guidance and addressed any relevant changes where appropriate in the Master Trust SIPP.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

The Master Trust SIPP has been amended to update information relating to the contributions, benefits or liabilities of the HMRF, HSR, and HWRF pension plans.

Accordingly, the following sections of the Master Trust SIPP have been amended:

- Section 1.03 Plan Profile of Appendix A of the Master Trust SIPP (Statement of Investment Policies and Procedures Hamilton Municipal Retirement Fund) found on pages 26 and 27 of the Master Trust SIPP;
- Section 1.03 Plan Profile of Appendix B of the Master Trust SIPP (Statement of Investment Policies and Procedures Hamilton Street Railway Pension Plan (1994)) found on pages 28 and 29 of the Master Trust SIPP; and
- Section 1.03 Plan Profile of Appendix C of the Master Trust SIPP (Statement of Investment Policies and Procedures Hamilton-Wentworth Retirement Fund) found on pages 31 and 32 of the Master Trust SIPP.

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There were no changes in the applicable pension legislation affecting the Master Trust SIPP since the preceding review that was undertaken and described in Report FCS18090 respecting the 2018 City of Hamilton Defined Benefit Pension Plans Master Trust Statement of Investment Policies and Procedures.

ALTERNATIVES FOR CONSIDERATION

Not Applicable.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Our People and Performance

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

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS19073 – Statement of Investment Policies and Procedures – City of Hamilton Defined Benefit Pension Plans Master Trust, December 2019

RM/dt