



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 1, 2021
SUBJECT/REPORT NO:	2021 Master Trust Pension Statement of Investment Policies and Procedures (FCS21095) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Rosaria Morelli (905) 546-2424 Ext. 1390
SUBMITTED BY:	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That Appendix “A” attached to Report FCS21095 respecting the 2021 City of Hamilton Defined Benefit Pension Plans Master Trust Statement of Investment Policies and Procedures be approved and replace the previous 2020 City of Hamilton Defined Benefit Pension Plans Master Trust Statement of Investment Policies and Procedures contained in Report FCS20074 and approved by Council on December 16, 2020;
- (b) That Appendix “A” attached to Report FCS21095 respecting the 2021 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 updated as a result of the annual formal review required under the Master Trust SIPP. The updated Master Trust SIPP is attached as Appendix “A” to Report FCS21095.

SUBJECT: 2021 Master Trust Pension Statement of Investment Policies and Procedures (FCS21095) (City Wide) - Page 2 of 4

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

For this annual formal review, no changes regarding applicable pension legislation affecting the Master Trust SIPP were made to the Master Trust SIPP.

No other amendments to the Master Trust SIPP are recommended.

Two very minor corrections were made to the Master Trust SIPP: on page 25, under Section 1.03(c), the number of HMRP retirees and beneficiaries was corrected to 174 from 177; and on page 31, under Section 1.03(c), the actuarial value of the HWRF assets was corrected to \$54,821,000 from \$54,821,009.

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 and 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" to 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.

SUBJECT: 2021 Master Trust Pension Statement of Investment Policies and Procedures (FCS21095) (City Wide) - Page 3 of 4

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; Report FCS18090; Report FCS19073; and Report FCS20074.

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

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)

For this annual formal review, no changes regarding applicable pension legislation affecting the Master Trust SIPP were made to the Master Trust SIPP.

No other amendments to the Master Trust SIPP are recommended.

Two very minor corrections were made to the Master Trust SIPP: on page 25, under Section 1.03(c), the number of HMRF retirees and beneficiaries was corrected to 174 from 177 and on page 31, under Section 1.03(c), the actuarial value of the HWRF assets was corrected to \$54,821,000 from \$54,821,009.

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 FCS21095 – Statement of Investment Policies and Procedures
– City of Hamilton Defined Benefit Pension Plans Master Trust, December 2021

RM/dt