

CITY OF OTTAWA SUPERANNUATION FUND

ANNUAL MEMBERSHIP MEETING

October 27, 2024

Nov 1, 2024

City of Ottawa Superannuation Fund
c/o Isabelle Jasmin, Secretary/Manager
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100 Constellation Crescent
Ottawa, Ontario, K2G 6J8
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Fonds de pension de la Ville d'Ottawa
a/s Isabelle Jasmin, Secrétaire/Directeur
4^e étage ouest, Mail Code 26-77
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AGENDA

Welcome and Opening Remarks by the Chairperson

including

Introduction of Board of Trustees, Staff and Consultants
Moment of Silence in Respect of Deceased Former Members
Plan Governance and Administration

Presentation by Frédérique Robert-Lemieux, Normandin Beaudry

including

Membership Information
Change in Pension Fund Assets
Actuarial Valuation
Future of the Plan

2023 Financial Report; Presentation by Isabelle Jasmin, Secretary/Manager

Investment Report; Presentation by Brian White, Aon Investment Canada Inc.

OPEN PERIOD FOR QUESTIONS AND ANSWERS

FOREWORD

FROM THE CHAIRPERSON OF THE BOARD OF TRUSTEES (THE "BOARD")

This annual report and general meeting agenda have been prepared to inform members of the City of Ottawa Superannuation Fund (the "COSF") on the financial operations of the COSF and the activities of the Board since the last Membership Meeting.

We will have a few short presentations today and this will be followed by a question and answer period. We want to hear from you and hope to spend most of our time today listening to and answering your questions.

I would now like to introduce your Board, staff and consultants who are in attendance today.

On behalf of the entire Board of Trustees, Staff and Consultants, I want to thank you for the privilege of serving on your behalf.

Before continuing with the presentations, I would ask you to rise for a moment of silence, to honour the memory of deceased members of the COSF.

Dave Stephenson, Chairperson of the COSF Board of Trustees

October 2024

YOUR BOARD OF TRUSTEES

The current Board of Trustees consists of the following members:

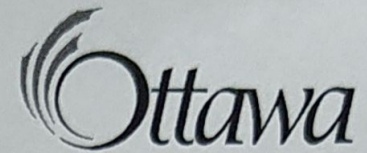
- David Stephenson – (Chairperson) - Ottawa Professional Firefighters Association
- Mark Sutcliffe – Mayor
- David Brown – Councillor
- Marty Carr – Councillor
- George Darouze – Councillor
- Cyril Rogers – CFO/Treasurer - City of Ottawa
- Tim Marc – Senior Legal Counsel - City of Ottawa
- Daniel Huff – CUPE Local 503
- Amanda Munro – Ottawa Police Association
- Peter Bleyer – CIPP
- Ralph Smith – Ottawa Carleton Pensioners' Association

In addition, Isabelle Jasmin, Secretary/Manager attends all meetings as observer.
The recording secretary is Christopher Zwierzchowski, from the City Clerk's office.

ADVISORS TO THE COSF

The following advisors assist the Board with the execution of its responsibilities.

- | | |
|---------------------------------------|-----------------------------|
| ➤ Actuary | Normandin Beaudry |
| ➤ Auditor | KPMG |
| ➤ Outsourced Chief Investment Officer | Aon Investments Canada Inc. |
| ➤ Custodian | RBC Investor Services |
| ➤ Benefits Administration | Coughlin & Associates Ltd. |



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PLAN GOVERNANCE AND ADMINISTRATION

PENSION PLAN GOVERNANCE (HOW THE PENSION PLAN IS MANAGED)

Your Board of Trustees is ultimately responsible for ensuring that the pension plan is soundly and prudently managed on behalf of the members. Among other tasks, the Board is responsible for approving the Fund's Statement of Investment Policies and Procedures (the "SIP&P") and the appointments of the Fund's Actuary, Custodian, Administrator and Outsourced Chief Investment Officer. The Board is responsible for ensuring that the Fund is administered in accordance with the requirements of the *Income Tax Act* and the *Pension Benefits Act (Ontario)* and that the Fund's assets are invested according to the SIP&P.

In 2020, the Board approved the establishment of an Outsourced Chief Investment Officer (OCIO) and appointed AON Investments Canada Inc. as the OCIO for the Plan. The OCIO's responsibility is to develop an investment strategy that is aligned with the approved Statement of Investment Policies and Procedures; determine an asset allocation plan; select investment managers and monitor their performance; provide regular performance reporting to the Board; and provide the Board updates on plan valuation, funded position, portfolio allocations, and progress on the investment strategy.

The Board has delegated many of the day-to-day administrative functions, relating to pension payments to a local firm, Coughlin and Associates. Coughlin and Associates prepare the COSF cheques and electronic bank transfers for monthly pension payments. Questions regarding your pension payments should be directed to Mike MacPherson at Coughlin and Associates at (613) 231-2266. Questions or changes relating to benefit coverage should continue to be directed to the City of Ottawa or your Association office.

Since the last Membership Meeting, the Board has met four times. The meetings have focused on the Fund's investment performance, asset mix and actuarial valuation of the plan.

MEMBERSHIP INFORMATION

The following tables present summary statistics on the plan membership. As anticipated, the total membership has declined slightly during 2023. No active members remain.

TOTAL MEMBERSHIP		
	AT DEC 31, 2023	AT DEC 31, 2022
Fire	132	145
Police	115	129
City	99	108
Region	29	33
Total	375	415

MEMBERSHIP BREAKDOWN AS AT DECEMBER 31, 2023		
	SUPERANNUATED MEMBERS	SURVIVING SPOUSES/DEPENDENTS
Fire	58	74
Police	44	71
City	39	60
Region	20	9
Total	161	214
Average Life Pension	\$47,600	\$27,100

CHANGES IN MEMBERSHIP DURING 2023	
DEATHS	
• Superannuated Members	15
• Spouses/Dependents	32



FINANCIAL SITUATION UPDATE

The actuarial valuation serves to determine both a going-concern and a solvency status of the COSF on the valuation date. In a “going-concern” valuation, it is assumed that the COSF will remain in operation for the foreseeable future. A “solvency” valuation is prescribed under the *Pension Benefits Act (Ontario)* and presents the funded status of the COSF as if it were wound up on the valuation date.

The latest actuarial valuation was filed as at December 31, 2023. The next required valuation must be filed by December 31, 2026. The following are the results of the actuarial valuation as at December 31, 2023 compared to the December 31, 2022 financial update.

There is a going-concern surplus of \$4.0 million at December 31, 2023 (\$1.0 million deficit at December 31, 2022). The change in the funded position relates to a combination of factors. Among those factors, a higher than expected investment return and a higher than expected mortality experience resulted in a positive impact on the Plan’s funded status, while a higher than expected indexation as at January 1, 2024 and a decrease in the discount rate assumption (the long term expected return on the assets) led to a reduction of the Plan’s funded status.

The result is a net increase of \$5.0 million in the surplus at the end of 2023 compared to the end of 2022 on the going-concern basis.

At December 31, 2023, there is a statutory solvency excess of \$12.1 million, with a solvency ratio of 112% (solvency excess of \$7.6 million at December 31, 2022, with a solvency ratio of 107%). The plan provisions remain unchanged and annual increases of 55% of the CPI will continue to be provided. The cost of funding future indexation in advance and the reserve for wind up expenses, which are excluded from the statutory solvency status as permitted under the Ontario legislation, amount to \$10.1 million and \$0.3 million respectively, and would leave the plan with a windup deficiency of \$1.7 million as at December 31, 2023 (transfer ratio of 102%), as opposed to a windup deficiency of \$6.6 million as at December 31, 2022 (transfer ratio of 95%).

The reduction in the Plan’s funded status on the solvency and wind-up bases is mainly the result of the combination of the same factors as under the going-concern basis.

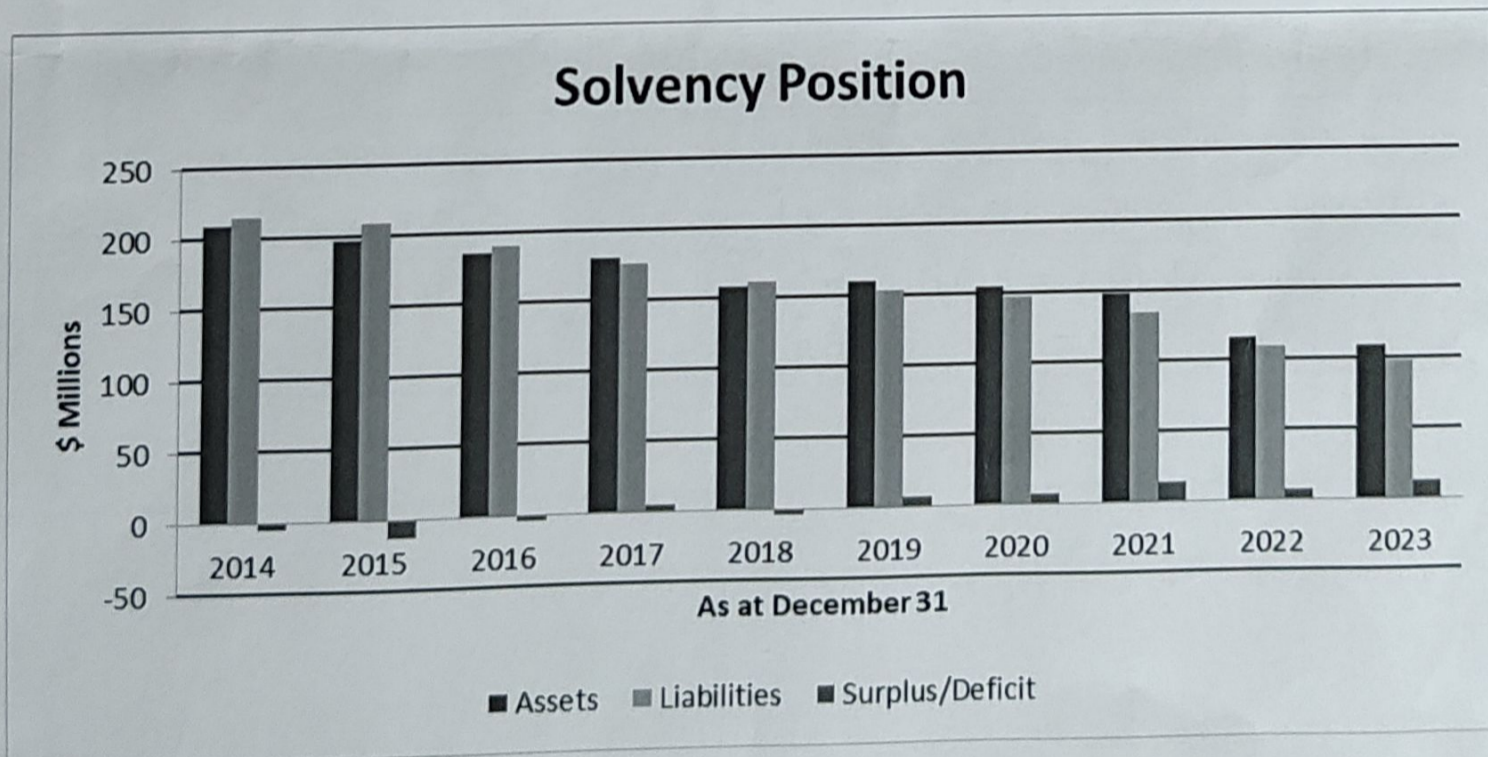
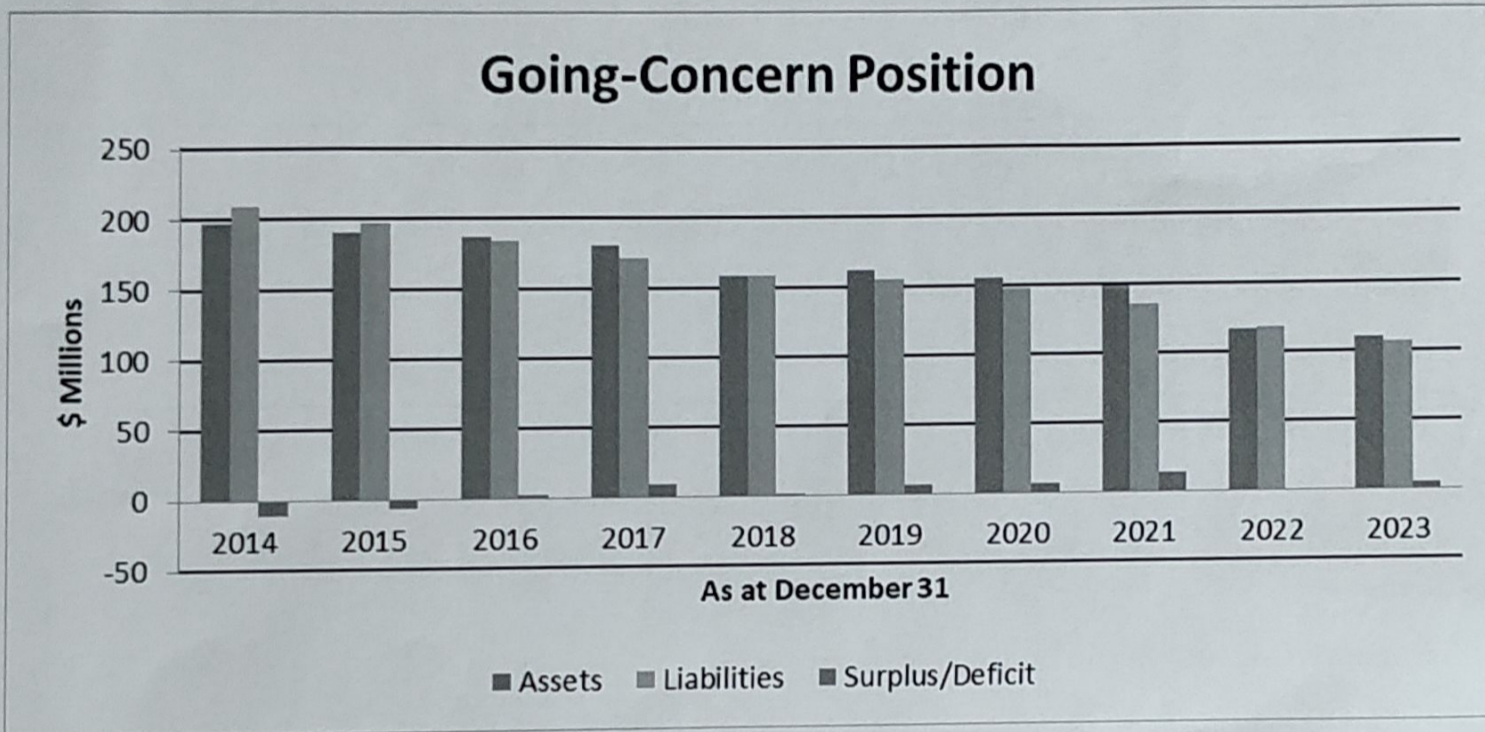
The following table summarizes the results of the actuarial valuation as at December 31, 2023 and the updated financial situation as at December 31, 2022.

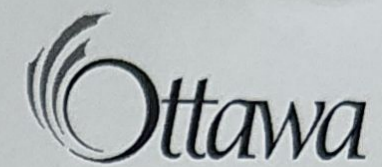
All figures in \$,000s	Dec 31, 2023 (Valuation)	Dec 31, 2022 (Updated Financial Situation)
ASSETS OF THE PLAN		
Market value	\$109,867	\$116,353
FUNDED POSITION – GOING CONCERN		
Actuarial value of assets for going concern	\$109,867	\$116,353
Actuarial liabilities	\$98,505	\$109,251
Assets less liabilities on the going-concern basis	\$11,362	\$7,102
Provision for Adverse Deviation (PfAD) ¹	\$(7,328)	\$(8,103)
Net actuarial surplus	\$4,034	\$(1,001)
FUNDED POSITION – SOLVENCY²		
Solvency assets	\$109,867	\$116,353
Solvency liabilities	\$97,760	\$108,802
Solvency excess	\$12,107	\$7,551
REQUIRED EMPLOYER CONTRIBUTION		
Special annual payments	\$0	\$0

¹ Required under the funding rules, and corresponds to 7.9% of the non-indexed actuarial liabilities.

² Solvency assets exclude any adjustment for wind up expenses and solvency liabilities exclude pre-funding of indexation.

The following charts illustrate the funded status of the plan over the last 10 years on both a going-concern and solvency basis.





2023 COSF Financial Statement Summary

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

[in thousands]	2023	2022
<u>Increase in net assets</u>		
Employer contributions	-	-
Net unrealized gain in market value of investments	5,064	-
Investments income	3,224	2,649
Total increase in net assets	8,288	2,649
<u>Decrease in net assets</u>		
Benefits	-	14,548
Net unrealized loss in market value of investments	-	15,287
Net realized loss on sale of investments	352	4,350
Administrative, management and custodial expenses	450	511
Total decrease in net assets	14,774	34,696
Net (decrease) increase in net assets for the year	(6,486)	(32,047)
Net assets available for benefits, beginning of the year	116,353	148,400
Net assets available for benefits, end of year	109,867	116,353

FUTURE OF THE PLAN

CHANGE IN BENEFITS ON JANUARY 1, 2024 AND 2025

The indexation applicable to the COSF for the upcoming year is measured by the annual increase in the CPI for Ontario (All items) between September 30 of the current year and September 30 of the preceding year (the annual increase in the CPI is limited to 6%, and the excess, if any, is carried forward to future years).

Therefore, the pension payable from the pension fund will be increased in accordance with the resulting increase, if any, at the rate of 55% of the CPI.

The annual increase that was applied to pension benefits payable from the COSF on January 1, 2024 was equal to 2.388%. The annual increase to be applied to pension benefits on January 1, 2025 will be 1.068%.