RE: Follow-up to March 29 meeting/OPTrust

From: "Killoch, Alex (MOF)" <alex.killoch@ontario.ca>
To: "Ghiassi, Ali (MOF)" <ali.ghiassi@ontario.ca>, "Doherty, Elizabeth (MOF)" <elizabeth.doherty@ontario.ca>, "Nguyen, Marianne (MOF)" <marianne.nguyen@ontario.ca>, "Thompson, Scott (MOF)" <scott.thompson@ontario.ca>
Cc: "McLean, David (MOF)" <david.mclean@ontario.ca>
Date: Tue, 10 Apr 2018 15:47:32 -0400
Attachments: OPTrust Select LOA TBS BMKP APRIL 9, 2018. 327 CLEAN.docx (46.99 kB)

Hi Ali,

I am still looking for the latest draft submission from TBS.

However, I do have the Letter of Agreement that the lawyers have settled on as of yesterday. The LOA stipulates that there is freeze on new employers being admitted once Select is 20% of active membership (or 5% of liabilities). Above these levels no additional employers can be admitted without the sponsors addressing the issue of representation. Existing Select employers could continue to grow which could increase the total of Select members.

I have attached the LOA.

I have also inserted the text regarding Governance Matters below, for ease of reference.

Alex

____

Alex Killoch
Director, Broader Public Sector Pensions Branch
Ministry of Finance
416 325-5724
Alex.Killoch@Ontario.ca

Governance Matters

a) In accordance with the amendments to the Sponsorship Agreement attached hereto as Appendix 1, OPSEU and Ontario agree to establish an advisory committee of OPTrust Select members and employers (the "**Advisory Committee**") and to prepare the terms of reference of such committee within 90 days from the delivery of a notice by the Board that membership in OPTrust Select has reached 1,000 members.

b) The terms of reference for the Advisory Committee shall, at minimum, set out that:

i. The Advisory Committee shall not have any decision making authority under the Sponsorship Agreement, Trust Agreement or the Plan.

ii. The Advisory Committee shall have disclosure rights similar to the Sponsors subject to the possible redaction of information when warranted by privacy or financial concerns.

iii. The Advisory Committee shall meet at least annually with, and is entitled to meet twice annually or such greater number of meetings as may be requested by the Sponsors or agreed to by the Board, with the Plan actuary and with the Chief Investment Officer or his delegate and with any other members of the senior leadership team at OPTrust that the Advisory Committee, acting reasonably, may request to meet with or which the Board may deem helpful for the Advisory Committee to meet with. The employer and employee Advisory Committee members may choose to meet together or separately in their discretion provided that there is one annual meeting held with employer and employee members together.

iv. The Advisory Committee may provide input to the Board on the Board's decisions or recommendations that affect OPTrust Select including but not limited to the Board's decisions or recommendations concerning: whether or not to provide wage upgrades or post-retirement indexing; whether or not to increase contribution rates or decrease future benefits, amendments to the OPTrust Select terms (other than amendments required for compliance with applicable legislation), changes in the Funding Policy, and matters pertaining to the contribution stabilization reserve, the security reserve or the use of any surplus in the Plan.

v. The Advisory Committee may also monitor the Plan; make recommendations on the Plan's administration and promote awareness and understanding of the Plan.

c) The Board shall provide reasonable administrative assistance to the Advisory Committee and reasonable costs for the Advisory Committee's establishment and operation shall be paid from the Plan fund.

d) The Board shall provide to the Sponsors a report summarizing issues raised by the Advisory Committee along with a Report from the Board detailing how issues would be addressed, if necessary.

e) The following matters shall be subject to the joint approval of the Sponsors:

i. the process for appointing members to the Advisory Committee;

ii. the number, construct and terms of the Advisory Committee members; and

iii. a mechanism for the Advisory Committee to report to OPTrust Select employers and employees on their activities.

f) The Sponsors commit to review the governance structure of the Plan, and in particular the appointment of Trustees to the Board, to add additional representation rights for OPTrust Select members and employers upon the earlier of either:

i. the liabilities for benefits of OPTrust Select members (as determined by the Board) exceeding 5% of Plan liabilities as a whole, or

ii. the number of active OPTrust Select members becoming greater than 20% of the total number of active members in the Plan (as determined by the Board). The Sponsors agree that once active members in OPTrust Select reach 15% of the total number of active members or the liabilities of OPTrust Select reaches 4% of the Plan's liabilities, they will convene to commence discussions regarding governance changes.

g) Pending the Sponsors reaching a mutually satisfactory resolution regarding the governance issues if the thresholds set out in paragraph e) above are met, the Board will not admit any new OPTrust Select employers into the Plan nor agree to permit participation by additional classes of employees for existing OPTrust Select employers if admitting such employers or employees would cause the number of OPTrust Select members in the Plan to increase beyond 20% of total active members in the Plan (or 5% of Plan liabilities,) per paragraph e) above.

From: Ghiassi, Ali (MOF)
Sent: April 10, 2018 2:10 PM
To: Doherty, Elizabeth (MOF); Nguyen, Marianne (MOF); Thompson, Scott (MOF)
Cc: McLean, David (MOF); Killoch, Alex (MOF)
Subject: RE: Follow-up to March 29 meeting/OPTrust

Thanks because I've heard that the 20% provision is no longer in which would be unusual.

Ali Ghiassi
Chief of Staff
Minister of Finance
416.948.5409

From: Doherty, Elizabeth (MOF) <Elizabeth.Doherty@ontario.ca>
Date: Tuesday, Apr 10, 2018, 2:07 PM
To: Ghiassi, Ali (MOF) <Ali.Ghiassi@ontario.ca>, Nguyen, Marianne (MOF) <Marianne.Nguyen@ontario.ca>, Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>
Cc: McLean, David (MOF) <David.McLean@ontario.ca>, Killoch, Alex (MOF) <Alex.Killoch@ontario.ca>
Subject: Re: Follow-up to March 29 meeting/OPTrust

We are tracking down latest version from TBS - should have something to you shortly (or will send through earlier draft if start to time out)

From: Ghiassi, Ali (MOF)
Sent: Tuesday, April 10, 2018 12:11 PM
To: Doherty, Elizabeth (MOF); Nguyen, Marianne (MOF); Thompson, Scott (MOF)
Cc: McLean, David (MOF); Killoch, Alex (MOF)
Subject: RE: Follow-up to March 29 meeting/OPTrust

Can I please see the TB sub?

Ali Ghiassi

Chief of Staff
Minister of Finance
416.948.5409

From: Doherty, Elizabeth (MOF) <Elizabeth.Doherty@ontario.ca>
Date: Saturday, Apr 07, 2018, 2:46 PM
To: Ghiassi, Ali (MOF) <Ali.Ghiassi@ontario.ca>, Nguyen, Marianne (MOF) <Marianne.Nguyen@ontario.ca>, Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>
Cc: McLean, David (MOF) <David.McLean@ontario.ca>, Killoch, Alex (MOF) <Alex.Killoch@ontario.ca>
Subject: Re: Follow-up to March 29 meeting/OPTrust

Hi Ali, the OPTrust reps on the working committee were comfortable (as were OPSEU, TBS, MOF staff reps) but we all committed to review this draft and provide any final comments. Am assuming that once docs are finalized for any revisions stemming from the review, will go to OPTrust senior execs (and execs from the other parties)

OPTrust's legal reps (Osler) prepared the docs -- other legal areas, including ours, are reviewing.

Eliz

From: Ghiassi, Ali (MOF)
Sent: Saturday, April 7, 2018 2:19 PM
To: Doherty, Elizabeth (MOF); Nguyen, Marianne (MOF); Thompson, Scott (MOF)
Cc: McLean, David (MOF); Killoch, Alex (MOF)
Subject: RE: Follow-up to March 29 meeting/OPTrust

Thanks Elizabeth. So to confirm, OPTrust is comfortable with the draft docs? I assume their legal is also looking at it over the weekend.

Ali Ghiassi
Chief of Staff
Minister of Finance
416.948.5409

From: Doherty, Elizabeth (MOF) <Elizabeth.Doherty@ontario.ca>
Date: Saturday, Apr 07, 2018, 10:50 AM
To: Ghiassi, Ali (MOF) <Ali.Ghiassi@ontario.ca>, Nguyen, Marianne (MOF) <Marianne.Nguyen@ontario.ca>, Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>
Cc: McLean, David (MOF) <David.McLean@ontario.ca>, Killoch, Alex (MOF) <Alex.Killoch@ontario.ca>
Subject: Re: Follow-up to March 29 meeting/OPTrust

Hi all, apologies for the weekend email but attached is the draft agreement that was hammered out on Thurs pm. It is being concurrently reviewed by legal reps, TBS, MOF (Alex and I are reviewing). Also attached is the draft amendment to the sponsorship agreement (we will also be reviewing).

We've heard from TBS that this will be going to TB on Thurs. They are working on the sub over the weekend - we will be providing policy input.

Eliz

From: Ghiassi, Ali (MOF)
Sent: Wednesday, April 4, 2018 6:06 PM

To: Doherty, Elizabeth (MOF); Thompson, Scott (MOF)
Cc: Nguyen, Marianne (MOF); McLean, David (MOF); Killoch, Alex (MOF)
Subject: RE: Follow-up to March 29 meeting/OPTrust

Thanks Elizabeth. That's excellent progress.

Ali Ghiassi
Chief of Staff
Minister of Finance
416.948.5409

From: Doherty, Elizabeth (MOF) <Elizabeth.Doherty@ontario.ca>
Date: Wednesday, Apr 04, 2018, 4:58 PM
To: Ghiassi, Ali (MOF) <Ali.Ghiassi@ontario.ca>, Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>
Cc: Nguyen, Marianne (MOF) <Marianne.Nguyen@ontario.ca>, McLean, David (MOF) <David.McLean@ontario.ca>, Killoch, Alex (MOF) <Alex.Killoch@ontario.ca>
Subject: RE: Follow-up to March 29 meeting/OPTrust

Hi Ali – we got a little more background re why the 5% hadn't been included. OPTrust had a concern about how to monitor when the 5% liability would be reached since calculation of liabilities is only done annually (didn't want it to be inadvertently tripped over at some point during the year) whereas membership will be calculated on an ongoing basis. We discussed it at this morning's meeting and thought it would be fine if the 5% is done on an annual basis.

The meeting seemed to go well – focus was on the governance issue. OPTrust is writing up a letter of understanding for tabling tomorrow (so will see if all in agreement once formally written up) but our governance proposal was ultimately agreed to, including recognition that the 'trigger' discussion would include potential trustee representation for Select members. In addition, OPSEU tabled a proposal for an earlier trigger to be set for a review of whether to continue with plan expansion. In a subsequent discussion with OPTrust, they will be proposing that this review be done through a requirement for annual meetings (delegated to officials level).

We are going back tomorrow afternoon to discuss the screening for new employers issue (just covered governance, including advisory committee today), as well as some remaining issues identified by TBS.

Let me know if any questions,

Eliz

From: Ghiassi, Ali (MOF)
Sent: April-04-18 9:50 AM
To: Doherty, Elizabeth (MOF); Thompson, Scott (MOF)
Cc: Nguyen, Marianne (MOF); McLean, David (MOF); Killoch, Alex (MOF)
Subject: RE: Follow-up to March 29 meeting/OPTrust

Hi Elizabeth,

This looks good with the exception of the 5% provision we discussed.

Thanks.
-A

Ali Ghiassi
Chief of Staff
Minister of Finance

416.314.7479

From: Doherty, Elizabeth (MOF)
Sent: April-03-18 4:24 PM
To: Ghiassi, Ali (MOF); Thompson, Scott (MOF)
Cc: Nguyen, Marianne (MOF); McLean, David (MOF); Killoch, Alex (MOF)
Subject: Follow-up to March 29 meeting/OPTrust

Here is our updated draft of the term sheet, based on Thurs' meeting.   TBS staff have reviewed and will also be sending up on their end. (Note, while we discussed the wording for the first item (trustees/representation) on today's call with OPTrust, we have not shared the specific wording for the other components – indicated we wanted to share internally/provide an opportunity for your review.)

Eliz