Meeting Note

Centre for Public Sector Labour Relations and Compensation
Total Compensation Strategies Branch

OPTrust Meeting with Minister McMahon

OVERVIEW

Hon. Eleanor McMahon, President of the Treasury Board, to meet with executives of the OPSEU Pension Trust (OPTrust) on February 22, 2018.

BACKGROUND

OPTrust

The OPTrust is the entity and fiduciary responsible to the members of the OPSEU Pension Plan. It is not a Crown Agency and has no direct reporting responsibilities to the Minister.

Its mandate includes keeping records, adjudicating member and pensioner benefits, paying benefits, investing the fund, preparing and submitting all regulatory reports including funding and accounting valuations.

OPSEU Pension Plan

The OPSEU Pension Plan is a defined benefit pension plan, jointly sponsored by Ontario (represented by the President of the Treasury Board) and the members (represented by the OPSEU Executive Board via the Office of the OPSEU President).

The plan is governed by a Board of Trustees with 5 members appointed by each sponsor.

The Trustees and Executive Team

Biographies of the Executive Team, as published on OPTrust's website, are included in the appendix.

Membership:

There are approximately 43,000 members, approximately 36,000 pensioners/survivors and approximately 9,500 former members under the plan as at the end of 2016.

Since 2013, new membership is open to BPS employers with OPSEU-represented bargaining units, subject to a two-stage approval process involving Ministry of Finance (MOF) and OPTrust.

Liabilities, Assets and Funding as of December 31, 2016

Plan liabilities totaled $23.6 billion. The Plan was fully funded with $23.8 billion (including future contributions) resulting in a small reserve of $133 million standing to the credit of the joint sponsors.

Assets under management by OPTrust total $19 billion.

OPTrust has not officially released its results for 2017, but has unofficially stated that the plan is 111% funded as of February, 2018 on a market value basis.

Plan Select

The OPTrust has proposed to create a new schedule to the OPSEU Pension Plan, called Plan Select that would provide a reduced pension benefits package targeting employers in the Broader Public Sector and the Not for Profit Sector.

A technical committee has been established which includes representatives from OPTrust, TBS and OPSEU (as Plan Sponsors), to address the potential policy, actuarial, risk, governance issues and to finalize documentation for Plan Select. The technical committee is meeting weekly.

TBS has been able to agree to several policy issues, including:

- Group RRSP and/or Defined Contribution Plans under wind-up already existing at a potential Plan Select employer can be transferred to Plan Select.
- Defined Benefit Plans already existing at a potential Plan Select employer may be transferred to Plan Select subject to *Pension Benefits Act* (PBA) rules.
- Transfers will only be permitted from Main Plan to Plan Select and not the reverse.
- Operational process amendment to OPSEU Pension Plan related to multiple periods of membership.

Key issues:

- OPTrust recently proposed opening the main plan to management and non-management employees of other unions.
    - This request was not contemplated as part of the initial Plan Select proposal and is separate from Plan Select. TBS has responded that review of this proposal would involve addressing new policy issues that would jeopardize Plan Select's tight timeline. TBS, OPSEU and OPTrust agreed to continue with reviewing this proposal in tandem but not on the same aggressive timeline as Plan Select.

- Discussions are ongoing with the Ministry of Finance (MOF) who has policy responsibility for the Pension Benefits Act and associated agreements.

- TBS is committed to conducting the necessary policy / legal and actuarial reviews.
- A target TB/MBC date of April 24, 2018 is anticipated.

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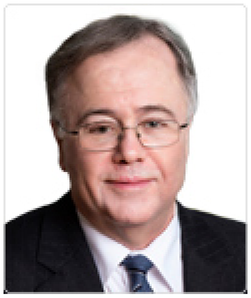
Branch: Total Compensation Strategy Branch
Division: Employee Relations Division, TBS
Date: February 20, 2018

Appendix –Executive Team

OPSEU Pension Trust Executive Team



Hugh O’Reilly
President and CEO

Hugh O’Reilly is President and CEO of OPTrust, one of Canada’s leading defined benefit pension plans with offices in London, Sydney and Toronto. In this role, Hugh is responsible for the management of the pension fund’s $19 billion in net assets and plan administration.

Hugh has served as the President and CEO of OPTrust since January of 2015. Since his arrival, he has led an organization-wide transformation of OPTrust and changed its focus to the measure that matters, which is maintaining the Plan’s fully funded status.

A highly-regarded and sought-after speaker at national and international conferences and events, including the University of Calgary, Harvard Law School, The International Centre for Pension Management and Oxford University, Hugh is a member of the TMX Advancing Innovation Roundtable, the editorial advisory board of Benefits and Pensions Monitor and is a member of the Board of Directors of the Canadian Coalition for Good Governance (CCGG).

In 2016, he was the recipient of the Industry Leadership Award from Benefits Canada Workplace Benefits Awards and most recently was honoured with the CORPaTH Crystal Globe Award for his efforts in protecting and promoting Defined Benefit pensions.

Hugh has extensive expertise in the governance and operations of jointly sponsored pension plans. Included among his competencies are a comprehensive knowledge of pension plan best practices, investment strategies and asset classes.

Prior to joining OPTrust, Hugh led the Pension Benefits and Insolvency Practice at Cavalluzzo Shilton McIntyre Cornish LLP and is recognized as one of Canada’s foremost pension legal experts.

Over the course of his career, he served as Senior Policy Advisor and Chief of Staff to a Government of Ontario cabinet minister, was Senior Corporate Counsel at Canada Trust and practiced law as an associate at Osler, Hoskin & Harcourt LLP, and a partner at Torys LLP in Toronto.

Tim Shortill
Senior Vice-President, Strategy, Communications and Public Affairs

Tim Shortill is the Senior Vice-President of Strategy, Communications and Public Affairs.

Mr. Shortill has over ten years of public policy experience with the Government of Ontario. He is responsible for the oversight, impact analysis and strategic initiatives responding to changes in the regulatory environment affecting OPTrust. Mr. Shortill also leads OPTrust's communications, advocacy, stakeholder relations and organizational reputation functions.

Before joining OPTrust in 2014, he held the role of Chief of Staff to the Minister of Finance and helped craft and implement four provincial budgets. Prior to that role, he served as Chief of Staff to the Minister of Transportation.

Mr. Shortill holds a BA in Political Science from Western University and a MBA from the Rotman School of Management at the University of Toronto.

Karen Danylak
Vice-President, Corporate Affairs
Corporate Secretary

Karen Danylak is the Vice-President, Corporate Affairs & Corporate Secretary. Ms. Danylak was appointed to the Executive Committee in August 2016.

In this role, Ms. Danylak serves as a senior advisor to the President & CEO on strategic matters and is responsible for overseeing the development of OPTrust's annual business plans and longer-term strategic plans. She is also responsible for overseeing the implementation of OPTrust's innovation strategy. As Corporate Secretary, Ms. Danylak supports and advises the Board of Trustees in all matters of governance. Ms. Danylak also serves as Chair of OPTrust's Diversity Council and co-Chair of its Innovation Council.

Ms. Danylak joined OPTrust in 2010 as Director of Communications where she was instrumental in building the organization's communications function and led a team of corporate communications professionals. Since joining OPTrust, she has been promoted to increasing areas of responsibility.

Ms. Danylak has a broad background which includes over 15 years of experience in corporate communications, marketing, and strategic counsel. Before joining OPTrust, she held progressively senior roles at a large Canadian investment management firm. She holds a B.A. in Linguistics from the University of Toronto.

James Davis
Chief Investment Officer

James Davis was appointed Chief Investment Officer, effective September 2015. In this role, Mr. Davis leads OPTrust's global investment strategy and operations.

Mr. Davis has 28 years of solid leadership, strategy development, investment, and financial services expertise. Most recently, he held the role of Vice President, Strategy & Asset Mix and Chief Economist at Ontario Teachers' Pension Plan (Teachers') in Toronto, where he led a team providing investment strategy, economic analysis, emerging market insight and responsible investing expertise to the pension fund.

Before joining Teachers', Mr. Davis was President of FuturesTrend Capital Corporation in Prince Edward Island and Vice President & Head, Global Fixed Income & Currencies at RBC Global Investment Management in Toronto. He is a CFA® charterholder and has an MBA, Finance from Dalhousie University.

Jeremiah Hudacin
Vice-President, Investment Risk

Jeremiah Hudacin is the Vice-President of Investment Risk. Mr. Hudacin was appointed to the Executive Team in February 2017 and reports to the President & CEO.

In this role, Mr. Hudacin leads the investment risk function, providing oversight for funding, market, liquidity and counterpart credit risks across OPTrust's asset classes.

During his career with OPTrust, Mr. Hudacin has been instrumental in developing the fund's liquidity management framework and providing in-depth advice, thought leadership and insight of investment risk to key stakeholders.

Prior to joining OPTrust in 2010, Mr. Hudacin held senior investment risk positions at large investment and financial institutions in Toronto.

He earned an MBA in Economics from Queen's University and holds a B.Sc. in Mathematics and Physics from the University of Guelph.

Doug Michael
Chief Financial Officer
Senior Vice-President of Administrative Services

Doug Michael is the Chief Financial Officer, and Senior Vice-President of Administrative Services. Mr. Michael serves on OPTrust's Executive Team and is responsible for all financial functions, Information Technology and project management activities.

Mr. Michael has over 25 years of finance and investment management experience and was previously Chief Financial Officer for OPTrust's Private Markets Group (PMG), General Partner and Chief Financial Officer at VenGrowth Asset Management, and has also served in progressively senior roles at RBC, National Trust and Ernst & Young during his career.

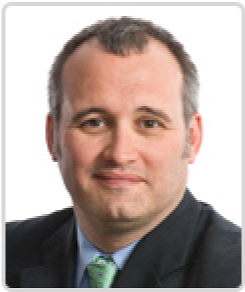
Mr. Michael holds an Honours Bachelor of Business Administration (BBA) degree from Wilfrid Laurier University. He is a Chartered Accountant (CPA, CA) and Chartered Financial Analyst.

Reg Swamy
Chief Pension Officer & Senior Vice-President, Human Resources

Reg Swamy is Chief Pension Officer & Senior Vice-President, Human Resources. Mr. Swamy joined OPTrust in 2014 and leads the funding management, pension policy, member services and human resources functions.

Mr. Swamy has over 25 years experience in pension administration, wealth management, human resources and strategic leadership, most recently with TD Wealth Management. He holds a B.Sc. in Actuarial Sciences from the University of Toronto and is an Associate of the Society of Actuaries.

Mr. Swamy is actively engaged as a leader within his community and is currently a Director of the Board at the Hamilton Health Sciences Foundation.



John Walsh
Managing Director, General Counsel

John Walsh was appointed to the Executive Team as Managing Director, General Counsel in January 2015.

Mr. Walsh joined OPTrust in 2006 as an investment professional in OPTrust's Private Markets Group, responsible for transaction structuring and execution, corporate governance, and operations.

As Managing Director, General Counsel Mr. Walsh provides legal counsel to all of OPTrust, and assists in the oversight of transaction structuring and execution, and regulatory matters. Before joining OPTrust, Mr. Walsh practiced corporate and securities law for a decade at two leading Canadian law firms.

Mr. Walsh has also worked at the senior levels of politics and government in Canada and the United States.