1 - Email - November 30 2016 - Re_ Invitation from Pension Asset Expert Advisory Panel.pdf

From:	Patricia O"Malley
To:	Tam, Nelson (TBS)
Subject:	Re: Invitation from Pension Asset Expert Advisory Panel
Date:	November-30-16 10:38:58 AM

Thanks for the update. Sounds like we are pretty much under control. I will be out most of the afternoon but will reply if necessary after I get back. Tomorrow morning I will be driving to Toronto as I have a lunch to attend. If you need me, best to call the cell number. I will be able to answer email between about 2 and 5pm.

Tricia

From: Tam, Nelson (TBS) <Nelson.Tam@ontario.ca>
Sent: November 30, 2016 10:34
To: Patricia O'Malley
Subject: RE: Invitation from Pension Asset Expert Advisory Panel

Patricia

I will be drafting the agenda this afternoon to send to you and include a quick discussion at the beginning on the AG. I sent the question to Martin Raymond, Deloitte partner, this morning asking for a response this Friday if possible.

Also, the Auditor General's report is being released (after 1PM) and in Chapter 2 there will be a mention on the Pension issue. I will send this to the panel. Also, Communications is expected to send me some Q&A's after the release as it relates to the pension issue and I will send it to you, just in case you get any questions.

Also, Cindy sent me some the info on IAS19 that was in the minutes so I will send out with the updated minutes for approval Monday (one of the agenda items).

You will hear from me this afternoon.

Nelson
416-212-0514

From: Patricia O'Malley [mailto:plomalley@outlook.com]
Sent: November-30-16 10:28 AM
To: Tam, Nelson (TBS)
Subject: Re: Invitation from Pension Asset Expert Advisory Panel

Nelson

You can give them a couple of days to reply if necessary before following up if they are busy. The key thing is that the AG has agreed to meet with us and we know it will not be at either of our scheduled meetings.

What we really need is to figure out the agenda for Monday! Have you started anything? Also, any answer yet to my question on "share the pain"?

Tricia

From: Tam, Nelson (TBS) <Nelson.Tam@ontario.ca>
Sent: November 30, 2016 10:02
To: Patricia O'Malley
Subject: RE: Invitation from Pension Asset Expert Advisory Panel

Patricia

I will touch base with Christine tomorrow to schedule a time if there is no reply. It is going to be a busy day for the Auditor General. The Panel prefers a face to face meeting, are you okay to have the meeting at the Auditor General's office (20 Dundas Street)? I can offer this option and will explain why on Monday.

Thanks

Nelson
416-212-0514

From: Patricia O'Malley [mailto:plomalley@outlook.com]
Sent: November-29-16 5:10 PM
To: Christine Wu
Cc: Tam, Nelson (TBS)
Subject: Re: Invitation from Pension Asset Expert Advisory Panel

Hi Christine
Here are the results of our Panel survey. Our first choice would be sometime in the afternoon on Friday December 16, as all the Panel members can participate then. The next week, one member is not available but the other 3 are. Best times are morning of the 20th, anytime on the 21st, morning of the 22nd (preferred). We could also do the 23rd up until noon but I expect no-one will really want to be working that day!
I hope one of those dates/times will fit with the AG's schedule without too much rearranging.
Tanks for yor help.
Tricia

From: Christine Wu <Christine.Wu@auditor.on.ca>
Sent: November 29, 2016 14:55
To: Patricia O'Malley

Subject: RE: Invitation from Pension Asset Expert Advisory Panel

Maybe it's easier if you give me a few time slots that's good for most Panel members and I can try and rearrange her meetings accordingly.

From: Patricia O'Malley [mailto:plomalley@outlook.com]
Sent: Tuesday, November 29, 2016 2:52 PM
To: Christine Wu
Subject: Re: Invitation from Pension Asset Expert Advisory Panel

That is excellent. If you can give me a few time slots that are good for her (I don't think we will need more than an hour) Nelson can check with the Panel members to find something for all of us. And as three of us are in or near Toronto, perhaps some of us can meet with her in person with the others on the phone.
Thanks again.

Tricia O'Malley
Mobile +1(416) 570 1924

From: Christine Wu
Sent: Tuesday, November 29, 2016 14:41
To: Patricia O'Malley
Subject: RE: Invitation from Pension Asset Expert Advisory Panel

December 5, the Auditor can't make it. Unfortunately, she is out of town for another meeting December 12 and 13. She said after December 13 will be good for her.

From: Patricia O'Malley [mailto:plomalley@outlook.com]
Sent: Tuesday, November 29, 2016 2:37 PM
To: Christine Wu
Subject: Re: Invitation from Pension Asset Expert Advisory Panel

The other in person date is December 12. Thx

Tricia O'Malley
Mobile +1(416) 570 1924

From: Christine Wu
Sent: Tuesday, November 29, 2016 14:31
To: Patricia O'Malley
Subject: RE: Invitation from Pension Asset Expert Advisory Panel

You mentioned 2 dates. What was the other date, besides Dec. 5?

From: Patricia O'Malley [mailto:plomalley@outlook.com]
Sent: Tuesday, November 29, 2016 10:21 AM
To: Christine Wu
Cc: Tam, Nelson (TBS)
Subject: Invitation from Pension Asset Expert Advisory Panel

Dear Christine Wu

I understand from Nelson Tam, the project manager for the Expert Advisory Panel, that you are the Auditor General's assistant. I am oping you can help me follow up on an invitation I sent her last week regarding meeting with the Panel. I suggested **two dates** for meeting in person and a number of possibilities for a conference call.

The Panel's next in person meeting is Monday, December 5 and we will sortly be finalizing the agenda. It would be most helpful if you could advise me whether the Auditor General will be able to meet with us that day and, if so, what time would be most convenient for her.

Many thanks for your assistance.

Tricia O'Malley
Mobile +1 (416) 570 1924

2 - Email - December 1 2016 - Re_ Expert Panel - Agenda - December 5.pdf

From: Patricia O"Malley
To: Tam, Nelson (TBS)
Subject: Re: Expert Panel - Agenda - December 5
Date: December-01-16 12:50:02 PM

Nelson

Thanks for this. I realized after I sent the message yesterday that I got my schedule mixed up. I am actually travelling to TO tomorrow so am free all day today if you need me for anything.

Tricia

From: Tam, Nelson (TBS) <Nelson.Tam@ontario.ca>
Sent: December 1, 2016 12:25
To: Patricia O'Malley (plomalley@outlook.com); Uros Karadzic (uros.karadzic@ca.ey.com); Murray Gold (mgold@kmlaw.ca); Martin, Paul (FIN) (Paul.Martin@gnb.ca)
Subject: Expert Panel - Agenda - December 5

Patricia, Uros, Murray, Paul

Attached is the agenda (password protected). I adjusted the agenda to accommodate Cindy's conflict (discuss Auditor General's report) and Patricia's conference call.

Lunch will be a bit early (11:45) and only 45 minutes but there is a 30 minute break at 2:00 to accommodate Patricia. Also, Murray can be in the discussion on the recognition issue before he needs to leave at 1:30.

On page 2 of the agenda, all the documents are embedded. The majority were already sent to you via email but I thought having eveything in one place will make access easier. Let me know if you have trouble accessing, I can create a PDF binder.

Cindy is hoping to have drafts of the other pension plans for the Panel to take with them.

The meeting minutes are updated to incorporate Patricia's changes. It is the first item on the agenda, please read and if there are no changes, we can quickly approve.

Uros

I have a binder for you with all the documents in the agenda.

Let me know if you need anything for Monday.

Thanks

Nelson
416-212-0514

2 - Final Agenda - December 5 2016.docx

AGENDA

Pension Asset Expert Panel

December 5, 2016

Attendees

Patricia O'Malley – Chair

Nelson Tam – Project Manager

Murray Gold

Uros Karadzic

Paul Martin

Topic	Lead	
1. November 18 Meeting Minutes Approval, Report Writer Update	Chair/Nelson	8:45 – 9:00
2. Report Outline & Confirmation of Questions to be Answered Part 1 of 2	Chair	9:00– 9:30
3. Auditor General a. Invitation b. Annual Report	Chair	9:30 – 10:30
4. Break		10:30 – 10:45
5. Report Outline & Confirmation of Questions to be Answered Part 2 of 2	Chair	10.45– 11:45
6. Lunch		11:45 – 12:30
7. Discussion on Recognition – Viewpoints and Pros and Cons	Chair	12:30 – 2:00
8. Break	Chair	2:00 – 2:30
9. Discussion on Measurement – Viewpoints and Pros and Cons		2:30 – 4:00
10. Other a. OPSEU/HOOP/CATT Position Paper Briefing (Cindy) b. Continuation of # 2, 6 & 8 as needed c. Next Steps d. Timelines	Chair	4:00 – 5:00

Next Meeting – December 12 2016, 8:45 – 5:00

Location - Frost Building South, 2nd floor, 7 Queen's Park Crescent, ADM Boardroom

DOCUMENTS

Agenda Item #1

- Draft Meeting Minutes - November 1

Agenda Item #2

- Expert Panel Report draft outline v1.docx
- Expert Panel Nov 25.docx
- Statement of facts and assumptions for I
- IAS19 1 of 3.pdf
- IAS19 2 of 3.pdf
- IAS19 3 of 3.pdf

Agenda Item #4

- AG News Release - Qualified Opinion.pdf
- AG Report - Reflections.pdf
- AG Report - Section 2.pdf
- AG Report - Section 4.01 - Accounting Tre
- RE_ AG report - QP Briefing - Accounting
- The battle behind the auditor general's
- Letter from Chair To AG.docx

Agenda Item #9

- Draft Work Plan.xlsx

Other Items (Sent via Emails)

- Follow up information from November 18 20
- calculation_EFB_workbook_exp_pan.xlsx
- OTF Call Right (3).docx

3 - Draft Meeting Minutes - November 18 2016.docx

PENSION ASSET EXPERT ADVISORY PANEL

MEETING MINUTES

NOVEMBER 18 2016

Attendees

Panel

Patricia O'Malley – Chair
Murray Gold
Uros Karadzic
Paul Martin

Office of the Provincial Controller

Nelson Tam – Project Manager
Cindy Veinot – ADM & Provincial Controller
Nadine Petsche - Director

Guests

Kerry Danyluk – Deloitte Partner
Matthew Colley – Deloitte Senior Manager
Bryant Sullivan – TBS Communications
Paul Kaufman – TBS Counsel
Alex Killoch – Director, BPS Pensions, Ministry of Finance
Rob Pomykacz – Manager, BPS Pensions, Ministry of Finance
Paul Duffy – Manager, Funding Policy & Pensions, Ministry of Education
Ross Peebles – Co-Chair, Ontario Teachers' Pension Plan

Introduction & Housekeeping

- The Panel and OPCD staff introduced themselves.
- The Panel was reminded about their responsibilities not to share and use information obtained as part of the Panel for their business and personal gain.
- High level review of the travel re-imbursement costs. Example, most economic mode of transportation, taxi and food tip maximums, supporting documentation for mileage claims, use of government hotels. The expense claim form and tip sheet was included in the Panel's binders.
- Introduced the time reporting excel worksheet for per diem tracking. Confirmed that less than 3 hours work results in half the per diem paid and greater than 3 hours work results in the full per diem paid as per the Agency and Appointments Directive.

OPCD Position Paper Briefing

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- Discussion regarding the confidentiality agreement and want "indemnity" to be removed. Also, confusion as whether Deloitte letter was a report versus opinion as the agreement indicates report. Clarified by report that the agreement covers both the opinion and the actuarial work conducted in August 2016.
- Nadine Petsche presented the slide deck on the issue to the Panel. General Comment – OPCD is responsible for the Province's accounting policy.
- Discussion relating to IAS19 & IFRIC 14 as secondary source for accounting treatment of pension plans. PSAS 3250 is the primary source and provides guidance on the accounting treatment without the need to go to a secondary source.
- Discussion relating to control and the control requirement to recognize a pension asset. The Auditor General's interpretation is the Province does not have control to use the pension asset as it is jointly sponsored by the Province and Ontario Teachers' Federation. The OTPP legal documents states that all plan decisions must be made jointly, therefore shared control and no legal document exists that gives the Province the right to the pension asset. From the Panel's perspective, the Auditor General applied the asset withdrawal concepts and/or requirements to the potential of a contribution holiday or benefits enhancement, which is the Province's potential intention, therefore the withdrawal concepts and/or requirements do not apply.
- Discussion on the future direction relating to the control issue and the definition/framework of an asset and/or liability (PS1000 and PS3210). Asset can be used eventually either in the short or long term.
- Discussion on the rate comparison (including across different jurisdictions) and the effect on determining whether a pension plan is in a surplus or deficit position. The Panel made an assumption that regardless of the purpose an actuarial valuation is completed, the non-financial data remains the same for the different scenarios and the discount rate is the variable. This was confirmed at the Ministry of Education briefing. Also, MOF BPS Pension that some rate assumptions may be different such as salary escalation, real return and inflation.
- Based on history, funding and servicing costs will eventually be aligned.
- **There was a mention of an interpretation from an accounting firm regarding a pension asset and IAS19 – still outstanding.**

Deloitte Accounting Opinion Briefing

- Deloitte partner provided an overview of the opinion provided to the associate Deputy Minister. The opinion includes basic facts and extracts from the relevant accounting standards and the various pension plan documents. Two questions – require legal enforceable right to recognize the asset (recognition) and the legal uncertainty in assessing the future benefit from the asset (measurement).
- Measurement issue – It is highly judgmental, therefore Deloitte expressed no opinion.
- Recognition issue – Opinion is that legal enforceable right is not required to recognize an asset for a jointly sponsored pension plan
- Discussion on the history of the various standards and the measurement of a pension asset ceiling
- **Are there any legal questions we have not asked**?

Media Protocol & Communication Panel Support Briefing

- All media requests to the panel members are to be directed to the Chair who is the official spokesperson for the Panel.
- Communications will support the Chair in responding to questions as needed. The Chair can address any questions relating to the work of the Panel. All other questions are directed to TBS Communications to respond.
- Discussed the support that Communications can support when the Panel finalizes the report – Executive Summary and Technical Paper.
- Communications can assist in the report is in “everyday language” for all readers and ensure that it meets accessibility requirements when released.
- Communications can assist in facilitating the format of the report.
- Nadine provided an update on the procurement of a writer to support the panel. The individual is already familiar with the issue, OTPP and pension accounting. The business case is currently in the review and approval stages and to have the individual present at the December 5th panel meeting.
- The Panel needs to identify and confirm the questions and the order to be answered.

Ministry of Education & TBS Legal OTPP Briefing

- Ministry of Education and TBS Legal presented their respective slide deck
- Discussion on the appointment and removal of board member by each sponsor. Appointed for 2 years to a maximum of 8 years.
- Labour negotiations does not include pension plan. The negotiations, for both, are intentionally kept separate. There are no direct trade-offs but each side is still aware of what is happening on each sides.
- Discussion of potentially using an annuity contract to make benefit payments.
- Discussion of the changing demographics of the plan members – Does senior plan members want to subsidize junior plan members?
- **Paul Duffy – Can government remove a board member? Definition of the reference rate – Response emailed to Panel on November 21st**

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- Murray briefed the Panel on the opinion provided to TBS Legal comparing the British Columbia pension plans to Ontario – two governance level which has rights to surplus, no dispute resolution mechanism and 3 of 4 plans must have all the objectives fulfilled during transition period before the surplus could be accessed
- Paul briefed the Panel on the New Brunswick pension plans which are share-risked pension plans. The Province cannot withdrawal any surplus therefore a full valuation allowance is recorded as there are no future economic benefits to the Province.

General Discussion on Next Steps

- Brief discussion on the need to see the Deloitte opinion. The Panel has concerns of the revised confidentiality agreement. It was decided to obtain the Statement of Facts from Deloitte instead to reduce the time to validate the facts. Expectation that the Statement of Fact would have been agreed to with the Auditor General.
- General discussion of the report
  - **What are the questions that need to be answered?**
  - **Are their sub-questions to the main question?**
  - **In what order should the questions be answered?**
  - **What are the options?**
  - **What are the pros and cons of each option?**
  - **What criteria is important to determine accounting?**
  - **What is the definition of an asset specifically relating to control?**
  - **Considerations**

        - **Withdrawal versus contribution holiday versus keeping the surplus**
        - **Understanding of other plans across Canada**
        - **Funding versus Accounting measurement – OTPP zones relate more to funding and are more conservative**
        - **Potential of capping accounting surplus at funding surplus level**
- Format/Content of the report
    - Ensure that the report is viewed as an independent report and not look to similar to the position paper
    - Re-confirmed that the report needs to address the four points in the Terms of Reference
- Timetable required to meet the deadlines
- **Patricia – draft of an outline of the report for discussion at next Panel meeting.**
- **Murray – draft key characteristics of the plans**
- **Uros – consider in more depth point 3 – appropriate valuation techniques to measure a pension asset and pros and cons**
- **Panel – consider main points in the report**
- **Nelson – request from Deloitte a Statement of Facts – completed and sent to the Panel on November 21st.**

3 - Email - November 23 2016 - RE_ REQUEST - Draft November 18 Meeting Minutes.pdf

From: Martin, Paul (FIN)
To: Tam, Nelson (TBS)
Subject: RE: REQUEST - Draft November 18 Meeting Minutes
Date: November-23-16 1:20:00 PM

Hi Nelson,

My apologies.

I have NO revisions or changes.

Typo!

Regards,

Paul

From: Tam, Nelson (TBS) [mailto:Nelson.Tam@ontario.ca]
Sent: Wednesday, November 23, 2016 2:18 PM
To: Martin, Paul (FIN)
Subject: RE: REQUEST - Draft November 18 Meeting Minutes

Paul

Please send your changes to me when have a chance to update.

Thanks

Nelson
416-212-0514

From: Martin, Paul (FIN) [mailto:Paul.Martin@gnb.ca]
Sent: November-23-16 1:12 PM
To: Tam, Nelson (TBS)
Subject: RE: REQUEST - Draft November 18 Meeting Minutes

Hi Nelson,

I have revisions or changes.

Thanks,

Paul

From: Tam, Nelson (TBS) [mailto:Nelson.Tam@ontario.ca]
Sent: Wednesday, November 23, 2016 11:26 AM
To: Patricia O'Malley (plomalley@outlook.com); Murray Gold (mgold@kmlaw.ca); Uros Karadzic (uros.karadzic@ca.ey.com); Martin, Paul (FIN)
Subject: REQUEST - Draft November 18 Meeting Minutes

Patricia, Murray, Uros, Paul

Attached is the password protected draft November 18 meeting minutes. I tried to capture as much as I can and may have missed a few things or interpretated incorrectly.

Please review and send me your edits (using track changes) and I will consolidate and circulate for approval at our December 5th meeting.

Please advise of any specific agenda items for our December 5th meeting.

FYI – I am taking a vacation day on Friday, November 25th. If you need anything, please let me know.

Thanks

Nelson
416-212-0514

Agenda - December 5 2016.docx

AGENDA

Pension Asset Expert Panel

December 5, 2016

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Patricia O'Malley – Chair

Nelson Tam – Project Manager

Murray Gold

Uros Karadzic

Paul Martin

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6. Lunch		12:00 – 1:00
7. Discussion on Recognition – Viewpoints and Pros and Cons	Chair	1:00 – 3:00
8. Break	Chair	3:00 – 3:15
9. Discussion on Measurement – Viewpoints and Pros and Cons		3:15 – 4:45
10. Next Steps	Chair	4:45 – 5:00

Draft Meeting Minutes - November 1

Expert Panel Report draft outline v1.docx

Expert Panel Nov 25.docx

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Location - Frost Building South, 2nd floor, 7 Queen's Park Crescent, ADM Boardroom

Draft Meeting Minutes - November 18 2016 V2.docx

PENSION ASSET EXPERT ADVISORY PANEL

MEETING MINUTES

NOVEMBER 18 2016

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Final Agenda - December 5 2016 - Nadine.docx

AGENDA

Pension Asset Expert Panel

December 5, 2016

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Nelson Tam – Project Manager

Murray Gold

Uros Karadzic

Paul Martin

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