Re: Pension Asset Discussion

From: "Chen, Raymond (TBS)" <raymond.chen@ontario.ca>
To: "Kaufman, Paul (TBS)" <paul.kaufman@ontario.ca>, "Hatzis, Len (TBS)" <len.hatzis@ontario.ca>
Cc: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>, "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>, "Laughton, Patrick (TBS)" <patrick.laughton@ontario.ca>, "MacIntyre, Kyle (TBS)" <kyle.macintyre@ontario.ca>, "Coulter, Travis (TBS)" <travis.coulter@ontario.ca>
Date: Tue, 13 Sep 2016 20:43:42 -0400

Thanks Paul.

Ray

From: Kaufman, Paul (TBS)
Sent: Tuesday, September 13, 2016 8:39 PM
To: Chen, Raymond (TBS); Hatzis, Len (TBS)
Cc: Veinot, Cindy (TBS); Petsche, Nadine (TBS); Laughton, Patrick (TBS); MacIntyre, Kyle (TBS); Coulter, Travis (TBS)
Subject: RE: Pension Asset Discussion

Hi Ray,

Here is a summary of my discussion with Dominique Roelants, Executive Officer, BC Pension Board Secretariat this afternoon.

Dominique explained to me that the agreements underlying the public sector pension plans in BC generally frame the authority to make decisions regarding pension surpluses as being in the exclusive discretion of the pension boards. I reviewed copies of these agreements and this seems accurate. For example, section 10.3(c) of the Joint Trust Agreement for the BC teachers' plan provides that the board decides what happens with surpluses, and I understand from Dominique that in practice the board does typically exercise this discretion on its own. So, even though the joint trust agreement provides that surpluses could be applied to contribution holidays, it would usually be left to the board to decide independently whether to do so. This is different than the Funding Management Policy (FMP) under the OTPP partners' agreement in Ontario, where the FMP expressly provides for the partners to agree on the use of plan surpluses, subject to limitations set out in the FMP.

Dominique did note that in BC the partners could still come to an agreement to provide direction to the board in respect of what to do with a surplus and have done so in the past, and that the board would have to follow that direction if it did not conflict with the board's fiduciary obligations to members (I believe that the mechanism to do this would be an amendment to the joint trust agreement). Also, he noted that the teachers' agreement in BC provides for a very limited right for the government to draw on plan surpluses, but that is only a transitional issue relating to catching up on previous unfunded liabilities.

Therefore, I don't think that the BC situation is completely different from ours, but it is fair to say that the default in the contractual framework in BC is that the board decides independently what happens with a surplus and that the contractual framework doesn't give discretion over such matters to the partners.

Paul

From: Chen, Raymond (TBS)

Sent: Tuesday, September 13, 2016 7:39 PM
To: Hatzis, Len (TBS); Kaufman, Paul (TBS)
Cc: Veinot, Cindy (TBS); Petsche, Nadine (TBS); Laughton, Patrick (TBS); MacIntyre, Kyle (TBS); Coulter, Travis (TBS)
Subject: RE: Pension Asset Discussion

Hi Len/Paul,

Per the conversation that just took place, would you be able provide a summary of your conversation with BC as back pocket please?

Thanks so much.

Ray

-----Original Appointment-----
From: Veinot, Cindy (TBS)
Sent: September 13, 2016 5:11 PM
To: Veinot, Cindy (TBS); Orencsak, Greg (TBS); Hughes, Karen (TBS); Petsche, Nadine (TBS); bonnie.lysyk@auditor.on.ca; mcolley@deloitte.ca; tgary@deloitte.ca; pjesty@deloitte.ca; kdanyluk@deloitte.ca; khiggins@deloitte.ca; clgrindley@deloitte.ca; maraymond@deloitte.ca; christine.wu@auditor.on.ca; Thompson, Scott (MOF)
Cc: Sagun, Allyna (TBS); Georgie, Weam (TBS); Laughton, Patrick (TBS); Coulter, Travis (TBS); Chen, Raymond (TBS)
Subject: Pension Asset Discussion
When: September 14, 2016 8:00 AM-8:45 AM (UTC-05:00) Eastern Time (US & Canada).
Where: DM Boardroom, 5th Floor Whitney, Room 5320 - 23 Queen's Park Cres. East

To access building please check in with security and contact We'am Georgie at (416) 325-1607. Thank you.