

Distribution			
From: Treasurer's Office			
St. Amant, M.		Pacholok, M.	
Brendon, C.		Wiseman, M.	/
Comments:			

TORONTO TRANSIT COMMISSION**GM5.5****Attachment 1**

TO J. Pennachetti

FROM K. Lee

DATE April 7, 2015

SUBJECT TTC Pension Fund Society – Status Report for Government Management Committee

The following information is submitted in reference to Item GM32.32 - Toronto Transit Commission Pension Fund Society: Preliminary Analysis, OMERS Options, which was before the Government Management Committee at its meeting on August 11, 2014.

At its meeting of August 19, 2014 the TTC Board had before it the attached report entitled "TTC Pension Fund Society – Review of Plan Documents".

The Board received the report, without recommendations.

Given the Board's decision in the matter, no further action has been taken on this issue.

For your information.



Kevin Lee
Head of Commission Services

1-11

Attachment: TTC Board Report – August 19, 2014

Copy: A. Byford
G. Carbone
V. Rodo

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: August 19, 2014

SUBJECT: TTC Pension Fund Society – Review of Plan Documents

ACTION ITEM

RECOMMENDATION

It is recommended that the Board authorize:

- (1) The CEO to retain an external legal advisor to conduct a review of the TTC Pension Fund Society ("TTC PFS") plan documents to ensure transparency in governance and decision making responsibilities, and to ensure consistency between the TTC PFS's Bylaws and other policy documents, including the TTC PFS's Funding Policy (collectively the "Plan Review") in an amount up to \$60,000, plus applicable taxes; and
- (2) The CEO to make a written request to the TTC PFS Board of Directors to undertake the Plan Review together with the TTC.

FUNDING

The TTC PFS Plan Review is an unplanned initiative and no funds were budgeted for it in the 2014 TTC Operating Budget. It is estimated that \$60,000, plus applicable taxes, will be required to retain external legal counsel to undertake this work. However, all efforts will be made to accommodate this unbudgeted expenditure within the overall budget.

BACKGROUND

At the May 7, 8 and 9, 2013 City Council meeting, City Council adopted a number of motions relating to the TTC Pension Fund Society, including the following:

City Council request the Toronto Transit Commission and the Board of Directors of the Toronto Transit Commission Pension Fund Society (working with independent external legal advisors), to conduct a formal legal review of the Pension Fund Society's plan documents to ensure transparency in governance and decision making responsibilities, and to ensure consistency between the Society's Bylaws and other policy documents including the Society's Funding Policy and that this be completed and reported back to the October 15, 2013 Government Management Committee meeting.

A status update responding to a Councillor Administrative Inquiry was provided to City Council at its meeting of June 10, 11, 12 and 13th, 2014. The status update, in part, advised that a report would be submitted to the TTC Board in August 2014 requesting approval to retain an external

law firm to conduct the review as outlined below. City Council referred the Administrative Inquiry to Government Management Committee for consideration.

DISCUSSION

In order to retain an external legal advisor to conduct the requested Plan Review, Staff has, pursuant to a competitive procurement process, issued a purchase order for general legal advice relating to pension related matters to Hicks Morley Hamilton Stewart Storie LLP (“Hicks LLP”). A cost estimate has also been obtained from Hicks LLP to conduct the Plan Review and the funding request is consistent with the estimate.

The Plan Review will be based on the following:

1. An examination of applicable legislative requirements and best practices (for both fiduciary and non-fiduciary tasks), having regard to existing regulatory policy and industry standards (e.g. Canadian Association of Pension Supervisory Authorities (CAPSA) Guidelines, etc.).
2. A review of the current governance structure, policy or practice, as applicable, and noting any material differences between the applicable legal requirements/best practices and the current structure, policy or practice, as applicable. This review will also include an examination of key governance documents for consistency in the description of various governance roles, responsibilities and tasks.
3. Review of why any material differences are reasonable and justified in the context of the TTC's circumstances, or recommend specific changes that are necessary or desirable to align the arrangements with applicable law or best practice.
4. Identify where key governance documents are not consistent, if any, and recommend amendments as necessary to address any inconsistencies.

The report, as prepared by external legal counsel, will be submitted to the Board at a future meeting.

Although it is recommended that the Plan Review be conducted as a joint effort with the TTC PFS, if TTC PFS declines to participate in the Plan Review, the TTC will conduct the review on its own.

JUSTIFICATION

The review will focus on ensuring that the current governance structure complies with both legislative requirements and industry best practices and if not, make recommendations for potential changes.