



## REPORT FOR ACTION

## Amendment to Agreement with Osler, Hoskin & Harcourt LLP for Legal Services Related to Pension and Benefits Issues

**Date:** April 20, 2017  
**To:** Government Management Committee  
**From:** Treasurer, City Solicitor and  
Director, Purchasing and Materials Management  
**Wards:** All

### SUMMARY

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The City Solicitor has currently retained the law firm of Osler, Hoskin & Harcourt LLP (Oslers) on April 2, 2012 for a period of 5 years, ending April 1, 2017, to provide services in connection with pension matters and in particular a possible merger of the City's five pre-OMERS pension plans with the OMERS primary plan.

Initially it was anticipated that legal services would be required in 2012/2013; however, the merger discussions with OMERS were delayed until the Ontario Government filed the required regulations under the *Pension Benefits Act* to allow for mergers of public-sector pension plans. These regulations finally came into effect in November, 2015.

The discussions with OMERS are entering a serious phase. It is critical that the City has legal representation from a law firm that is fully familiar with the City's pension plans in order to ensure that the City is negotiating in the best interests of both itself and the pensioners. It would not be prudent to go out to market to retain a new firm whose personnel will require significant time and expense to familiarize themselves with the original by-laws and the many subsequent by-law amendments. As a result, staff are recommending that the agreement be extended for an additional three years, ending April 1, 2020. The current value of the agreement will remain the same.

## **RECOMMENDATIONS**

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The Treasurer, City Solicitor and the Director, Purchasing and Materials Management recommend that:

1. City Council authorize the City Solicitor to enter into an amending retainer agreement with Osler, Hoskin & Harcourt LLP to increase the term of the existing retainer agreement for another three (3) years from April 1, 2017 to April 1, 2020.

## **FINANCIAL IMPACT**

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There are no financial implications arising from this report at this time.

The work that has been completed by Oslers to date has resulted in expenditures that are slightly above \$150,000. The total value of Purchase Order number 6035311 is \$450,000, under the Council authority granted on October 24, 2011.

The Deputy City Manager & Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

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A 2011 report to the Executive Committee summarized the outcome of a preliminary analysis of options with respect to the possible provision by the Ontario Municipal Employees Retirement System (OMERS) of investment management and/or pension administration services for the City's five pre-OMERS pension plans or, alternatively, outright merger. The report recommended that staff be authorized to enter into discussions with OMERS and other appropriate parties regarding the terms of a potential merger of those plans with the OMERS primary plan; to evaluate the option of winding-up the City's plans; and to report back accordingly.

The following is the link to the Council decision:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX11.10>

## **COMMENTS**

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An invitation for proposals was sent out in March 2012 by Legal Services to provide specialized pension and benefits legal services and Osler, Hoskin & Harcourt LLP (Oslers) was the successful proponent. A retainer letter was executed between the City Solicitor and Oslers on April 2, 2012 covering a period of five years, which expired on April 1, 2017.

Legal Services has reviewed the most recent fees quoted by Oslers and has confirmed that the firm remains competitive. Revisions to the retainer letter have been executed dealing with such fees, and changes in personnel, for the post-2015 portion of the original retainer period. Oslers has agreed to continue the current fees into 2017.

Over the last year, Oslers has provided legal opinions to assist the City in preparing for its discussion with OMERS and the Pension Boards. In preparing these opinions the firm has gathered all the necessary historical documents and done extensive research that has taken significant time and effort. Oslers is now well positioned to carry on providing effective and timely advice with a full understanding of the governing by-laws of the pension plans as amended to date. The anticipated additional services will be performed in accordance with the terms and conditions outlined in the current retainer letter as previously amended. Fee rates for subsequent years will be subject to negotiation. No services have been requested since April 1, 2017, pending the receipt of further Council authority to extend the date.

The work that has been completed by Oslers to date has resulted in expenditures that are slightly above \$150,000. The total value of Purchase Order number 6035311 is \$450,000, under the Council authority granted on October 24, 2011. There is no proposal to increase this amount.

The discussions with OMERS are entering a serious phase. It is critical that the City has legal representation that is fully familiar with the City's pension plans in order to ensure the City is negotiating in the best interests of both the City and the pensioners. It would not be prudent to go out to market to retain a new firm whose personnel would require significant time and expense to familiarize themselves with the original by-laws and the many subsequent amendments.

It is necessary to extend the contract with Oslers to assist staff with the following initiatives:

- research, review, analysis, consultation with FSCO and provision of advice to Council with respect to a potential merger of any or all of the 5 pre-OMERS pension plans with the OMERS plan;
- research, review, analysis, consultation with FSCO and provision of advice to Council with respect to potential wind-up of any or all of the 5 pre-OMERS pension plans;
- provision of specialized legal advice, as necessary, with respect to fulfilling the duties of the City as sponsor of the plans and the duties of the Board/Committees which are the administrators of the plans, having regard in particular to any changes in pension legislation; and
- provision of specialized advice and consultation, as necessary, for active employees and retirees with respect to the plans.

Given that Oslers has detailed background information on the City's plans and has already provided advice in that connection, it would be prudent to continue our working relationship with the firm to complete the above-noted initiatives, which are anticipated to be completed over the next three (3) years.

## **CONTACT**

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## **SIGNATURE**

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Mike St. Amant  
Treasurer

Wendy Walberg  
City Solicitor

Mike Pacholok  
Director, Purchasing and Materials Management Division