



REPORT FOR ACTION

The Corporation of the City of York Employee Pension Plan - Surplus Distribution

Date: June 10, 2019

To: General Government and Licensing Committee

From: Controller

Wards: All

SUMMARY

This report seeks authority to amend the by-law governing The Corporation of the City of York Employee Pension Plan (York Plan) to provide for surplus distribution to the members of the Plan in accordance with Council's previous decision.

RECOMMENDATIONS

The Controller recommends that:

1. City Council approve an amendment to Schedule A attached to By-law Number 1428-2017, as amended, governing The Corporation of the City of York Employee Pension Plan (the Plan) to:
 - a. amend Section 17.06, Surplus upon Termination, by deleting "to the Corporation or any Participating Employer" and replacing it with "to the members of the Plan", so that the amended section reads as follows:

Subject to terms of participation by Participating Employers, upon discontinuance of the Plan, in whole or in part, any assets of the Fund (or the appropriate portion of the Fund in the case of a partial discontinuance) in excess of those required to discharge all liability for accrued benefits shall be paid to the members of the Plan.

FINANCIAL IMPACT

There will be no expected financial impact to the City. The by-law amendment is necessary to allow the surplus to be distributed to the members of the Plan in accordance with Council's previous decision.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting held on October 24 and 25, 2011, City Council adopted Executive Committee report EX11.10 "City-Sponsored Pre-OMERS Pension Plans – Analysis of Alternative Investment and Pension Administration through OMERS" authorizing staff to investigate the options of:

- (i) a possible merger of the City's five Pre-OMERS pension plans with the OMERS plan; and
- (ii) potentially winding up each of the Plans through purchase of annuities.

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

At its meeting held on June 13, 2016, Government Management Committee requested the Treasurer to report to the Government Management Committee semi-annually on the status of the merger of the City of Toronto Pre-OMERS Pension Plans and include any relevant correspondence from OMERS with the report.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM13.5>

At its meeting on November 14, 2016 Government Management Committee requested the Treasurer to submit to the Government Management Committee in the second quarter of 2017 updated information on the 2011 "Preliminary Analysis of OMERS Options City of Toronto Pre-OMERS Pension Plans" including updates to:

- a. The financial/plan information as of December 31, 2016;
- b. Merger options;
- c. Financial information for OMERS and the five plans;
- d. Demographics;
- e. Current going concern and solvency payments;
- f. Current active members; and
- g. The 8 Exhibits.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM16.4>

At its meeting on May 29, 2017 Government Management Committee received a report on the Progress on the Merger of the City of Toronto pre-OMERS Pension Plans.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.GM21.9>

At its meeting held on October 2, 3 and 4, 2017 City Council adopted the recommendations in the report Direction Regarding Merger of the Five (5) City of Toronto pre-OMERS Pension Plans with OMERS.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.GM22.23>

At its meeting held on July 23, 24, 25, 26, 27, and 30, 2018, City Council adopted the recommendations in the report from the Treasurer Regarding the Implementation of OMERS Indexing in conjunction with the Proposed Merger of the Corporation of the City of York Employee Pension Plan with the OMERS Plan.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.GM29.9>

COMMENTS

At its meeting held on July 23, 24, 25, 26, 27, and 30, 2018, City Council adopted the recommendations in the report from the Treasurer dated June 18, 2018, titled *Mergers of pre-OMERS Pension Plans with OMERS and Proposal for Sharing of Surplus*, including the recommendations in Confidential Attachment 1 regarding surplus sharing.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.GM29.10>

During the merger negotiations with OMERS it was anticipated that the York Fund would be in a deficit requiring the City to make up any shortfall. However, as a result of exceptional returns, as of January 8, 2019, the 'Closing Date' of the merger, the fund has a surplus of \$370,000. As detailed in the Confidential Attachment to the report, City Council approved the distribution of any surplus to the pensioners (members of the Plan).

Authority is being sought to amend section 17.06 of the Schedule to the by-law to permit this already-authorized distribution to take place.

CONTACT

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SIGNATURE

Andrew Flynn
Controller