

June 3, 2014

City Hall
100 Queen Street West
East Tower, 11th Floor
Toronto, Ontario M5H 2N2

Tel: 416-392-3551
Fax: 416-392-1827
jpennac@toronto.ca
toronto.ca

Ulli Watkiss
City Clerk
12th Floor, West Tower, City Hall
100 Queen Street West
Toronto, ON
M5H 2N2

Dear Ms. Watkiss

Re: Administrative Inquiry from Councillor Paul Ainslie regarding Toronto Transit Commission (TTC) Pension Fund Society: Preliminary Analysis, OMERS Options

I am writing in response to the administrative inquiry submitted by Councillor Paul Ainslie regarding the Toronto Transit Commission (TTC) Pension Fund Society (Society).

As indicated in Councillor Ainslie's inquiry letter, at its meeting held on May 7, 8, 9 and 10, 2013, City Council, in its consideration of GM21.9 "Toronto Transit Commission (TTC) Pension Fund Society (Society): Preliminary Analysis, OMERS Options" adopted a number of directives / motions summarized in Attachment 1 of this response.

Attachment 1 also provides a status update, as provided by TTC, with respect to each of the Council directives involving the TTC.

Sincerely,

Joseph P. Pennachetti
City Manager

Attachment 1 – GM29.1 = Summary of Council Directives and Current Status

Attachment 1

GM29.1 – Summary of Council Directives and Current Status

	Council Motion/Directive	Status
1	City Council request the Toronto Transit Commission and the Board of Directors of the Toronto Transit Commission Pension Fund Society, working co-operatively with the Ontario Municipal Employees' Retirement System (OMERS), to re-assess the benefits of a possible merger of the Pension Fund Society Plan into the OMERS Plan once the regulations dealing with the mechanics of plan mergers are in place under the <i>Pension Benefits Act</i> , and within a year of the regulations being filed.	Regulations relating to plan mergers have not yet been issued.
2	City Council request the Toronto Transit Commission and the Board of Directors of the Toronto Transit Commission Pension Fund Society to apply to the Ontario Ministry of Finance and the Financial Services Commission of Ontario (<i>i.e.</i> , the Ontario pension Regulators) again requesting an exemption from the statutory obligation to continue past solvency deficit payments to the Fund of the Pension Fund Society Plan given that effective January 1, 2011 the Plan has been a recognized Jointly Sponsored Pension Plan and that any correspondence pertaining to the exemption request be made available to the Government Management Committee.	<p>TTC Staff had discussion with the Ministry of Finance on May 30, 2013 and were advised that solvency deficit exemptions were considered as part of the TTC's original solvency relief (recognition as a Jointly Sponsored Pension Plan) and indicated that, at this time, further exemptions were not being considered.</p> <p>As part of the general legal review (see No. 3 below), the issue of potential further exemptions will be referred to external legal counsel with possible recommendations.</p>
3	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.	TTC issued a competitive RFP for pension legal services and has retained a law firm to conduct the review. A general scope of work has been developed and the external law firm has provided a fee estimate. The scope of work and fee estimate will be brought forward to the TTC's Board for approval in August 2014.
4	City Council request the Toronto Transit Commission to report back to the Government Management Committee on the outcome of the foregoing recommendations once each is completed and that the Government Management Committee be kept apprised of the status of each recommendation in this report every six months or as circumstances warrant.	The summary as provided in this Attachment 1 addresses a first update. Should circumstances warrant, a further update will be provided to GMC early in the new term of Council.

5	<p>City Council authorize the release of Confidential Attachment 1 to the report (March 22, 2013) from the Treasurer if an agreement to merge the Toronto Transit Commission Pension Fund Society Plan with OMERS is approved by the Plan Sponsors (i.e. Toronto Transit Commission and Amalgamated Transit Union Local 113), or the Society authorizes such release and as determined by the City Solicitor, but that it be released on a confidential basis now to the affected parties including the Toronto Transit Commission, the Pension Fund Society and OMERS officials.</p>	<p>Given that the Province has not filed the required regulations, an agreement to merge with OMERS has not yet been pursued.</p>
6	<p>City Council request that the Toronto Transit Commission Pension Society Board expedite the recruitment of an external Chief Executive Officer for the Pension Fund Society.</p>	<p>This request was referred to the Board of the Toronto Transit Commission Pension Fund Society. At this time, a further update has not been provided to the TTC by the Pension Fund Society Board.</p>