



STAFF REPORT ACTION REQUIRED

City Representation on the Boards/Committees which are the Administrators of the pension plans sponsored by the City

Date:	January 14, 2016
To:	Executive Committee
From:	Treasurer
Wards:	All Wards
Reference Number:	P:\2016\Internal Services\ppeb\ec16001ppeb (AFS22451)

SUMMARY

The purpose of this report is to recommend a modification to City representation on the Board of Trustees of the Metropolitan Toronto Pension Plan, the Board of Trustees of the Metropolitan Toronto Police Benefit Fund, The Benefit Fund Committee of the Toronto Fire Department Superannuation and Benefit Fund, and the Toronto Civic Employees' Pension Committee.

RECOMMENDATIONS

The Treasurer recommends that:

1. City Council amend the board compositions of the Metropolitan Toronto Pension Plan, the Metropolitan Toronto Police Benefit Fund Pension Plan, the Toronto Fire Department Superannuation and Benefit Fund Pension Plan and the Toronto Civic Employees' Pension and Benefit Plan by removing Council Members and replacing them with City Officials, as voting members, so that the composition of these boards will be as follows:
 - a. Metropolitan Toronto Pension Plan
 - 1 citizen appointed by Council as chair
 - 3 Member representatives elected by Plan members
 - City Manager designate
 - Deputy City Manager and Chief Financial Officer designate

City Treasurer

- b. Metropolitan Toronto Police Benefit Fund
 - 1 citizen appointed by Council as chair
 - 3 Member representatives elected by Plan members
 - City Manager designate
 - Deputy City Manager and Chief Financial Officer designate
 - City Treasurer
 - c. Toronto Fire Department Superannuation and Benefit Fund
 - 1 citizen appointed by Council (traditionally appointed as chair by the Committee)
 - 3 Member representatives elected by Plan members
 - City Manager designate
 - Deputy City Manager and Chief Financial Officer designate
 - City Treasurer
 - d. Toronto Civic Employees' Pension and Benefit Plan
 - 1 citizen appointed by Council (traditionally appointed as chair by the Committee)
 - 3 Member representatives elected by Plan members
 - City Manager designate
 - Deputy City Manager and Chief Financial Officer designate
 - City Treasurer
2. City Council rescind the Council Member appointments to the Metropolitan Toronto Pension Plan, the Metropolitan Toronto Police Benefit Fund pension plan, the Toronto Fire Department Superannuation and Benefit Fund pension plan and the Toronto Civic Employees' Pension and Benefit Plan.
 3. City Council amend the following by-laws governing the pension plans accordingly, including any necessary changes to voting requirements and quorum:
 - a. Metropolitan Toronto Pension Plan (By-law No. 15-92 of the former Municipality of Metropolitan Toronto, as amended to date);
 - b. The Metropolitan Toronto Police Benefit Fund pension plan (By-law No. 181-81 of the former Municipality of Metropolitan Toronto, as amended to date) ;
 - c. Toronto Fire Department Superannuation and Benefit Fund pension plan (By-law No. 10649 of the former City of Toronto, as amended to date); and
 - d. Toronto Civic Employees' Pension and Benefit Plan (By-law No. 380-74 of the former City of Toronto, as amended to date).

Financial Impact

There is no financial impact as a result of this report.

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

DECISION HISTORY

City Council at its meeting of December 9 and 10, 2015 considered item ST7.2 Appointments to Fill Council Member Vacancies on Pension Boards, and referred the Item to the City Manager for a review of the composition of the four pension plan administrators of the pension plans/funds referred to above and a report to the January 28, 2016 meeting of the Executive Committee.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.ST7.2>

ISSUE BACKGROUND

The City has five (5) pre-OMERS pension plans, each financed with its own fund and each administered by its own fiduciary Board or Committee. The plans were established prior to July 1, 1968 when most municipal employees across Ontario became members of OMERS. The City continues to be the sponsor for each of these plans, which are registered under Ontario's *Pension Benefits Act*. Under the Act, as the plan sponsor, the City is responsible for any liabilities on both a solvency basis and a going-concern basis, for each plan, and the plan's administrator is responsible for ensuring its proper administration. As the Treasurer of each plan, the City Treasurer makes available Finance staff for its day-to-day operations, as required.

The administrators of the plans are not local boards or agencies of the City and the pension funds do not belong to the City.

The five (5) plans are:

1. Metropolitan Toronto Pension Plan;
2. the Metropolitan Toronto Police Benefit Fund pension plan;
3. Toronto Fire Department Superannuation and Benefit Fund pension plan;
4. Toronto Civic Employees' Pension and Benefit Plan; and
5. The Corporation of the City of York Employee Pension Plan.

There is only one (1) active member, and approximately 6,500 retirees (including surviving spouses) in the five plans.

There is an outstanding direction of Council to review a potential merger of these pension plans with OMERS, and discussions have already occurred between staff and OMERS staff regarding the tasks required to prepare business cases for mergers of each plan, and to outline the workplan required to review any merger. A merger will take considerable time, will require a formal process of communication and approvals, and is not expected to be complete within the next two years. However, many activities are required prior to successful completion of any merger, and the pension Boards/Committees will play a critical role in such activities. Any recommended action, will require approval by Government Management Committee and Council.

The City by-laws governing the plans in each case require the City to appoint members of Council to the Board/Committee which is the plan's administrator.

As there are currently vacancies on the first four (4) Boards/Committees listed on page 2, this report proposes an administrative approach to appointing City representatives to those bodies.

The current compositions of the Boards, as set out in their respective governing by-laws, are as follows:

	Metropolitan Toronto Pension Plan (Metro)	Metropolitan Toronto Police Benefit Fund (Police)	Toronto Fire Department Superannuation & Benefit Fund (Fire)	Toronto Civic Employees Pension & Benefit Fund (Civic)
Citizen	appointed by Council as Chair	appointed by Council as Chair	appointed by Council (traditionally appointed as Chair by Committee)	appointed by Council (traditionally appointed as Chair by Committee)
Member representatives	3 - elected by members	3 - elected by members	3 - elected by members	3 - elected by members
City representatives	2 - Councillors appointed by Council	2 - Councillors appointed by Council	2 - Councillors appointed by Council	2 - Councillors appointed by Council
	Mayor City Treasurer's presence required for quorum	Mayor City Treasurer (non-voting, but presence required for quorum)	City Treasurer	City Treasurer

The Mayor may designate a member of Council to act in his/her stead at pension Board meetings, and the Treasurer may similarly designate a member of Finance staff with respect to pension Committee meetings.

The Council's practice has been to appoint the Council representatives on each Board/-Committee through the Striking Committee.

The citizen member, although appointed by Council, is not regarded as having a duty to represent the City.

COMMENTS

In order to address the shortage of Council representatives on the Boards/Committees, and in order to provide continuity during this term of Council, it is recommended that the City representation be modified as follows:

EXISTING				
	Metro	Police	Fire	Civic
City representatives	2 - Councillors appointed through the Striking Committee	2 - Councillors appointed through the Striking Committee	2 - Councillors appointed through the Striking Committee	2 - Councillors appointed through the Striking Committee
	Mayor	Mayor	City Treasurer	City Treasurer
	City Treasurer (for quorum only)	City Treasurer (non-voting; required for quorum)		
AMENDED				
	Metro	Police	Fire	Civic
City representatives	1 staff member City Manager designate	1 staff member City Manager designate	1 staff member City Manager designate	1 staff member City Manager designate
	1 staff member CFO designate	1 staff member CFO designate	1 staff member CFO designate	1 staff member CFO designate
	City Treasurer	City Treasurer	City Treasurer	City Treasurer

Although the appointment of staff representatives to outside bodies by other staff is not routine, during this time of review of potential mergers with OMERS, it would be advisable to do so for the plans in order to have representatives in place to fill the vacancies as soon as possible. As these Boards will be recommending any changes in governance to GMC and Council, political oversight remains in place.

CONTACT

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SIGNATURE

Mike St. Amant
Treasurer