

**MUNICIPAL PENSION PLAN
JOINT TRUST AGREEMENT
(CONSOLIDATED)**

Updated to September 1, 2022

Includes the following amendments:

Amendment No. 1, effective January 1, 2010

Amendment No. 2, effective October 10, 2014

Amendment No. 3, effective September 30, 2015

Amendment No. 4, effective December 31, 2019

Amendment No. 5, effective February 8, 2021

Amendment No. 6, effective September 1, 2022

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**MUNICIPAL PENSION PLAN
JOINT TRUST AGREEMENT**

THIS JOINT TRUST AGREEMENT is made the second day of April, 2001,

BETWEEN:

Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister of Finance and Corporate Relations, the **Union of British Columbia Municipalities**, and the **Health Employers Association of British Columbia**

AND:

The **Municipal Employees' Pension Committee** constituted by the Hospital Employees' Union, the Canadian Union of Public Employees, B.C. Division, the Health Sciences Association of British Columbia, the British Columbia Nurses' Union, the British Columbia Police Association, the British Columbia Professional Fire Fighters' Association, and the Council of Joint Organizations and Unions.

WHEREAS:

- A. Pursuant to the *Pension (Municipal) Act*, R.S.B.C. 1996, c. 355 (the "**PMA**"), a pension plan was provided for the benefit of certain public service employees;
- B. Pursuant to s. 4 of the PMA, the Municipal Pension Fund (the "**Pension Fund**") was continued under the PMA;
- C. The *Public Sector Pension Plans Act*, S.B.C. 1999, c. 44 (the "**Act**"), which received Royal Assent on July 15, 1999, introduced certain changes to British Columbia's four statutory pension plans, including the plan provided for under the PMA;
- D. Pursuant to s. 2 of Schedule B to the Act ("**Schedule B**"), the plan provided for under the PMA was continued on April 1, 2000 as the Municipal Pension Plan (the "**Pension Plan**") under Schedule B and the regulations made pursuant to s. 16(1) of Schedule B (the "**Statutory Pension Plan Rules**");
- E. Pursuant to s. 9 of Schedule B, the Pension Fund constituted under the PMA was further continued under Schedule B effective April 1, 2000;

- F. In conjunction with the continuation of the Pension Plan and the Pension Fund under Schedule B, the PMA was repealed effective April 1, 2000 pursuant to s. 124(b) of the Act;
- G. The Act established an agency known as the British Columbia Pension Corporation to provide pension plan administration services to British Columbia's statutory pension plans, including the Pension Plan;
- H. The Act also established an agency known as the British Columbia Investment Management Corporation which may provide investment management services to British Columbia's statutory pension plans, including the Pension Plan;
- I. Section 18 of Schedule B provides that the parties hereto may enter into a unanimous joint management agreement that provides for, but is not limited to, all of the following:
 - (a) the continuation of the Pension Plan and the Pension Fund for the benefit of plan members;
 - (b) the joint management of the Pension Plan and the Pension Fund;
 - (c) the establishment of who will manage the joint management agreement;
 - (d) the establishment of an arrangement to hold and invest the Pension Fund;
 - (e) the composition of the board of trustees, including the appointment of trustees and the delineation of their powers, functions and duties;
 - (f) the sharing by the employers and plan members of gains or surplus and of liability for deficiencies in the Pension Fund;
 - (g) the method for amending the Pension Plan by the agreement of the Partners;
 - (h) the resolution of disputes; and
 - (i) any other matter on which agreement is reached;
- J. Once a joint management agreement is concluded pursuant to s. 18 of Schedule B, s. 1 of the Act is amended pursuant to s. 113 of the Act, and Part 1 of Schedule B is repealed pursuant to s. 120 of the Act, the joint management agreement and the Pension Plan Rules (as hereinafter defined) will govern the Pension Plan and the Pension Fund;
- K. By letters dated November 18, 1999 from the Chairperson of the Municipal Employees' Pension Committee to the other parties to this Agreement (the "**Chairperson's Letters**"), the Chairperson gave notice pursuant to s. 18(6) of Schedule B that the Municipal Employees' Pension Committee wished to initiate discussions regarding a joint management agreement;

- L. On September 6, 2000, John Cook, Chair of the Municipal Pension Board, conveyed to the Honourable Paul Ramsey, Minister of Finance and Corporate Relations, for his consideration a joint trusteeship agreement-in-committee dated September 1, 2000.
- M. On October 13, 2000 a joint trusteeship information booklet was released for distribution to all members of the Municipal Pension Plan.
- N. As a result of the discussions initiated by the Chairperson's Letters, and pursuant to s. 18 of Schedule B, the parties wish to enter into this Joint Trust Agreement to provide for, among other things, the joint management of the Pension Plan and the Pension Fund and for that purpose have made this Joint Trust Agreement.

THEREFORE THE PARTIES AGREE as follows:

PREAMBLE

The purpose of this Agreement is to provide for the prudent management of the Pension Plan and the Pension Fund in a framework where the Plan Members and Employers share the responsibility of plan governance and share the risks and rewards of plan sponsorship.

ARTICLE 1.- INTERPRETATION

1.1. Definitions.

In this Agreement, unless the context requires another meaning, the following defined terms have the following meanings:

- (a) “**Act**” means the *Public Sector Pension Plans Act*, S.B.C. 1999, c. 44.
- (b) “**Agreement**” means this joint trust agreement which is a joint management agreement entered into pursuant to s. 18 of Schedule B, as amended from time to time.
- (c) “**Basic Account**” means the basic account of the Pension Fund established pursuant to s. 75 of the Statutory Pension Plan Rules and continued in accordance with s. 75 of the Pension Plan Rules.
- (d) “**BCPSEA**” means the British Columbia Public School Employers' Association, a society incorporated under the *Society Act*, R.S.B.C. 1996, c. 433.
- (e) “**Board**” or “**Board of Trustees**” means the Municipal Pension Board of Trustees constituted under this Agreement, which Board shall consist of the individuals appointed from time to time to act as Trustees in accordance with the terms of this Agreement.
- (f) “**Chair**” means the chair of the Board appointed pursuant to Section 5.1.
- (g) “**Effective Date**” means the date ss. 113 and 120 of the Act come into force.

- (h) “**Employee**” means those persons who are considered eligible employees under s. 3 of the Pension Plan Rules.
- (i) “**Employer**” means those persons or other bodies who are considered eligible employers under s. 2 of the Pension Plan Rules.
- (j) “**Employer Trustees**” means those Trustees appointed by the Government, the UBCM, the HEABC and the BCPSEA, as described in subsections 4.1(a), 4.1(b), 4.1(c), 4.1(d) and 4.1(e) of this Agreement.
- (k) “**Family Law Act**” means the *Family Law Act*, S.B.C. 2011, c. 25.
- (l) “**Government**” means Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister of Finance and Corporate Relations.
- (m) “**HEABC**” means the Health Employers Association of British Columbia, a society incorporated under the *Society Act*, R.S.B.C. 1996, c. 433.
- (n) “**ITA**” means the *Income Tax Act* (Canada).
- (o) “**Inflation Adjustment Account**” means the inflation adjustment account of the Pension Fund established pursuant to s. 75 of the Statutory Pension Plan Rules and continued in accordance with s. 75 of the Pension Plan Rules.
- (p) “**Investment Management Corporation**” means the British Columbia Investment Management Corporation established under s. 16 of the Act.
- (q) “**Member Trustees**” means those Trustees appointed by the Plan Member Partner as described in subsections 4.1(f) and 4.1(g).
- (r) “**MEPC**” means the Municipal Employees’ Pension Committee.
- (s) “**Partners**” means the Plan Employer Partner and the Plan Member Partner, and “Partner” means either of them.
- (t) “**PBSA**” means the *Pension Benefits Standards Act*, S.B.C. 2012, c. 30.
- (u) “**Pension Corporation**” means the British Columbia Pension Corporation established under s. 5 of the Act.
- (v) “**Pension Fund**” means the Municipal Pension Fund which, pursuant to s. 9 of Schedule B, was continued under Schedule B and which is further continued in accordance with this Agreement.
- (w) “**Pension Plan**” means the Municipal Pension Plan which, pursuant to s. 2(1) of Schedule B, was continued under Schedule B and the Statutory Pension Plan Rules and which is further continued in accordance with this Agreement.

- (x) “**Pension Plan Rules**” means the plan rules made under Article 11. The initial Pension Plan Rules continued and replaced the Statutory Pension Plan Rules and were formerly attached as Appendix C to this Agreement.
- (y) “**Plan Administrative Agent**” means the Pension Corporation.
- (z) “**Plan Employer Partner**” means the Government and the UBCM.
- (aa) “**Plan Investment Agent**” means the Investment Management Corporation or an investment manager referred to in Section 7.3.
- (bb) “**Plan Member**” means a member, as that term is defined in the Pension Plan Rules.
- (cc) “**Plan Member Partner**” means the MEPC, which represents:
 - (i) the British Columbia Nurses’ Union;
 - (ii) the Canadian Union of Public Employees, B.C. Division;
 - (iii) the Health Sciences Association of British Columbia;
 - (iv) the Hospital Employees’ Union, also known as the Healthcare Division of the Canadian Union of Public Employees, B.C. Division;
 - (v) the British Columbia Police Association;
 - (vi) the British Columbia Professional Fire Fighters’ Association; and
 - (vii) the other unionized Plan Members, as represented by the Council of Joint Organizations and Unions.
- (dd) “**PMA**” means the *Pension (Municipal) Act*, R.S.B.C. 1996, c. 355.
- (ee) “**Primary Trustee**” has the meaning specified in subsection 4.3(b).
- (ff) “**Schedule B**” means Schedule B to the Act.
- (gg) “**Signatories**” means the Partners and HEABC.
- (hh) “**Statutory Pension Plan Rules**” means the *Municipal Pension Plan Regulation*, B.C. Reg. 113/2000, made pursuant to Section 16(1) of Schedule B.
- (ii) “**Trustees**” means the initial persons appointed pursuant to the terms of this Agreement to administer the Pension Plan and manage the Pension Fund and those persons appointed from time to time in accordance with this Agreement as their successors.
- (jj) “**Unions**” means the unions and other organizations described in paragraphs 4.1(f)(i) through (vi).

- (kk) “**UBCM**” means the Union of British Columbia Municipalities, a body corporate incorporated by *An Act to Incorporate the Union of British Columbia Municipalities*, S.B.C. 1959, c. 106.

1.2. Use of Plural or Gender Specific Terms.

In this Agreement according to the context:

- (a) gender specific terms include both genders and include a corporation, partnership, society, association or union;
- (b) words in the singular include the plural and words in the plural include the singular; and
- (c) where a word or expression is defined, other parts of speech and grammatical forms of the same word or expression will have corresponding meanings.

1.3. Headings.

The headings used in this Agreement are for ease of reference only and shall form no part of this Agreement.

1.4. Use of Certain Terms.

The expressions “herein”, “hereof”, “hereto”, “above”, “below” and similar expressions used in any Article, Section, subsection or paragraph of this Agreement refer and relate to the whole of this Agreement and not to that Article, Section, subsection or paragraph only, unless otherwise expressly provided.

1.5. Statutory References.

In this Agreement, any reference to a statute shall include the regulations promulgated under that statute and any final judicial decisions interpreting the same, with all amendments made thereto and in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute so referred to or the regulations made pursuant to that statute.

1.6. Recitals, Preamble and Appendices.

The recitals, the Preamble and the various Appendices hereto form part of this Agreement. However, unless the context or the terms of this Agreement require otherwise, all references to “this Agreement” shall be interpreted as references to the main body of this Agreement.

1.7. Survival of Provisions.

The provisions of this Agreement which, by their context are meant to survive the termination of this Agreement, shall so survive the termination of this Agreement.

1.8. Conflict Between Pension Plan Rules and Agreement.

If there is any conflict between the provisions of the main body of this Agreement and the provisions of the Pension Plan Rules, the provisions of the main body of this Agreement shall prevail and govern.

1.9. Other Joint Management Agreements.

Joint management agreements may be concluded pursuant to s. 18 of each of Schedule C and D of the Act. Those agreements are the product of different negotiating processes among different parties, and any differences between those agreements and this Agreement shall have no bearing on the interpretation of this Agreement.

ARTICLE 2.- JOINT TRUST AGREEMENT

2.1. Acknowledgement by the Parties.

This Agreement is made pursuant to, and constitutes a joint management agreement for the purposes of, s. 18(2) of Schedule B.

2.2. Effective Date.

On the Effective Date, the terms and conditions of this Agreement and the Pension Plan Rules shall come into force and thereafter govern the Pension Plan and the Pension Fund.

2.3. Registration of Pension Plan with Regulatory Authorities.

The adoption of this Agreement and the Pension Plan Rules shall for the purposes of the PBSA and the ITA be considered an amendment to the Pension Plan, and the Board shall make application on that basis to register this Agreement, the Pension Plan Rules and any other documentation which is required to be registered under the PBSA and the ITA in respect of the Pension Plan and the Pension Plan Rules.

2.4. Status of Board under PBSA and ITA.

It is confirmed that for the purposes of the PBSA and the ITA the Board is the “administrator” of the Pension Plan.

2.5. Status of Agreement under PBSA.

This Agreement and the Pension Plan Rules made pursuant to it continue the multi-employer plan constituted under Schedule B. Pursuant to s. 47 of the PBSA, all Employers are bound by this Agreement and any amendments to it.

2.6. Status of MEPC.

The Unions confirm that the MEPC is a body created by them to act on their behalf in all matters relating to the Pension Plan and the Pension Fund. Each Union confirms that it is and will be

irrevocably bound by all actions of the MEPC in relation to the Pension Plan and the Pension Fund, and that the other parties to this Agreement may conclusively rely on the MEPC's authority to act on the Unions' behalf.

**ARTICLE 3.- CONTINUATION OF THE PENSION PLAN
AND PENSION FUND**

3.1. Pension Plan Continued.

- (a) Effective the Effective Date, the pension plan continued under Schedule B and the Statutory Pension Plan Rules is further continued under this Agreement and the Pension Plan Rules.
- (b) An entity who immediately before the Effective Date was an "employer" to whom Schedule B applied continues to be an Employer, and those persons who were eligible employees of that entity continue to be Employees, on and after the Effective Date.
- (c) A person who immediately before the Effective Date was a "member" to whom Schedule B applied continues to be a Plan Member under the Pension Plan on and after the Effective Date.
- (d) Any rights vested in an individual under the pension plan provided for by and under Schedule B continue to apply to the individual, in the same manner and to the same extent, under the pension plan continued under this Agreement and the Pension Plan Rules.
- (e) The fiscal year end of the Pension Plan is December 31st, or any other date that the Board may establish as the fiscal year end for the Pension Plan.

3.2. Pension Fund Continued.

- (a) Effective the Effective Date, the Pension Fund continued under Schedule B is further continued under this Agreement.
- (b) The Pension Fund held by the trustee described in s. 3(6) of Schedule B is hereby conveyed to the Board, which shall hold the Pension Fund in trust in accordance with this Agreement. The Signatories and the Board shall take all necessary steps, including entering into appropriate custodial arrangements and an asset transfer agreement with the trustee described in s. 3(6) of Schedule B, to ensure that legal title to the Pension Fund is vested in the Board, and that the Board can exercise and discharge all rights and obligations associated with the ownership of the Pension Fund.
- (c) The Pension Fund shall consist of cash, investments and other assets held by the Board.
- (d) The contributions from Employers and Plan Members and any other payments or assets paid or delivered to and received by the Board for the purposes of the Pension Fund, including returns on investments, form part of the Pension Fund.

- (e) Benefits and disbursements payable under this Agreement and the Pension Plan Rules must be paid from the Pension Fund and, for this purpose, the Pension Fund must be considered one and indivisible.
- (f) The following fees, expenses and disbursements, as are reasonably necessary and approved by the Board, must be paid from the Pension Fund:
 - (i) the fees, expenses and disbursements of the Board incurred in administering the Pension Plan and managing the Pension Fund;
 - (ii) any expenses incurred by a Trustee in attending or participating in any program of trustee education;
 - (iii) the fees, expenses and disbursements of, and amounts invoiced by, the Pension Corporation and the Investment Management Corporation, or the amounts payable to other investment managers, to operate and administer the Pension Plan and to manage the Pension Fund; and
 - (iv) any other expenses incurred in the administration of this Agreement and the Pension Plan Rules.

3.3. Pension Fund Held for Purposes Set Out in Agreement.

The Pension Fund is for the sole benefit of the Plan Members. The Signatories and the Employers shall have no claim on the assets of the Pension Fund other than as expressly provided for in this Agreement. Without limitation, nothing in this Section 3.3 derogates from the Board's ability to apply actuarial excess to the reduction of Employer contribution rates in accordance with Section 10.3, or pay surplus assets to the Employers pursuant to Section 14.4, if the agreement among the Signatories contemplated by paragraph 14.4(b)(i) provides for the payment of surplus assets to the Employers.

ARTICLE 4. - APPOINTMENT AND REPLACEMENT OF TRUSTEES

4.1. Board of Trustees Established.

Subject to Section 5.1, the Board shall consist of 16 Trustees appointed as follows:

- (a) two persons appointed by the Government;
- (b) two persons appointed by the UBCM;
- (c) two persons appointed by the HEABC;
- (d) one person appointed by the BCPSEA;
- (e) one person, who is a Plan Member but not a retired Plan Member nor a member of a union, appointed by the Plan Employer Partner through a process adopted by the Plan Employer

Partner which enables the Plan Employer Partner to receive input from such Plan Members or their representatives regarding such an appointment;

- (f) seven persons appointed as follows:
- (i) one person appointed by the Hospital Employees' Union (also known as the Healthcare Division of the Canadian Union of Public Employees);
 - (ii) one person appointed by the Canadian Union of Public Employees, B.C. Division;
 - (iii) one person appointed by the Health Sciences Association of British Columbia;
 - (iv) one person appointed by the British Columbia Nurses' Union;
 - (v) one person appointed jointly by the British Columbia Police Association and the British Columbia Professional Fire Fighters' Association;
 - (vi) one person appointed by the Council of Joint Organizations and Unions; and
 - (vii) one person appointed by the Plan Member Partner;
- (g) one person, who is a retired Plan Member, appointed by the Plan Member Partner through a process adopted by the Plan Member Partner which enables the Plan Member Partner to receive input from retired Plan Members or their representatives regarding such an appointment.

4.2. Duty to Appoint.

The parties referred to in Section 4.1 have a duty to make the appointments to the Board of Trustees described in that Section. If any of them fail to do so, Sections 4.11 and 4.12 shall apply.

4.3. Alternate Trustees.

- (a) Each party described in Section 4.1 as being authorized to appoint a Trustee may appoint an alternate Trustee for each Trustee that party is entitled to appoint. An individual appointed a Trustee pursuant to Section 4.1 is ineligible to be appointed an alternate Trustee.
- (b) Once an alternate Trustee is appointed, the alternate Trustee's term of office shall be coincident with the remainder of the term of the Trustee for whom the individual is appointed alternate Trustee (hereinafter described as the alternate Trustee's "**Primary Trustee**"). An alternate Trustee shall be appointed and replaced in the same manner and on the same terms as a Trustee may be appointed and replaced.
- (c) If a Primary Trustee dies, resigns, or is removed from office, his or her alternate Trustee shall continue to hold office for the remainder of what would have been the term in office of the Primary Trustee, subject to the alternate Trustee's death, resignation or removal in accordance with this Agreement. The alternate Trustee shall not assume the Primary

Trustee's office as Trustee unless the alternate Trustee is appointed as such in accordance with this Agreement. Pending the appointment of a replacement Primary Trustee, the alternate Trustee shall be entitled to attend and vote at meetings as provided in subsection (e).

- (d) Except as otherwise provided in this Agreement, an alternate Trustee has all the rights, duties and responsibilities of a Trustee, including the right to be indemnified and otherwise protected in accordance with this Agreement. Without limitation, an alternate Trustee shall be entitled to receive all information provided to the Trustees, shall be entitled to attend and speak to, but except as provided in subsection (e) shall not be entitled to vote at, any duly called and constituted meeting of the Board of Trustees.
- (e) If an alternate Trustee's Primary Trustee does not attend a meeting of the Board of Trustees, the alternate Trustee shall be entitled to vote at that meeting, and for all purposes of this Agreement, including the determination of whether the quorum requirements in Section 5.5 and the voting requirements in Section 5.6 have been satisfied, the alternate Trustee's presence and vote at a meeting of the Board of Trustees shall be considered the presence and vote by the alternate Trustee's Primary Trustee.
- (f) An alternate Trustee's Primary Trustee shall have no responsibility for the acts or omissions of his or her alternate Trustee, and vice versa.
- (g) An individual may be appointed alternate Trustee for more than one Trustee, provided that an alternate Trustee may never cast more than one vote at a meeting of the Board of Trustees. If an individual is appointed alternate Trustee for two or more Trustees, and more than one of those Trustees is not present at a meeting, the alternate Trustee, if present at that meeting, must declare at the commencement of the meeting for which of his or her Primary Trustees he or she is attending the meeting. Compliance with the quorum and voting requirements in Sections 5.5 and 5.6 will be evaluated on the basis of that declaration.

4.4. Acceptance by Trustees.

Each Trustee and successor Trustee, upon signing an Acceptance of Trust in the form set forth in Appendix A attached hereto, thereby accepts the trusts established by this Agreement and consents to act as a Trustee.

4.5. Terms for Employer Trustees.

Except as otherwise described herein, the first eight Employer Trustees shall be appointed for initial terms as follows:

- (a) one of the Trustees appointed pursuant to subsection 4.1(a), one of the Trustees appointed pursuant to subsection 4.1(b) and the Trustee appointed pursuant to subsection 4.1(e) shall each be appointed for an initial term of one year;

- (b) the Trustees appointed pursuant to subsections 4.1(c) and 4.1(d) shall each be appointed for an initial term of two years; and
- (c) one of the Trustees appointed pursuant to subsection 4.1(a) and one of the Trustees appointed pursuant to subsection 4.1(b) shall each be appointed for an initial term of three years.

The term of every Employer Trustee shall be stated on his or her Acceptance of Trust completed pursuant to Section 4.4.

4.6. Terms for Member Trustees.

Except as otherwise described herein, the first eight Member Trustees shall be appointed for initial terms as follows:

- (a) the Trustees appointed pursuant to paragraphs 4.1(f)(vi) and (vii) shall each be appointed for an initial term of one year;
- (b) the Trustees appointed pursuant to paragraphs 4.1(f)(i) and (ii) and subsection 4.1(g) shall each be appointed for an initial term of two years; and
- (c) the Trustees appointed pursuant to paragraphs 4.1(f)(iii), (iv) and (v) shall each be appointed for an initial term of three years.

The term of every Member Trustee shall be stated on his or her Acceptance of Trust completed pursuant to Section 4.4.

4.7. Term.

Trustees shall serve for terms ending on December 31st. The initial one, two and three year terms described in Sections 4.5 and 4.6 shall be for the periods ending December 31, 2001, December 31, 2002 and December 31, 2003, respectively. Upon the expiration of the initial terms of the Trustees as set out in Sections 4.5 and 4.6, the subsequent terms for Trustees appointed under Section 4.1 or subsection 5.1(b) shall be made for three years provided that no more than six appointments shall be scheduled to expire in any single calendar year. If an individual is appointed Trustee pursuant to Section 4.12, his or her initial term shall be for the balance of what would have been the remainder of the term of the Trustee whose death, resignation or removal from office necessitated the appointment of that Trustee.

4.8. Renewal.

An appointment under Section 4.1 or subsection 5.1(b) may be renewed by the party that made the appointment.

4.9. Removal.

Despite Section 4.1 or subsection 5.1(b), but subject to Sections 4.11 and 4.12, a Trustee appointed to the Board may be removed at any time by the party who appointed that Trustee.

4.10. Residency.

Each Trustee must be a permanent resident of Canada.

4.11. Appointment of Trustees on Expiration of Term.

- (a) No later than six months prior to the expiry date of a Trustee's term, the Chair shall give written notice to the party who appointed the Trustee, and that party shall renew the appointment of the Trustee or appoint a successor Trustee.
- (b) If the party does not renew the appointment of the incumbent Trustee or appoint a successor Trustee within three months after the expiry of the term, and:
 - (i) the Trustee being replaced was a Member Trustee, the Plan Member Partner shall appoint a successor to fill the vacant position; or
 - (ii) the Trustee being replaced was an Employer Trustee, the Plan Employer Partner shall appoint a successor to fill the vacant position.
- (c) The successor, when appointed, shall have the same power, authority and right to hold office as if that person had been appointed by the party who failed to appoint the successor Trustee, except that the successor shall not be removed during that term by that party unless the removal is first agreed to by the Partner who appointed the successor Trustee.

4.12. Appointment of Trustees on Death, etc.

If a Trustee dies, resigns or is removed from office, the party who appointed the Trustee must forthwith appoint a successor Trustee. If that party fails to appoint a successor Trustee within two months of the Trustee ceasing to serve, the Chair shall give written notice to the party who appointed the Trustee. The party who appointed the Trustee shall have a further two months from the date upon which the notice is received to appoint a successor Trustee. If that party does not appoint a successor Trustee, and the Trustee being replaced was a Member Trustee, the Plan Member Partner shall appoint a successor Trustee. If that party does not appoint a successor Trustee, and the Trustee being replaced was an Employer Trustee, the Plan Employer Partner shall appoint a successor Trustee. The successor shall not be removed during that term unless the removal is first agreed to by the Partner who appointed the successor Trustee.

4.13. Resignation of a Trustee.

A Trustee may resign by giving written notice thereof to the party who appointed him or her who shall promptly notify all the other Trustees. The effective date of a resignation shall be stated in the notice of resignation, which date may be no earlier than the date the Trustee signs the resignation, failing which it shall be the date when the party who appointed the Trustee receives the written notice of resignation.

4.14. Death of a Trustee.

If a Trustee dies, his or her heirs, administrators, executors and assigns shall be fully discharged from all future duties and responsibilities in respect of this Agreement as of the date of the Trustee's death. A deceased Trustee's estate shall not be discharged from, and shall remain liable for, any of the deceased's liabilities arising hereunder prior to the date of death.

4.15. Discharge of Trustees.

If a Trustee resigns, is removed or the Trustee's term expires, he or she shall be fully discharged from all future duties and responsibilities in respect of this Agreement as of the date of such resignation, removal or the expiration of his or her term, as the case may be. However, a Trustee who resigns, is removed or whose term expires shall not be discharged from, and shall remain liable for, any of the Trustee's liabilities arising hereunder prior to the effective date of his or her resignation, removal or the expiration of his or her term, as the case may be.

4.16. Termination of Trusteeship.

A Trustee who resigns, is removed or whose term expires without being reappointed and the personal representatives of any deceased Trustee, all as the case may be, must forthwith turn over to the Trustees any and all records, books, documents, money and other property and assets in his or her possession, forming part of the Pension Fund or incidental to his or her duties as Trustee under this Agreement or relating to the administration of the Pension Fund or the Pension Plan. In addition, any such individual shall convey, assign or transfer to the Trustees any or all rights or property of that individual in the Pension Fund, excluding any rights or property that individual has in his or her capacity as a Plan Member, and shall, if necessary, convey, assign or transfer to the Trustees any or all rights or property of that individual in the Pension Fund as the Trustees may direct. Despite the foregoing, if the Board considers it appropriate, a former Trustee, or the personal representatives of any deceased former Trustee, may have reasonable access to any of the former Trustee's records, books or documents turned over to the Trustees as described above.

4.17. Former Trustee Purporting to Act.

If a Trustee resigns, is removed or is not reappointed upon the expiration of his or her term but purports to continue to act as a Trustee, the Board may do such things and take such action at law or equity as it determines necessary to cause the person to cease to purport to act as a Trustee including, without limitation, making application to a court of competent jurisdiction for the relief, including injunctive relief, as may be appropriate in the circumstances.

ARTICLE 5. - BOARD OPERATION

5.1. Chair of Board.

The Trustees appointed under Section 4.1 must:

- (a) designate one of the Trustees appointed under Section 4.1 as chair of the Board; or

- (b) appoint a person, not appointed pursuant to Section 4.1, as a Trustee and designate that person as chair of the Board.

If the Chair is a Trustee appointed under Section 4.1, an alternate Trustee appointed for that Trustee shall not have the rights, duties or responsibilities of the Chair.

5.2. Term of Chair.

- (a) A Chair designated pursuant to subsection 5.1(a) shall serve for a term determined by the Trustees appointed under Section 4.1, which term shall not exceed three years, subject to that individual's resignation, death or removal by the Trustees in accordance with subsection 5.2(e).
- (b) A Chair appointed pursuant to subsection 5.1(b) shall serve for a term determined by the Trustees appointed under Section 4.1, which term shall not exceed three years, subject to that individual's resignation, death or removal by the Trustees in accordance with subsection 5.2(e).
- (c) The term of a Chair designated pursuant to subsection 5.1(a) shall coincide with that person's term of appointment as Trustee such that, in the normal course, the individual's term as Chair and term as Trustee shall expire on the same date.
- (d) A designation pursuant to subsection 5.1(a) or an appointment pursuant to subsection 5.1(b) may be renewed by the Trustees appointed under Section 4.1.
- (e) The Trustees appointed under Section 4.1 may remove at any time a Chair designated pursuant to subsection 5.1(a) or appointed pursuant to subsection 5.1(b).
- (f) A Chair designated pursuant to subsection 5.1(a) who ceases to hold office for any reason shall not cease to be a Trustee because he or she has ceased to be Chair. The person who ceased to be Chair shall remain a Trustee until he or she resigns, dies or is removed as Trustee in accordance with the provisions of this Agreement.
- (g) A Chair designated pursuant to subsection 5.1(a) who ceases to be a Trustee for any reason shall cease to be Chair effective the date upon which the person ceases to be a Trustee.
- (h) A Chair appointed pursuant to subsection 5.1(b) who ceases to hold office as Chair for any reason shall cease to be a Trustee effective the date upon which the person ceases to be Chair.
- (i) If a Chair ceases to hold office at any time for any reason, the Trustees appointed under Section 4.1 shall forthwith designate a replacement in accordance with Section 5.1.

5.3. Voting by Chair.

- (a) If the Trustees appointed under Section 4.1 designate a Chair in accordance with subsection 5.1(a), those Trustees must determine whether the Chair is entitled to a second or casting vote.

- (b) If the Trustees appointed under Section 4.1 appoint a Chair in accordance with subsection 5.1(b), those Trustees must determine whether the Chair has a vote and, if so, whether the Chair is entitled to a second or casting vote.
- (c) Any determination pursuant to subsection (a) or (b) remains in effect until the Trustees appointed under Section 4.1 determine otherwise.
- (d) If the Chair is a Trustee appointed under Section 4.1 and the Chair is entitled to a second or casting vote, an alternate Trustee appointed for that Trustee shall not be entitled to a second or casting vote.

5.4. Voting.

Subject to Sections 4.3 and 5.3, each Trustee appointed pursuant to this Agreement shall have one vote at any duly called and constituted meeting of the Board of Trustees.

5.5. Quorum.

- (a) A quorum at a meeting of the Board shall consist of at least ten Trustees, of whom five must be Employer Trustees and five must be Member Trustees. In addition, of the five Employer Trustees, one of them must be appointed under subsection 4.1(a) and one must be appointed under subsection 4.1(b).
- (b) If a quorum is not present within one-half hour of the time specified for a meeting of the Board, the Trustees present may adjourn the meeting to a fixed time and place but may not transact any other business. The Trustees present shall cause notice of such adjourned meeting to be given to all Trustees in accordance with Section 5.10.
- (c) If during a meeting a quorum is lost, the Trustees remaining at the meeting shall not transact any business except to fix a time and place for a continuation of the meeting. The Trustees present shall cause notice of such continued meeting to be given to all Trustees in accordance with Section 5.10.
- (d) If the Trustees meet when a Trustee position is vacant, the meeting is validly constituted as long as a quorum is present.
- (e) Except as provided in subsection 4.3(e), an alternate Trustee shall not be counted in determining whether the quorum requirements of this Section 5.5 have been satisfied.

5.6. Decisions.

- (a) All decisions of the Board must be made by a resolution passed by a majority vote of the Trustees present at a duly called and constituted meeting of the Board, except those decisions provided for elsewhere in this Agreement, of which:
 - (i) one vote in favour of the decision must be cast by a Trustee appointed under subsection 4.1(a);

- (ii) one vote in favour of the decision must be cast by a Trustee appointed under subsection 4.1(b);
 - (iii) three votes in favour of the decision, including the votes which satisfy paragraphs 5.6(a)(i) and 5.6(a)(ii), must be cast by Employer Trustees other than the Trustee appointed under subsection 4.1(e); and
 - (iv) three votes in favour of the decision must be cast by Member Trustees appointed under subsection 4.1(f).
- (b) If the Chair has a second or casting vote and was appointed a Trustee under subsection 4.1(a), 4.1(b), 4.1(c), 4.1(d) or 4.1(f), his or her second or casting vote will be ignored in determining whether the requirements of subsection (a) have been satisfied.

5.7. Resolutions in Writing.

Despite Section 5.6, if all of the Primary Trustees then in office could form a quorum if they met, any decision of the Board may be made by unanimous consent in writing signed by all Primary Trustees then in office without a meeting of the Trustees. An alternate Trustee cannot sign a resolution in writing on behalf of his or her Primary Trustee.

5.8. Trustee Expenses and Remuneration.

The Board may pay from the Pension Fund:

- (a) to a Trustee or a person appointed to a committee of the Board an allowance for reasonable travel and other expenses necessarily incurred by that person in carrying out the business of the Board;
- (b) to a Trustee or a person appointed to a committee of the Board, if the Trustee or person is not receiving remuneration from any other source for acting as a Trustee or as a committee member, remuneration that has been set by the Board; and
- (c) to an organization specified by a Trustee or a person appointed to a committee of the Board, remuneration for the services of the Trustee or person at the rate set by the Board under subsection (b).

5.9. Frequency of Meetings.

- (a) The Trustees shall meet no less frequently than three times per calendar year. The Chair shall set the date and location of each meeting.
- (b) Any four Trustees may request the Chair to call a meeting of the Board, which request shall be in writing and shall include the information reasonably required by the Chair to fulfil the agenda provisions contained herein. If requested as described above, the Chair shall call a meeting no later than 14 days following receipt of the written request.

- (c) If the office of Chair is vacant, any two Employer Trustees and any two Member Trustees acting jointly may exercise the powers otherwise given to the Chair to set the date and location of a meeting, and give notice of it to the other Trustees.
- (d) Alternate Trustees are not entitled to request the Chair hold a meeting or convene a meeting when the office of Chair is vacant.

5.10. Notice of Meeting.

The Chair, or any other person delegated to do so by the Board, shall cause written notice of each meeting of the Board to be given to the Trustees no less than seven days prior to the date of the meeting. The notice of a meeting shall specify the date, time and location of the meeting, and shall include an agenda of matters to be addressed at the meeting. The agenda for each meeting shall be distributed with the notice of meeting. Whenever possible, any reports or other documentation to be considered at a meeting shall be provided to the Trustees with the notice of the meeting. For greater certainty, nothing in this Section 5.10 precludes a Trustee from bringing forth any matter for discussion at a meeting, and business not included in the agenda for a meeting may be conducted at a meeting.

5.11. Waiver of Notice.

A Trustee may waive notice of a meeting of the Board in writing. A Trustee shall be deemed to have waived notice of a meeting of the Board by attending at the meeting without objection.

5.12. Recording Secretary.

The Trustees shall appoint a recording secretary who need not be a Trustee to keep minutes or records of all meetings, proceedings and acts of the Trustees. Those minutes or records of Trustee meetings must be provided to the Trustees for verification at the next meeting of the Board.

5.13. Chair of Meeting.

The Chair shall act as chair of a meeting of the Board of Trustees. If the Chair is not in attendance at a meeting, the Trustees present at the meeting shall select a chair for the meeting from their number. An alternate Trustee present at the meeting shall not participate in the selection of a chair for the meeting unless that alternate Trustee is entitled to vote at that meeting pursuant to subsection 4.3(e).

5.14. Telephone Meetings.

A meeting of the Board or any committee of the Board may be held, or a Trustee may participate in a meeting of the Board or any committee of the Board, by means of telephone or such other communication facilities which permit all persons participating in the meeting to speak to and hear each other, and a Trustee participating in a meeting by that means is deemed to be present at the meeting and will be counted in determining whether a quorum is present.

5.15. Defect in Appointment, etc.

Despite that it is subsequently discovered or determined that there exists some defect in the appointment, removal or qualification of any Trustee, all acts and proceedings of the Trustees done and carried on in good faith while the defect existed shall be valid and effective.

5.16. Execution of Documents.

All agreements and other documents to be executed by the Board shall after being approved by the Board be signed by one Employer Trustee and one Member Trustee, or by other persons as the Board may from time to time direct. All cheques payable out of the Pension Fund shall be signed by one Employer Trustee and one Member Trustee, or by other persons or in other manners as the Board may from time to time direct. An alternate Trustee shall not be entitled to execute agreements or other documents or cheques unless the Board specifically directs that the alternate Trustee can do so.

5.17. Legal Capacity of the Board.

The Board has the necessary legal capacity to sue and be sued in its own name for the purposes of any matter arising under this Agreement or the Pension Plan Rules.

5.18. Enforcement of Contributions

Every Employer and Plan Member is required to make contributions and other payments to the Board and the Pension Fund in the amounts and at the times specified in the Pension Plan Rules. The Board may enforce the payment or delivery of contributions or transfers or any other payments due to it by action in any court in the name of the Board as a debt due to the Board.

5.19. Procedures and Meetings.

The Board must make rules regarding the conduct of the business of the Board including, but not limited to:

- (a) voting by the Chair at meetings of the Board;
- (b) appointing committees of the Board and delegating functions to them;
- (c) allowing non-Board members to serve as members of a committee;
- (d) setting the remuneration of eligible Board members and persons serving on committees; and
- (e) establishing the practice and procedure for appeals to the Board.

5.20. Formal Name of Board.

The Board shall enter into agreements and act in all matters in the name of the “Municipal Pension Board of Trustees”.

ARTICLE 6. - POWERS, FUNCTIONS AND DUTIES OF THE BOARD

6.1. General.

The Board has all powers necessary to enable it to administer the Pension Plan and manage the Pension Fund, subject only to the limitations set out in this Agreement, the Pension Plan Rules, the Act, the PBSA and all other applicable laws.

6.2. Management and Investment of Pension Fund.

The Board must invest and manage the Pension Fund in a prudent manner. Without limitation, the Board must:

- (a) establish a written statement of investment policies and procedures for the Pension Fund in accordance with the PBSA;
- (b) monitor the performance of the Plan Administrative Agent and the Plan Investment Agents;
- (c) ensure that the money and assets of the Pension Fund are invested or loaned in the best interests of the Plan Members and, in doing that, must:
 - (i) exercise the care, diligence and skill that a person of ordinary prudence would exercise when dealing with the property of another person; and
 - (ii) make the investments and loans in accordance with the provisions of the PBSA and other regulatory requirements;
- (d) ensure that the Plan Administrative Agent keeps an account of all money and assets received and paid out of the Pension Fund and keeps an accounting of the assets and liabilities of the Pension Fund;
- (e) ensure that the Plan Administrative Agent keeps an individual record of contributions made by each Plan Member; and
- (f) ensure that the Pension Plan and Pension Fund are administered in compliance with this Agreement, the Pension Plan Rules, the Act, the PBSA and all applicable laws.

6.3. Direction to Plan Administrative Agent.

The Board must direct the Plan Administrative Agent respecting:

- (a) the application of the Pension Plan Rules;
- (b) the negotiation of agreements on behalf of the Board with a person, class of persons or body, including agreements which may differ from the Pension Plan Rules, respecting:
 - (i) portability of pension benefits;
 - (ii) pension-based early retirement incentive programs;

- (iii) continuation of Pension Plan membership in the case of employer merger or reorganization;
 - (iv) provision of benefits in addition to those provided for in the Pension Plan Rules;
 - (v) reporting requirements on behalf of Employers under the ITA; and
 - (vi) any other agreements the Board considers to be advisable; and
- (c) the implementation of any agreements entered into by the Board.

6.4. Functions and Duties.

The Board must carry out the following functions and duties:

- (a) adopt an annual budget for Pension Plan administration, investment management of the Pension Fund and the activities of the Board, and communicate information on the approved budget to Plan Members and Employers;
- (b) prepare an annual report, including audited financial statements, on the Pension Plan and Pension Fund;
- (c) obtain an actuarial valuation and report on the Pension Plan and the Pension Fund at least every three years;
- (d) retain professional, technical and other advisors that it considers necessary and determine the remuneration and reimbursement for expenses to which they are entitled;
- (e) provide for the financial administration of the Pension Plan by:
 - (i) having an accounting system established for the proper reporting and accountability to the Board in a timely manner and at a reasonable cost,
 - (ii) having annual financial statements of the Pension Plan prepared in accordance with generally accepted accounting principles,
 - (iii) having a financial reporting audit performed on the financial statements referred to in subparagraph (ii), and
 - (iv) providing to the Partners and Plan Members at an annual general meeting held for Plan Members and Employers an annual report on the Pension Plan, including the audited financial statements;
- (f) assess the administration of the Pension Plan at the times and in the manner required by the PBSA, including without limitation:
 - (i) the Pension Plan's compliance with the PBSA,
 - (ii) the Pension Plan's governance,

- (iii) the funding of the Pension Plan,
 - (iv) the investment of the Pension Fund,
 - (v) the performance of the Trustees, and
 - (vi) the performance of the administrative staff and any agents of the Board;
- (g) establish a written governance policy in accordance with the PBSA;
- (h) establish a written funding policy in accordance with the PBSA.

6.5. Resolutions, Committees and Appointments.

The Board may:

- (a) pass resolutions it considers necessary or advisable to administer the Pension Fund and the Pension Plan and to exercise the Board's powers and perform its duties;
- (b) establish committees or panels of the Board, and determine the composition, duties, responsibilities, limitations and operating procedures of those committees or panels;
- (c) appoint persons other than Trustees to a committee or panel referred to in subsection (b), and set the term of appointment to the committee or panel that applies to those persons;
- (d) appoint Trustees to the boards of the Pension Corporation and the Investment Management Corporation, or to the boards of directors or trustees of other bodies corporate or trusts;
- (e) rescind an appointment made under subsections (c) or (d);
- (f) retain the services of agents or employees; and
- (g) enter into any agreements the Board considers necessary or appropriate to discharge its responsibilities, including the agreements contemplated by subsection 6.3(b).

6.6. Power to Settle Claims.

The Board may, if and as it thinks fit, compromise, compound, abandon, submit to arbitration or otherwise settle a debt, account, claim or other thing relating to the Pension Plan or the Pension Fund. For any of these purposes, the Board may enter, give, execute and do the agreements, instruments of composition or arrangement, releases and other things that the Board considers expedient without being responsible for loss caused by an act or thing so done in good faith and in accordance with the Board's fiduciary responsibilities under the PBSA.

ARTICLE 7. - PLAN ADMINISTRATION AND INVESTMENT

7.1. Pension Corporation.

The Board must retain the services of the Pension Corporation upon terms satisfactory to the Board, which terms shall be set out in a service agreement between the Board and the Pension Corporation, to carry out the Board's responsibilities respecting the administration of the Pension Plan. Without limitation, the service agreement must require the Pension Corporation to discharge the responsibilities of the Board under the ITA relating to the administration of the Pension Plan, and any other responsibilities that the Act imposes on the Pension Corporation in respect of the Pension Plan or the Pension Fund.

7.2. Investment Management Corporation.

The Board must appoint the Investment Management Corporation for funds management services upon terms satisfactory to the Board, which terms shall be set out in a funds management services agreement between the Board and the Investment Management Corporation.

7.3. Other Investment Managers.

Despite Section 7.2, the Board may place some or all of the Pension Fund with other investment managers for funds management services if:

- (a) a period of at least one year has elapsed from the date the first actuarial valuation report was prepared under Section 10.3; and
- (b) in the opinion of the Board, the alternative funds management services are in the best financial interests of the Plan Members. If the Board appoints investment managers other than the Investment Management Corporation, it shall do so upon terms satisfactory to the Board, which terms shall be set out in an investment management agreement between the Board and the investment manager.

7.4. Service and Investment Management Agreements.

The service and investment management agreements required under Sections 7.1 through 7.3 may contain performance standards and such other service objectives as are agreed to by the Board and the Pension Corporation, the Investment Management Corporation or the other investment managers, as the case may be.

ARTICLE 8. - APPEALS TO THE BOARD

8.1. Decision of Plan Administrative Agent.

A person, an organization, or a person and an organization directly affected by a decision of the Plan Administrative Agent in the application of the Pension Plan Rules may, by written notice to the Board, appeal all or part of the decision in accordance with the practice and procedure for appeals to the Board.

8.2. Appeals.

- (a) The Board must ensure that each appeal is dealt with promptly and efficiently.
- (b) The Board may establish a panel under subsections 6.5(b) or 6.5(c) consisting of one or more persons to consider appeals.
- (c) If a panel consists of more than one person, the Chair must preside over the panel or designate the person who is to chair the panel.
- (d) For an appeal referred to a panel:
 - (i) the panel has all the jurisdiction and may exercise the powers and perform the duties of the Board; and
 - (ii) a decision of the panel is a decision of the Board.
- (e) The Board or panel must confirm, vary or reverse the decision, order or ruling being appealed.

**ARTICLE 9. - INDEMNIFICATION,
LIMITATION OF LIABILITY AND INSURANCE**

9.1. Indemnification.

A Trustee, an employee or former employee of the Board or a member or former member of the Council of Partners constituted under Article 13 must be indemnified out of the Pension Fund against all costs, charges and expenses actually and reasonably incurred by that person, including an amount paid to settle an action or satisfy a judgment in a civil, criminal or administrative action or proceeding to which the person is made a party because of being or having been a Trustee, an employee of the Board or a member of the Council of Partners, and including an action brought by the Board, if:

- (a) the individual acted in good faith and carried out his or her fiduciary responsibilities under the PBSA;
- (b) in the case of a criminal action or proceeding, the individual had reasonable grounds for believing that his or her conduct was lawful; and
- (c) the act(s) or omission(s) which gave rise to the claim for indemnification occurred on or after the Effective Date.

9.2. Liability for Losses in Pension Fund.

The Trustees, individually or collectively, shall not be liable for the making, retention or sale of any investment or reinvestment made by them in accordance with this Agreement or in accordance with any other legal duties nor for any loss to or diminution of the Pension Fund, except a loss or diminution that resulted from a Trustee not acting in good faith or an action that was inconsistent

with the Trustee's fiduciary responsibilities under the PBSA and no individual Trustee shall incur any liability for any loss or diminution unless he or she was a party to the action that resulted in the loss or diminution.

9.3. Liability for Other Matters.

The Trustees, individually or collectively, shall not be responsible or liable for:

- (a) any matter, cause or thing arising due to the invalidity of all or any part of this Agreement or the Pension Plan Rules;
- (b) any delay occasioned by any restriction or provision in:
 - (i) this Agreement;
 - (ii) the Pension Plan Rules;
 - (iii) any contract procured in the course of the administration of the Pension Plan or Pension Fund; or
 - (iv) by any other procedure;
- (c) any contributions required to be paid to the Pension Fund other than the contributions a Trustee may be required or permitted to make under the Pension Plan in the Trustee's capacity as a Plan Member.

9.4. Reliance on Documents, etc.

The Trustees shall incur no liability, either collectively or individually, in acting upon any documents, data or information believed by them to be genuine and accurate and to have been made, executed, delivered or assembled by the appropriate parties.

9.5. Reliance on Advisors.

So long as the Trustees exercise reasonable care in the selection, instruction and supervision of a professional advisor, then subject to Section 15.4 the Trustees shall incur no liability, either collectively or individually, in acting and relying upon the opinions or advice of the professional advisor.

9.6. Further Assurances.

The Trustees shall do such things and execute and deliver such documents in order that any and all funds required to be paid out of the Pension Fund by way of indemnity as herein set forth are paid as required from time to time.

9.7. Recourse Solely Against Pension Fund.

A Plan Member or person claiming through a Plan Member shall have recourse solely to the Pension Fund for any benefit or other payment under the Pension Plan.

9.8. Acting as a Director or Trustee of Other Body.

- (a) The Board may pay from the Pension Fund an amount it considers appropriate in the circumstances to indemnify, fully or partly, a Trustee against costs, loss or damages incurred or awarded against him or her as a result of any act or omission done, or omitted to be done, in good faith as trustee of another trust, or as director of a body corporate, to which the Trustee was appointed by the Board as trustee or director for the purpose of representing the Board in the operation of that other trust or body corporate.
- (b) Despite subsection (a), where a loss suffered by the Trustee in serving as trustee of another trust, or as director of a body corporate, as described in subsection (a) results from liability to pay the deductible amount under an insurance policy that insured the other trust or body corporate, or its trustees and directors, against the loss except for the deductible amount, then the Board shall pay from the Pension Fund the amount necessary to indemnify the Trustee for liability to pay that part of the deductible amount that the Trustees consider was a reasonable deductible amount.
- (c) For greater certainty, a Trustee's potential right to indemnification under this Section 9.8 while acting as a trustee of another trust or a director of a body corporate shall not derogate from any fiduciary duties that individual has to that other trust or body corporate. When acting in that other capacity, the individual shall have sole regard to his or her fiduciary duties to that other trust or body corporate.

9.9. Financial Responsibility for the Pension Plan.

The Employers' and Plan Members' sole financial obligation in respect of the Pension Plan is to make contributions and other payments to the Board and the Pension Fund in the amounts and at the times specified in the Pension Plan Rules. Without limitation, no Plan Member, Employer, Signatory or union or association that represents any of the Plan Members shall be liable or responsible for any debts, liabilities, obligations, or deficiencies of the Board, the Pension Plan or the Pension Fund.

9.10. No Liability for Trustees Appointed.

A party is not liable for any of the acts or obligations of a Trustee solely because the Trustee is or was an officer or employee of the party, or the party appointed the Trustee.

9.11. Extended Meaning of Trustee, etc.

- (a) Any reference in this Agreement to the indemnification or other protection of a Trustee shall, unless the context clearly indicates otherwise, include a person appointed to a committee or a panel under subsection 6.5(c) or Section 8.2 or an alternate Trustee appointed under Section 4.3.

- (b) Any reference in this Agreement to the indemnification or other protection of a Trustee, a person appointed to a committee or panel under subsection 6.5(c) or Section 8.2 or an alternate Trustee appointed under Section 4.3 shall, unless the context clearly indicates otherwise, apply to individuals who formerly held those positions on or after the Effective Date, and to the personal representatives of any such individuals.

9.12. Bonding.

The Board may procure insurance or fidelity bonds for those persons the Board considers appropriate. Those persons may be insured or bonded in the amounts and in the manner decided by the Board. The cost of the insurance or bonds must be paid out of the Pension Fund.

9.13. Fiduciary Liability and Other Insurance.

The Board may purchase and maintain the errors and omissions insurance or fiduciary liability insurance, or insurance of a similar nature or description, it considers necessary for the Board, any Trustee or anyone else engaged in the administration or operation of the Pension Plan or Pension Fund. The cost of this insurance must be paid from the Pension Fund.

ARTICLE 10. - ENGAGEMENT OF ACTUARY AND AUDITOR

10.1. Appointment of an Actuary.

The Board must engage the services of an actuary to prepare all actuarial reports and perform all actuarial valuations required by the Board. The fees of the actuary must be paid from the Pension Fund.

10.2. Appointment of an Auditor.

The Board must engage the services of an auditor to perform, at least once in each year, an audit of the financial statements of the Pension Plan, including the accounts of the Board. The fees of the auditor must be paid from the Pension Fund.

10.3. Actuarial Valuation Reports.

- (a) The Board must have the Pension Plan reviewed and the results of the review set out in the form of an actuarial valuation report for a going concern valuation, in the manner and at the times specified in such provisions of the PBSA and the regulations thereunder which are applicable to the Pension Plan and Appendix C.
- (b) If an actuarial valuation report indicates that there is a requirement to increase contribution rates to the Basic Account, the increase must be shared equally between the Employers and the Plan Members, and the Board must amend the Pension Plan Rules accordingly.
- (c) Subject to the ITA, the Funding Arrangement set out in Appendix B and the Minimum Funding Requirements set out in Appendix C, if an actuarial valuation report indicates that the Pension Plan has actuarial excess as defined in Appendix B, such actuarial excess will be considered unallocated actuarial excess of the Pension Fund unless and until the Board

elects to apply the actuarial excess in one or more of following manners so as to achieve over time an equitable sharing of the benefits of the actuarial excess between Plan Members and Employers:

- (i) transfer all or a portion of the actuarial excess to the reserve established within the Pension Fund for stabilizing contribution rates;
 - (ii) transfer all or a portion of the actuarial excess to the Inflation Adjustment Account;
 - (iii) apply all or a portion of the actuarial excess to an equal reduction or elimination of Employer and Plan Member contribution rates to the Basic Account for a period of time;
 - (iv) apply all or a portion of the actuarial excess to fund changes to the benefit provisions set out in the Pension Plan Rules as provided in Section 11.5; or
 - (v) apply all or a portion of the actuarial excess, amortized over a period of 15 years, towards the payment of contributions otherwise payable by Plan Members, Employers, or both, pursuant to the Pension Plan Rules.
- (d) Any reference in subsection (c) to actuarial excess shall be interpreted as a reference to the actuarial excess associated with the benefits payable from the Basic Account.
 - (e) Any action taken by the Board under subsection (b) or (c) must comply with the funding requirements set out in Appendix C and must result in the Pension Plan being funded in accordance with such funding requirements.
 - (f) The Board must administer the Pension Plan to ensure that the amount of surplus assets in the Pension Plan does not, for the purposes of the ITA, exceed the amount described in paragraph 147.2(2)(d) of the ITA (the “**excess surplus threshold**”). If the actuary preparing an actuarial valuation report advises that the actuarial valuation report will indicate that the excess surplus threshold will be exceeded, prior to the finalization of that actuarial valuation report the Board must implement one or a combination of the options described in subsection (c), with the result that when the actuarial valuation report is finalized the amount of surplus assets in the Pension Plan will not exceed the excess surplus threshold.

ARTICLE 11.- MUNICIPAL PENSION PLAN RULES

11.1. Pension Plan Rules.

- (a) The Board may make plan rules, applicable generally or to a specified person or class of persons, prescribing the Pension Plan Rules.
- (b) In making plan rules under this Agreement, the Board may delegate a matter to a person or agent of the Board and confer a discretionary power on a person or agent of the Board.

- (c) Beginning the Effective Date, the Statutory Pension Plan Rules were continued and replaced with the Pension Plan Rules.
- (d) Beginning the Effective Date, the Board may amend, repeal or replace the Pension Plan Rules as provided in this Agreement.

11.2. Amendment to Pension Plan Rules to Comply with Law.

Despite Sections 11.3 and 11.4, the Board must amend the Pension Plan Rules to the extent necessary to keep the Pension Plan Rules in compliance with the *Family Law Act*, the ITA, the PBSA and any other enactment applicable to the Pension Plan, the Pension Fund and the benefits payable under the Pension Plan.

11.3. Amendment Requested by Partners.

The Partners may direct the Board to amend the Pension Plan Rules, and the Board must so amend the Pension Plan Rules if:

- (a) the Partners have first received and considered the advice of the Board respecting both the cost and the administrative impact of implementing the proposed amendment;
- (b) the proposed amendment is not inconsistent with Section 11.2 or the Trustees' fiduciary responsibilities; and
- (c) the proposed amendment will not result in the Pension Plan failing to be funded in accordance with the going concern funding requirements in Appendix C.

11.4. Recommendation of Amendments to the Partners by Board.

The Board may make recommendations to the Partners respecting amendments to the Pension Plan Rules that the Board considers to be in the best interests of the Plan Members and, with the approval of the Partners respecting those recommendations, the Board may so amend the Pension Plan Rules.

11.5. Amendments to Pension Plan Rules by Board.

- (a) Despite Sections 11.3 and 11.4, the Board may amend the Pension Plan Rules if:
 - (i) there is no resulting increase in the contribution rates for the non indexed basic benefits;
 - (ii) there is no resulting increase in the contribution rates for the indexing of benefits;
 - (iii) there is no creation of, or increase in, an unfunded liability; and
 - (iv) the proposed amendment is consistent with the Trustees' fiduciary responsibilities.

- (b) For the purposes of subsection 11.5(a), when considering an amendment to the Pension Plan Rules respecting a benefit improvement, the Board must determine the cost of the benefit improvement based on the open group of Plan Members and using a 25 year amortization schedule for the Pension Plan actuarial excess that will be used to fund the benefit improvement.

11.6. Retroactive Amendment.

Any amendment to the Pension Plan Rules may take effect retroactively or otherwise as the Partners or the Board, as the case may be, direct.

ARTICLE 12. – EMPLOYER ENTRY AND WITHDRAWAL

12.1. Employer Entry.

Entry to the Pension Plan by an Employer is only permitted if:

- (a) terms and conditions for entry are established by the Board; and
- (b) those terms and conditions are followed by the Employer wishing to enter.

12.2. Employer Withdrawal.

Withdrawal from the Pension Plan by an Employer is only permitted if:

- (a) terms and conditions for withdrawal are established by the Board; and
- (b) those terms and conditions are followed by the Employer wishing to withdraw.

ARTICLE 13. – DISPUTE RESOLUTION

13.1. Disputed Matters.

- (a) Each Trustee shall use his or her best efforts to resolve any item of business considered at a meeting of the Trustees.
- (b) If the Trustees are unable to resolve any matter other than the application of actuarial excess pursuant to subsection 10.3(c), they may by resolution to that effect declare that matter to be a “disputed matter”. Upon such a resolution being passed, the disputed matter shall be dealt with in accordance with this Article.
- (c) If the application of an actuarial excess is not determined by the terms of Appendix B to this Agreement, and if under subsection 10.3 (c) the Trustees fail to agree that the actuarial excess will be considered unallocated actuarial excess of the Pension Fund or to apply the actuarial excess in one or more of the manners described in paragraphs 10.3 (c) (i) through (v) within 18 months of the effective date of the actuarial valuation report which indicated the Pension Plan had the actuarial excess, the application of such actuarial excess shall be

considered a “disputed matter”, and shall be referred to the Council of Partners pursuant to Section 13.5.

13.2. Mediator or Facilitator.

The Board may engage the services of a mediator or facilitator to help it resolve any disputed matter that arises among the Trustees.

13.3. Resolution by Chair.

If within one month of a disputed matter arising the Board remains unable to resolve the disputed matter, and the Chair then in office was appointed under subsection 5.1(b), the other Trustees may by resolution passed at a duly called and constituted meeting ask the Chair to resolve the disputed matter. The Chair may in his or her sole discretion decline such a request to resolve the disputed matter. If the Chair agrees to resolve the disputed matter, the Chair’s decision regarding the disputed matter shall be deemed a resolution of the Board resolving the disputed matter in the manner decided by the Chair.

13.4. Council of Partners.

- (a) The Council of Partners shall consist of two individuals appointed by the Government, two individuals appointed by the UBCM and four individuals appointed by the MEPC. The Government or the UBCM may appoint as one of their appointees to the Council of Partners individuals nominated by the HEABC or the BCPSEA.
- (b) The parties appointing individuals to the Council of Partners may terminate and replace their appointees at any time, and for any reason.
- (c) The Council of Partners may act only by resolution approved by all of the individuals appointed to it.

13.5. Resolution by Council of Partners.

- (a) If the Board is unable to or chooses not to resolve a disputed matter under Section 13.2 or 13.3, the disputed matter must be referred to the Council of Partners. In that event, the Chair must relay a full written description of the disputed matter to the Council of Partners, together with any other written materials or submissions any Trustee wishes to have presented to the Council of Partners regarding the disputed matter.
- (b) If a disputed matter is referred to the Council of Partners, the Council must meet within one month of such referral to consider and resolve the disputed matter. At the request of any of the Partners a mediator will be engaged to assist in resolving the disputed matter. Selection of the mediator and establishment of the mediator’s terms of reference will be the responsibility of the Council of Partners.
- (c) The Council of Partners’ decisions regarding a disputed matter shall be deemed a resolution of the Board resolving the disputed matter in the manner decided by the Council of Partners.

13.6. Resolution by Arbitrator.

- (a) If the Council of Partners is unable to resolve a disputed matter under Section 13.5 within one month of the reference to it pursuant to Section 13.5 the Council must appoint an arbitrator to resolve the disputed matter pursuant to the *Arbitration Act* [SBC 2020] c.2. The place of arbitration shall be the province of British Columbia at a location determined by the Council of Partners.
- (b) If the Council of Partners cannot agree on an arbitrator the Supreme Court of British Columbia shall appoint an arbitrator on application by any of the parties appointing individuals to the Council of Partners.

ARTICLE 14.– AMENDMENT AND TERMINATION

14.1. Amendment to Agreement.

This Agreement may be amended at any time by the Signatories but only after first consulting with the Trustees. This power of amendment is to be construed as being subject to no restrictions other than those imposed by law. Without limitation, the power of amendment reserved to the Signatories under this Section 14.1 and to the Partners under Section 11.3 includes the power to revoke, in whole or in part, the trusts created under this Agreement or the Pension Plan Rules.

14.2. Amendment by Board.

Despite any other provision in this Agreement, the Board may amend this Agreement without the approval of the Signatories in the manner necessary to maintain the Pension Plan's registration under the PBSA and the ITA, or as is otherwise necessary to comply with applicable law.

14.3. Retroactive Amendment.

Any amendment to this Agreement may take place retroactively or otherwise as the Signatories or the Board, as the case may be, may direct, provided that no amendment shall be made which retroactively increases the duty of care required of a present or former Trustee or retroactively diminishes their right to indemnity under this Agreement.

14.4. Termination of Agreement or Pension Plan.

- (a) This Agreement or the Pension Plan may be terminated, in whole or in part, at any time by the Signatories but only after first consulting with the Trustees.
- (b) If the Pension Plan is terminated in its entirety, the assets of the Pension Fund shall be disbursed in accordance with the Pension Plan Rules, provided that the Pension Plan Rules must always, and shall be deemed to always, provide that:
 - (i) if any surplus assets remain in the Pension Fund after full provision has been made for all entitlements to receive a pension in respect of the Plan Members' membership in the Pension Plan to the date of termination, the surplus assets will be paid to the Employers or used to provide pension improvements or other benefits

to the Plan Members in the manners and in the proportions as are then agreed to by the Signatories; and

- (ii) if the assets in the Pension Fund as of the date of termination are insufficient to make full provision for all entitlements to receive a pension in respect of the Plan Members' membership in the Pension Plan to the date of termination, such shortfall will be dealt with in the manner as is then agreed to by the Signatories.

ARTICLE 15. – FIDUCIARY RESPONSIBILITIES

15.1. Duty of Care.

In administering the Pension Plan and Pension Fund, each Trustee must:

- (a) act honestly, in good faith and in the best interests of the Plan Members and former Plan Members and any other persons to whom a fiduciary duty is owed; and
- (b) exercise the care, diligence and skill that a person of ordinary prudence would exercise when dealing with the property of another person.

15.2. No Conflict of Interest.

- (a) Except as provided in subsection (c), no Trustee shall knowingly permit his or her other interests to conflict with his or her powers, duties and responsibilities in respect of the Pension Plan and Pension Fund.
- (b) Entitlement to a pension or other benefit under the Pension Plan does not create a conflict of interest.
- (c) Subsection (a) does not apply to any determination made by the Trustees pursuant to subsection 10.3(c). In making any determination relating to the application of actuarial excess pursuant to subsection 10.3(c), the Trustees are not acting in a fiduciary capacity. When acting under subsection 10.3(c), a Trustee may take into account the financial and other interests of the party that appointed him or her as Trustee, and any other factor the Trustee considers appropriate, including factors unrelated to the Pension Plan or the Pension Fund.

15.3. Committee and Panel Members.

If the Board appoints a person to a committee or panel under subsection 6.5(c), the Board shall personally select the person and be satisfied of the person's qualifications and ability to perform the duties for which such person is appointed, and the Board shall carry out such supervision of the committee and panel members as is prudent and reasonable. A person appointed to a committee or panel under subsection 6.5(c) shall be subject to the same duty of care as the Board, and, in particular, shall be subject to the restrictions in Sections 15.1 and 15.2, and is not entitled to any payment from the Pension Fund other than the usual and reasonable fees and expenses for services provided by the committee or panel member in respect of the Pension Plan and Pension Fund.

15.4. Use of Agents and Employees.

Subject to Article 7, the Board may employ or appoint employees or agents to carry out any act required to be done in the administration of the Pension Plan or in the administration and investment of the Pension Fund. If the Board employs or appoints an employee or an agent, the Board shall personally select the employee or agent and be satisfied of the employee's or agent's qualifications and suitability to perform the duties for which the employee or agent is employed or appointed, and the Board shall supervise these employees and agents. Any agent or employee so appointed or employed is subject to the same duty of care as the Board and, in particular, each agent and employee is subject to the restrictions in Sections 15.1 and 15.2, and is not entitled to any payment from the Pension Fund other than a pension benefit provided in accordance with the Pension Plan Rules, if applicable, and the usual and reasonable fees, expenses or compensation for the services provided by the agent or employee in respect of the Pension Plan and Pension Fund.

15.5. Restrictions on Benefits Payable to Trustees.

No Trustee is entitled to any benefit from the Pension Plan or Pension Fund other than a pension benefit provided for in the Pension Plan Rules, and any remuneration and reimbursement of expenses related to the administration of the Pension Plan or the administration and investment of the Pension Fund permitted by the common law or provided for in this Agreement or the Pension Plan Rules.

ARTICLE 16. – TRANSITIONAL PROVISIONS

16.1. Validation of Existing Calculations.

All benefits payable under the PMA and the regulations thereunder or the Act and the Statutory Pension Plan Rules continue to be payable under this Agreement and the Pension Plan Rules. All such benefits must be calculated based on the rules that were in effect at the time of the calculation under the PMA and the regulations thereunder or the Act and the Statutory Pension Plan Rules. For greater certainty, the continuation of the Pension Plan and the Pension Fund under this Agreement and the Pension Plan Rules shall not cause any recalculation of the benefits previously payable under the PMA and the regulations thereunder or the Act and the Statutory Pension Plan Rules.

16.2. Agreements Under Schedule B.

This Agreement shall apply to all agreements made under Part 1 of Schedule B that were in effect on the Effective Date, as if those agreements had been made by the Board under the authority of this Agreement.

16.3. Plan Rules.

The Board may make such plan rules as it considers necessary or advisable for meeting or removing any difficulty arising out of the repeal of Part 1 of Schedule B and its replacement with this Agreement pursuant to Part 2 of Schedule B, and for preserving and giving effect to the rights of all persons accrued or accruing under Part 1 of Schedule B except as those rights are expressly

varied by this Agreement, and those plan rules may be made to apply generally or to a particular case.

16.4. Funding Arrangement and Post Retirement Group Benefits.

The funding arrangement of the Pension Plan and the post-retirement group benefits provisions are as described in Appendix B attached hereto. The Pension Plan Rules shall be amended where necessary to implement Appendix B as amended from time to time.

ARTICLE 17.– MISCELLANEOUS PROVISIONS

17.1. Methods of Giving Notice.

All notices, requests, demands or other communications provided for herein shall be given in writing and shall be effectively given if delivered personally, or sent by prepaid post, facsimile or email transmission to the respective last known address, facsimile number or email address of the recipient of the communication. A notice, request, demand and other communication shall be deemed to have been received when delivered, or if mailed, on the fifth business day after the mailing thereof, or, if sent by facsimile, on the day that the sending facsimile machine confirms that the facsimile transmission has been sent, or, if sent by email, on that day satisfactory proof that the email transmission has been sent, provided that in the event of a strike or other interruption in the normal delivery of the mail after the mailing of any notice, request, demand or other communication hereunder, but before the deemed receipt thereof as provided herein, that notice, request, demand or other communication shall not be deemed to have been received by the party for whom the same is intended, unless the same is actually delivered or sent via facsimile to such party as contemplated herein.

17.2. No Duty to Inquire.

All persons dealing with the Board do not have to inquire into any decision or authority of the Board or into the ability of the Board to receive any monies, securities or other property paid or delivered to the Board and may rely upon any document required to be executed by the Board which has been executed as provided herein, as having been duly authorized.

17.3. Severance of Illegal Provisions.

If any provision of this Agreement or the Pension Plan Rules is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining portions of this Agreement or the Pension Plan Rules unless the illegality or invalidity materially prevents the accomplishment of the respective objectives and purposes of the Pension Plan Rules or this Agreement as determined by the Board.

17.4. Binding Effect of Pension Plan Rules, etc.

The Pension Plan Rules and amendments thereto and all of the Board's decisions, rules, regulations, policies and procedures made or established in accordance with this Agreement or the Pension Plan Rules, shall be binding upon the Trustees, the Signatories, the Unions, the Employers,

the Plan Members and their respective beneficiaries, dependents, estates, heirs, executors, administrators, successors and assigns.

17.5. Further Assurances.

Each Trustee shall from time to time and at any time hereafter, upon each reasonable written request to do so, make, do, execute and deliver or cause to be made, done, executed and delivered all further acts, deeds, assurances, things and written instruments as may be necessary in the opinion of any party, for more effectively implementing and carrying out the intent of this Agreement.

17.6. Governing Law.

The Province of British Columbia is the location for legal purposes of the Pension Fund. All questions pertaining to the validity, construction and administration of this Agreement or the Pension Plan Rules shall be determined in accordance with the laws of the Province of British Columbia. Any litigation which arises pursuant to or in connection with this Agreement, the Pension Plan Rules or any of their respective provisions, shall be referred to the courts in the Province of British Columbia.

17.7. Counterpart Execution.

This Agreement and any document prepared in connection with the Pension Plan or the Pension Fund may be signed in counterparts.

17.8. Binding Effect of Agreement.

This Agreement is binding upon the Trustees, the Signatories, the Unions, the Employers and the Plan Members and their respective beneficiaries, dependants, estates, heirs, executors, administrators, successors and assigns.

17.9. Time of Essence.

Time shall be of the essence of this Agreement and of every part hereof. All time limits shall be strictly observed.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

**MUNICIPAL EMPLOYEES' PENSION
COMMITTEE**

Per: ORIGINAL SIGNED

Steven Polak, Chair

**HER MAJESTY THE QUEEN IN RIGHT
OF THE PROVINCE OF BRITISH
COLUMBIA, as represented by the
Minister of Finance and Corporate
Relations**

Per: ORIGINAL SIGNED
Honourable Paul Ramsey
Minister of Finance and Corporate Relations

**BRITISH COLUMBIA POLICE
ASSOCIATION**

Per: ORIGINAL SIGNED
Mark Shulz, Pension Representative

**THE UNION OF BRITISH COLUMBIA
MUNICIPALITIES**

Per: ORIGINAL SIGNED
Jim Abram, President

BRITISH COLUMBIA NURSES' UNION

Per: ORIGINAL SIGNED
Fran MacDonnell, Chair Pension Committee

**THE HEALTH EMPLOYERS
ASSOCIATION OF BRITISH COLUMBIA**

Per: ORIGINAL SIGNED
Gary Moser, Chief Executive Officer

Per: ORIGINAL SIGNED
Sharon Saunders, Coordinator Health/Safety
and Benefits

**BRITISH COLUMBIA PROFESSIONAL
FIRE FIGHTERS' ASSOCIATION**

Per: ORIGINAL SIGNED
Ed Pakos, Vice-President

**CANADIAN UNION OF PUBLIC
EMPLOYEES, BC DIVISION**

Per: ORIGINAL SIGNED
Gary Johnson, National Representative

Per: ORIGINAL SIGNED
Maria Wahl, Co-chair Pension Committee

**COUNCIL OF JOINT ORGANIZATIONS
AND UNIONS**

Per: ORIGINAL SIGNED
Koni Marrington, Bargaining Committee
Member

Per: ORIGINAL SIGNED
Brian Northam, Bargaining Committee
Member

**HEALTH SCIENCES ASSOCIATION OF
BRITISH COLUMBIA**

Per: ORIGINAL SIGNED
Dennis Blatchford, Executive Assistant/
Human Resources Coordinator

HOSPITAL EMPLOYEES' UNION

Per: ORIGINAL SIGNED
Steven Polak, Director

Per: ORIGINAL SIGNED
Maurice Smith, Bargaining Committee
Member

APPENDIX A

THE MUNICIPAL PENSION PLAN Appointment and Acceptance of Trust

TO: THE MUNICIPAL PENSION BOARD OF TRUSTEES

The undersigned acknowledges receipt of a copy of the Municipal Pension Plan Joint Trust Agreement (the “**Agreement**”) pursuant to which the Municipal Pension Plan (the “**Pension Plan**”) and the Municipal Pension Fund (the “**Pension Fund**”) are established.

The undersigned is hereby appointed to act as a Trustee [or alternate Trustee] of the Pension Plan and the Pension Fund by the appointing party described below for a term of _____ years ending on _____.

The undersigned confirms that the undersigned is a permanent resident of Canada, and agrees to immediately notify the other Trustees if this ever ceases to be the case.

The undersigned consents to act as a Trustee [or alternate Trustee] of the Pension Plan and Pension Fund pursuant to the terms of the Agreement.

The undersigned hereby accepts the trusts created and established by the Agreement, and agrees to administer the Pension Plan and Pension Fund in accordance with the provisions of the Agreement.

The undersigned agrees that until further notice communications may be sent to the undersigned at the following addresses or number appropriate to the communication:

[Street address]

[Facsimile number]

[E-mail address]

DATED at _____, British Columbia, this _____ day of _____, _____.

[Name of Appointing Party]

Trustee [alternate Trustee]

Per: _____

Witness

APPENDIX B

MUNICIPAL PENSION PLAN

FUNDING ARRANGEMENT AND POST RETIREMENT GROUP BENEFITS

1. Terminology

In this Appendix B, “**actuarial gain**” and “**unfunded liability**” have the meanings given to those phrases in Appendix C. and “**actuarial excess**” shall mean the amount, if any, by which the value of the assets of the Pension Plan exceed to value of the liabilities of the Pension Plan calculated on a Going Concern Basis as that term is defined in Appendix C. The determination of whether the Pension Plan has an actuarial gain, an unfunded liability or actuarial excess shall be made with reference to the benefits payable from the Basic Account.

2. Funding Arrangement

- (a) Employers and members will equally share the effects of group contribution rate rebalancing from the 2018 valuation and all future group rebalancing requirements.
- (b) The unfunded liabilities in the Plan established prior to 2018 will be funded with 2018 actuarial excess.
- (c) The 2022 Basic Account contribution rates effective January 1, 2022 are as follows:
 - Group 1 members and employers 7.34% of salary
 - Group 2 members 7.14% of salary and Group 2 employers 10.84% of salary
 - Group 5 members 9.08% of salary and Group 5 employers 12.79% of salary.
- (d) Employers and members will equally share future adjustments to contribution rates by member group.
- (e) The cap on the Rate Stabilization Account which was established following the 2015 valuation (the “RSA”) will be removed as of December 31, 2021. A target funding level for the maximum size of the RSA to be set by Board policy subject to paragraph 2 (h).
- (f) Subject to paragraph 2 (i), all remaining 2018 actuarial excess after the Pension Plan Rules are amended in accordance with the Partners and Signatories Agreement dated December 7, 2020 will be transferred to the RSA.

- (g) The current level of sustainable indexing of 2.1% should be maintained for all benefits until at least the 2021 valuation. Thereafter the level of sustainable indexing shall be set by the Board after receiving advice from the actuary.
- (h) Future actuarial gains will be used to first retire any unfunded liabilities and to ensure that the Plan is funded at the Entry Age Normal Cost if possible. For greater certainty:
- If the current contribution rate is less than the EANC, then use actuarial excess to support the lowest possible contribution rate below the EANC that is not less than the current contribution rate.
 - If the required contribution rate is higher than the current contribution rate, then funds will be drawn from the RSA as needed to support the lowest possible contribution rate that is not less than the current contribution rate.

Then any remaining actuarial excess will be split on a 50/50 basis between the IAA and the RSA. For greater certainty: when the IAA has sufficient funds to provide full sustainable indexing without a cap, or the RSA has reached the targeted funding level, the share that would otherwise go to either the IAA or the RSA will go to the other account (i.e., IAA or RSA) until both targets are met.

The Signatories will maintain the discretion to direct the Board otherwise with respect to any remaining actuarial excess at each valuation beginning with the 2024 valuation. If no Signatory decision is made within 6 months from the time Signatories are in receipt of the valuation report, the Board will act as per the above.

- (i) A Group Contribution Rate Rebalancing Account (GCRRA) shall be established in the Basic Account using \$32 million of actuarial excess from the 2018 valuation for the purpose of rate stability for Groups 2/5 when group contribution rate rebalancing is required as per the Board's funding policy.

3. Post Retirement Group Benefits

- (a) Prior to December 31, 2021 the Signatories shall establish a trust to be known as the Municipal Retiree Benefit Trust (the "MRBT"). The MRBT shall qualify as an employee life and health trust under the ITA.
- (b) As of and from January 1, 2022 (the "Effective Date"), or as soon thereafter as is practicable, all post retirement group benefits for retired Pension Plan members shall be provided through the MRBT.
- (c) Initially the MRBT shall continue the program of post retirement group benefits for retired Pension Plan members sponsored by the Board in effect immediately prior to the Effective Date. Thereafter post retirement group benefits shall be as determined by the MRBT.

- (d) The program of post retirement group benefits provided through the MRBT shall be for all purposes the program of post retirement group benefits sponsored by the Board pursuant to the Act and in that regard the Board may in its discretion provide advice, data and information to the MRBT with respect to any aspect of the post retirement group benefits program.
- (e) As of the Effective Date ongoing employer contributions of 0.6% of salary that would otherwise go to the IAA shall be made to the MRBT in lieu of the current funding allocation of a portion of employer contributions to post retirement group benefit subsidies. Ongoing employer MRBT contributions shall flow through the supplemental benefits account.
- (f) \$100 million in seed money shall be accumulated by deductions from 2021 employer contributions that would otherwise go to the IAA and shall be transferred to the MRBT on or before December 31, 2021 to flow through the supplemental benefits account.
- (g) The Board shall have no responsibility or liability for any action, error or omission of the trustees of the MRBT, the investment of the MRBT fund or the application of the seed money, the retired Pension Plan member contributions or the ongoing employer contributions once transferred to the MRBT.
- (h) The Pension Plan's post retirement group benefit rules shall be amended as necessary to implement the provisions of this Appendix B.
- (i) The Board shall enter such agreements and do such acts as may be required to transition the program of post retirement group benefits to the MRBT and to support the administration of the program of post retirement group benefits provided through the MRBT.
- (j) \$70 million in further seed money shall be accumulated by deductions from 2022, 2023 and 2024 employer contributions that would otherwise go to the IAA and shall be transferred to the MRBT in up to three tranches if necessary on or before December 31, 2024, all to flow through the supplemental benefits account.

APPENDIX C

MINIMUM FUNDING REQUIREMENTS FOR THE MUNICIPAL PENSION PLAN

1. Background

- (a) Effective December 31, 2019, the regulations under the PBSA were amended to change the funding rules for defined benefit pension plans in British Columbia. The Pension Plan continues to be exempt from the PBSA's funding rules.
- (b) The Pension Plan is funded in voluntary compliance with the PBSA going concern funding requirements, as they existed prior to the amendments made December 31, 2019. To ensure continuity of the framework, this Appendix confirms those funding requirements.

2. Definitions

- (a) Subject to paragraph (b), in this Appendix, terms which are defined in the PBSA or the regulations to the PBSA shall have the meaning set out therein and terms which are defined in Section 1.1 of the main body of this Agreement shall have the meaning set out therein.
- (b) In this Appendix, unless the context requires another meaning, the following terms have the following meanings:

"Accessible Going Concern Excess" means the amount by which the Going Concern Assets Value exceeds 105% of the Going Concern Liabilities Value, as those values are determined in the current actuarial valuation report.

"Active Member" means an "active member", as defined in the Pension Plan Rules made.

"Actuarial Gain" means the amount that represents the improvement, referred to in paragraph (5a), between the projected financial position of the Basic Account and the actual financial position of the Basic Account;

"Establishment Date" means, in respect of an Unfunded Liability:

- (i) the Review Date as at which the existence of the Unfunded Liability was established, or
- (ii) if the Unfunded Liability resulted from an amendment to the Pension Plan Rules, the effective date of the amendment.

"Going Concern Assets Value" means the value of the assets of the Basic Account, including income due and accrued, which value is determined on a Going Concern Basis.

"Going Concern Basis" means a basis for determining the value of the Pension Plan's assets and liabilities that: (i) is adequate and appropriate; (ii) is in accordance with accepted actuarial practice, and (iii) applies to the Pension Plan if no decision has been made to terminate the Pension Plan.

"Going Concern Liabilities Value" means the actuarial present value of the accrued benefits payable from the Basic Account, including amounts due and unpaid, which actuarial present value is determined on a Going Concern Basis.

"Normal Actuarial Cost" means an amount, excluding special payments, estimated by the Plan Actuary, on a Going Concern Basis, to be the cost of the benefits payable from the Basic Account that accrue to Active Members in that fiscal year of the Pension Plan.

"Plan Actuary" means the actuary engaged by the Board pursuant to Section 10.1 of the Agreement.

"Plan Contributor" means the Employers and the Active Members.

"Review Date" means, in respect of an actuarial valuation report and related cost certificate prepared in relation to the Pension Plan, the date as at which the actuarial valuation report and related cost certificate is or was required to be prepared pursuant to section 45 of the regulations under the PBSA.

"Unfunded Liability" means, in respect of the benefits payable from the Basic Account, the amount, if any, by which the Going Concern Liabilities Value exceed the Going Concern Assets Value, both values determined as at the latest Review Date.

"Unfunded Liability Payment Period" means, in relation to an Unfunded Liability, the 15-year period that begins on the first anniversary of the Establishment Date of the Unfunded Liability.

3. Valuation

In preparing an actuarial valuation report for a going concern valuation as required by subsection 10.3(a) of the Agreement, the Plan Actuary shall value the Pension Plan's assets and liabilities on a Going Concern Basis as at the Review Date. Such report shall determine the Normal Actuarial Cost and the funded position of the Pension Plan as at the Review Date.

4. Funding of Normal Actuarial Cost and Unfunded Liabilities

- (a) If an actuarial valuation report establishes the existence of an Unfunded Liability that did not exist prior to that report's Review Date, such Unfunded Liability will be funded in accordance with this Section 4.

- (b) Subject to paragraph (c), the Plan Contributor must, in accordance with this paragraph, pay each of the following into the Pension Plan:
- (i) at least monthly, an amount equal to 1/12 of the Normal Actuarial Cost determined on the basis of the current actuarial valuation report or cost certificate, starting in the first month of the second fiscal year of the Pension Plan following the Review Date;
 - (ii) without limiting any other obligation on the Plan Contributor to make payments under this paragraph in relation to any previous Unfunded Liability, if the current actuarial valuation report establishes the existence of an Unfunded Liability, a series of equal payments that are made at least monthly, which series of payments must be sufficient, in the opinion of the Plan Actuary who prepared that actuarial valuation report, to amortize the Unfunded Liability within the Unfunded Liability Payment Period applicable to it.
- (c) Instead of making the payments referred to in subparagraph (b)(i), the Plan Contributor may elect to make payments into the Pension Plan under this paragraph if:
- (i) the payments are made at least monthly over the Unfunded Liability Payment Period that is applicable to that Unfunded Liability,
 - (ii) the payment amounts are identical and are calculated as a percentage of the payroll or as an average amount per hour of employment that, as at the Review Date of the actuarial valuation report by which the existence of the Unfunded Liability was established, was projected for the Active Members; and
 - (iii) the actuarial present value of the payments over the period referred to in subparagraph (i), or any shorter period selected by the Board for the purposes of this paragraph, is equal to that Unfunded Liability.
- (d) Without limiting paragraphs (b) or (c) each Unfunded Liability must be funded by a separate series of payments under subparagraph (b)(ii) or paragraph (c) and must not be combined with any other Unfunded Liability.
- (e) If a Plan Contributor is required under paragraph (b) or (c) to make payments in relation to an Unfunded Liability, the Plan Contributor may make larger payments, more frequent payments or earlier payments than what is required, and, in that event, the Plan Contributor may, despite paragraph (b) or (c), reduce or eliminate subsequent payments provided that
- (i) the Unfunded Liability is eliminated within the applicable Unfunded Liability Payment Period, and;
 - (ii) the balance of the Unfunded Liability never exceeds the amount of that Unfunded Liability that would have existed had the full amount of the payments required under paragraph (b) or (c) been made.

5. Actuarial Gain

- (a) If the current actuarial valuation report of the Pension Plan establishes that the total amount of all Unfunded Liabilities is less than the total amount of all Unfunded Liabilities projected for the Pension Plan in the previously filed actuarial valuation report, the amount of that Actuarial Gain must be used:
- (i) to eliminate every Unfunded Liability, or
 - (ii) if the amount of that Actuarial Gain is insufficient to eliminate every Unfunded Liability, to reduce the Unfunded Liabilities, with the Unfunded Liabilities being eliminated or reduced chronologically, beginning with the oldest Unfunded Liability.
- (b) If an Actuarial Gain is used in the manner referred to in subparagraph (a)(i), to reduce the amount of an Unfunded Liability, the payments that are, under paragraphs 4(b) or 4(c), required to be made in relation to that Unfunded Liability must be reduced, on a prorated basis, and paid over the remainder of the applicable Unfunded Liability Payment Period, or a shorter period.

6. Use of Accessible Going Concern Excess to reduce Contributions

- (a) Subject to paragraph (b), if the Pension Plan has Accessible Going Concern Excess, it may be applied to reduce or eliminate the contributions referred to in subparagraph (b)(i).
- (b) Despite paragraph (a), not more than 20% of the Accessible Going Concern Excess may be used to reduce or eliminate contributions in the second fiscal year to which the current actuarial valuation report applies, and in each of the 2 following fiscal years.