

THIS JOINT SPONSORSHIP AGREEMENT, including Appendices “A” and “B”, (the “**Agreement**”) is made the 15 day of March, 2016,

BETWEEN:

HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR, as represented by the Minister of the Department of Finance

(the “**Government**”)

AND:

THE NEWFOUNDLAND AND LABRADOR TEACHERS’ ASSOCIATION

(the “**NLTA**”)

WHEREAS effective, June 15, 2015, the Government and the NLTA entered into the Teachers’ Pension Plan Reform Agreement (the “**Reform Agreement**”) to revise the terms and conditions of the Teachers’ Pension Plan;

AND WHEREAS under the terms of the Reform Agreement, the Pension Plan is to have two sponsors, (i) the Government and (ii) the members of the Pension Plan (the “**Sponsors**”), as represented by the NLTA;

AND WHEREAS under the terms of the Reform Agreement, the Parties agreed to the establishment of a funding policy with respect to how to respond to actuarial surpluses and deficits in the Pension Plan at prescribed intervals;

AND WHEREAS the Parties wish to enter into this Agreement for the purposes of (i) setting out the terms and conditions of the joint sponsorship of the Pension Plan; and (ii) establishing the Funding Policy.

NOW THEREFORE the Parties agree as follows:

Notwithstanding the date this Agreement is signed this Agreement shall take effect on the date that is the later of April 1, 2016 and the date that the amendments to the *Teachers’ Pensions Act* that are required to implement the Structure Changes delineated in the Reform Agreement are proclaimed (“**Effective Date**”). Notwithstanding Section 8.1 this Agreement may be amended by the Parties prior to the Effective Date.

Article 1 Interpretation

1.1 Defined Terms

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

- (a) **“Accrued Benefit”** means a benefit which has been earned and to which a Member is entitled under the Pension Plan as of the date of the change, without projection of future salary or service, and which is assumed to commence at the Normal Retirement Age, unless the Member has qualified for retirement under early retirement provisions with an unreduced pension;
- (b) **“Active Member”** means a Teacher who is required to participate in the Pension Plan;
- (c) **“Board” or “Board of Directors”** means the board of directors of the Corporation;
- (d) **“Chair”** means the chair of the Sponsor Body appointed from time to time pursuant to this Agreement;
- (e) **“Corporation”** means the Teachers’ Pension Plan Corporation, which Corporation is the administrator and trustee of the Pension Plan, established pursuant to the *Teachers’ Pensions Act*, SNL 1991 c 17;
- (f) **“Deferred Pensioner”** shall have the meaning ascribed in *the Teachers’ Pensions Act*;
- (g) **“Director”** means a member of the Board of Directors of the Corporation;
- (h) **“Effective Date”** shall have the meaning ascribed on page 1 of this Agreement;
- (i) **“Fiscal Year”** means the 12 months ending December 31;
- (j) **“Fund”** means the Teachers’ Pension Plan Fund, to be established pursuant to the *Teachers’ Pensions Act*;
- (k) **“Funding Policy”** means the funding policy attached hereto as Appendix “A”, which forms part of the Joint Sponsorship Agreement;
- (l) **“Government Representatives”** means the representatives of the Sponsor Body appointed by the Government;
- (m) **“Inactive Members”** means Deferred Pensioners and Pensioners, and “Inactive Member” shall mean any one of them;
- (n) **“Members”** means Active Members and Inactive Members, and “Member” shall mean any one of them;
- (o) **“NLTA”** means the Newfoundland and Labrador Teachers’ Association;

- (p) “**NLTA Representatives**” means the representatives of the Sponsor Body appointed by the NLTA;
- (q) “**Normal Retirement Age**” shall have the meaning ascribed in the *Teachers’ Pensions Act*;
- (r) “**Parties**” means the Government and the NLTA, and “Party” shall mean one of them;
- (s) “**Pensioner**” shall have the meaning ascribed in the *Teachers’ Pensions Act*;
- (t) “**Pension Plan**” means the Teachers’ Pension Plan, as continued under the *Teachers’ Pensions Act*, or a contract that replaces the relevant provisions of that Act;
- (u) “**Reform Agreement**” shall have the meaning ascribed in the first recital;
- (v) “**Representatives**” means, collectively, the NLTA Representatives and the Government Representatives, and “Representative” means one of the Representatives;
- (w) “**Sponsors**” shall have the meaning ascribed in the second recital, and “Sponsor” shall mean one of them;
- (x) “**Sponsor Body**” means the body appointed in accordance with Article 4 of this Agreement;
- (x) “**Structure Changes**” shall have the meaning ascribed in the Reform Agreement;
- (y) “**Teacher**” means a teacher as defined in the *Teachers’ Pensions Act*; and
- (z) “**Vice-Chair**” means the vice-chair of the Sponsor Body appointed from time to time pursuant to this Agreement.

1.2 Interpretation

In this Agreement, unless the context otherwise requires, words in the singular shall be construed as including words in the plural, and words in the plural as including words in the singular.

Article 2 Background

2.1 Joint and Equal Participation and Pension Plan Funding

Pursuant to the Reform Agreement, the Parties committed to:

- (i) the principle of joint and equal participation in the sponsorship and administration of the Pension Plan; and
- (ii) the establishment of a funding policy.

2.2 *Parties' Intention*

By the terms of this Agreement, the Parties intend to provide for the joint sponsorship and administration of the Pension Plan and the establishment of a funding policy.

2.3 *Authority*

The Parties each represent to the other that they have the authority to enter into this Agreement and to bind the Government and NLTA, as applicable.

2.4 *Name Changes*

In the event that the NLTA changes its name, the NLTA shall, by its new name, be a Party to this Agreement and have the same duties, responsibilities and powers that the NLTA had under its former name.

2.5 *Appendices*

The following appendices are attached hereto and form part of this Agreement:

Appendix "A" - Funding Policy

Appendix "B" - Trustee Corporation Framework

Article 3 **Transition**

3.1 *Transitional Administration and Pension Plan Investment Services*

The Parties acknowledge that the Corporation may contract with the Government with respect to Pension Plan administration and Pension Plan investment services for a 12 month term, renewable for one further 12 month period, on a cost recovery basis.

3.2 *Transition of Pension Plan Assets*

The Minister of Finance, in his position as Trustee of the Province of Newfoundland and Labrador Pooled Pension Fund, the Parties, and the Sponsor Body, once established, shall consider what steps are required to permit the Corporation to invest the Fund either on its own or with other pension plans, if so desired.

3.3 *Post-Transitional Pension Plan*

The Directors shall submit to the Sponsor Body, for its approval, and the Sponsor Body shall approve, on or before February 1, 2017 a proposal for a non-statutory pension plan reflecting the provisions of the *Teachers' Pensions Act*, as those terms were on August 31, 2016, that contains the terms of the Pension Plan, with only such changes as are

technically necessary to accommodate a transition from a statutory to a non-statutory pension plan. The Government shall ask the House of Assembly to repeal the corresponding provisions of the *Teachers' Pensions Act*. The effective date of the non-statutory pension plan, to be adopted by the Sponsor Body, shall be the same as the date of the repeal of the corresponding provision of the *Teachers' Pensions Act*.

Article 4 Appointment of Sponsor Body

4.1 Sponsor Body Established

As of the Effective Date, the sponsorship of the Pension Plan shall be the responsibility of the Sponsor Body. The name of the Sponsor Body may be amended upon the written agreement of the NLTA and the Government. The Sponsor Body shall consist of 6 to 8 persons as follows:

- (a) the Government shall appoint 3 to 4 Representatives, using whatever method they adopt; and
- (b) the NLTA shall appoint 3 to 4 Representatives, using whatever method they adopt.

Representatives shall be chosen with a view to providing the Sponsor Body with a broad range of relevant competencies and experience. A Director shall not be eligible for appointment to the Sponsor Body. For greater certainty, no person is permitted to act in the place of any Representative.

4.2 Appointment of Chair and Vice Chair

- (a) There shall be a Chair and a Vice Chair of the Sponsor Body. The initial Chair shall be appointed by the NLTA. The initial Vice-Chair shall be appointed by the Government.
- (b) At the end of each 2 year term on a rotating basis, the Government Representatives shall, from their numbers, appoint a Chair or Vice-Chair of the Sponsor Body and the NLTA Representatives shall, from their numbers, appoint a Chair or Vice-Chair.
- (c) If the Chair or Vice-Chair ceases to be a Representative, then his or her position as Chair or Vice-Chair shall be filled for the balance of his or her respective term by a Representative appointed in the same manner as set out in this Article.

4.3 Remuneration of Representatives

The Representatives shall serve without remuneration, but shall be reimbursed for their reasonable expenses by the Corporation from the Fund in accordance with the policies of the Sponsor Body.

4.4 *Residency*

Each Representative shall be a resident of Canada for the duration of his or her appointment.

4.5 *Terms for Representatives*

- (a) The Chair and Vice-Chair shall serve for a 2 year term.
- (b) Each Representative shall serve a 2 year term, provided that a Representative shall continue to serve until their replacement is appointed or they resign. A Representative may be re-appointed for any number of terms.

4.6 *Resignation of a Representative*

A Representative may resign by giving written notice thereof to the Chair and to the Party that appointed him or her. The Chair shall promptly notify all the other Representatives. The effective date of a resignation shall be stated in the notice of resignation, which date may be no earlier than the date the Representative signs the notice of resignation, failing which it shall be the date when the Party that appointed the Representative receives the written notice of resignation.

4.7 *Removal*

A Representative may be removed at any time by the Party or other Party that appointed such Representative. Where a Representative is removed under this Article, the Party that appointed him or her shall give written notice to the Chair. The Chair shall promptly notify all the Representatives.

4.8 *Death, Incapacity or Disqualification*

If a Representative dies, becomes incapacitated or ceases to qualify as a Representative, the Chair shall give written notice to the Party that appointed the Representative and the other Representatives of the death, incapacity or disqualification.

4.9 *Appointment of Interim Representative*

In case of resignation, removal, death, incapacity or disqualification of a Representative, the Party who appointed the Representative shall, within 30 days of receiving notice of the vacancy, appoint a successor Representative to serve for the remaining term of that Representative.

4.10 *Death of a Representative*

If a Representative 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 Representative's death. A deceased Representative's estate shall not be discharged from, and shall remain liable for, any of the deceased Representative's

liabilities arising hereunder prior to the date of death.

4.11 Discharge of Representatives

If a Representative resigns, becomes incapacitated, or is removed, 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, incapacity, or removal, as the case may be. However, a Representative who resigns, becomes incapacitated, or is removed shall not be discharged from, and shall remain liable for, any of the Representative's liabilities arising hereunder prior to the effective date of his or her resignation, incapacity, or removal, as the case may be.

4.12 Termination

A Representative who resigns, is removed, or becomes incapacitated, and the personal representatives of a deceased Representative, shall forthwith turn over to the successor Representative any and all records, books, and documents in his or her possession, incidental to his or her duties as Representative under this Agreement or relating to the sponsorship of the Pension Plan. Despite the foregoing, if the Sponsor Body considers it appropriate, a former Representative may have reasonable access to any of his or her records, books or documents turned over to the successor Representative.

Article 5 Operation of the Sponsor Body

5.1 Voting

The Representatives shall meet to discuss and consider any matters at a meeting prior to any voting being undertaken in regard to those matters. Each Representative appointed pursuant to this Agreement shall have one vote at any duly called and constituted meeting of the Sponsor Body.

5.2 Voting by Chair

The Chair is not entitled to a second or casting vote.

5.3 Quorum

- (a) A quorum at a meeting of the Sponsor Body shall consist of a majority of the Representatives appointed by the Government and a majority of the Representatives appointed by the NLTA.
- (b) If a quorum is not present within 60 minutes of the time specified for a meeting of the Sponsor Body, the Representatives present may adjourn the meeting to a fixed time and place but may not transact any other business.
- (c) If during a meeting a quorum is lost, the Representatives remaining at the meeting shall not transact any business except to fix a time and place for a continuation of the meeting.

- (d) If the Representatives meet when a Representative position is vacant, the meeting is validly constituted as long as a quorum is present.

5.4 *Decisions*

Subject to Section 6.4, all decisions of the Sponsor Body shall be made by a resolution passed by an affirmative vote of at least a majority of the NLTA Representatives and a majority of the Government Representatives present at a duly called and constituted meeting of the Sponsor Body. In the case of a lesser number of votes or a tie, the *status quo* will prevail, subject only to the deadlock resolution provisions of the Funding Policy.

5.5 *Resolutions in Writing*

Notwithstanding Section 5.4, if all of the Representatives then in office could form a quorum if they met, any decision of the Sponsor Body may be made in writing if signed by all Government Representatives and all NLTA Representatives then in office without a meeting of the Sponsor Body.

5.6 *Frequency of Meetings*

- (a) The Representatives shall meet at least twice in each calendar year, and in addition shall meet with the Board of Directors at least once per year. The Chair shall set the date and location of each meeting, by no later than the end of the prior calendar year.
- (b) Any one of the Representatives may request the Chair to convene a meeting of the Sponsor Body, 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, no later than 5 days following receipt of the written request the Chair shall give notice to the Representatives setting out the date and location of the meeting, which meeting shall be held within 15 days of the date upon which the request to convene a meeting was received by the Chair.
- (c) If the office of the Chair is vacant, the Vice-Chair may exercise the powers otherwise given to the Chair to set the date and location of a meeting, and give notice to the other Representatives.
- (d) If the offices of Chair and Vice-Chair are vacant, 1 Government Representative and 1 NLTA Representative, acting jointly may exercise the powers otherwise given to the Chair and Vice-Chair in this Article, to set the date and location of a meeting, and give notice of it to the other Representatives.
- (e) Sponsor Body meetings shall be held in the Province of Newfoundland and Labrador. If a Representative participating in a meeting does so by means of a telephone conference or such other communication facilities as are permitted by Section 5.11, that Representative will be deemed to be in Newfoundland and Labrador for the purposes of the meeting;

- (f) All Representatives agree to meet and negotiate in good faith to resolve any differences.

5.7 *Notice of Meeting*

The Chair or Vice-Chair, or any other person delegated to do so by the Sponsor Body, shall cause written notice of each meeting of the Sponsor Body to be given to the Representatives not less than 10 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. Whenever possible, any reports or other documentation to be considered at a meeting shall be provided to the Representatives with the notice of the meeting. For greater certainty, nothing in this Section precludes a Representative 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.

5.8 *Waiver of Notice*

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

5.9 *Recording Secretary*

The Sponsor Body shall appoint a recording secretary, who need not be a Representative, to keep minutes or records of all meetings, proceedings and acts of the Sponsor Body or its committees. Those minutes or records of Sponsor Body meetings shall be provided to the Representatives for verification at the next meeting of the Sponsor Body. All records and minutes of the Sponsor Body shall be kept in the custody of the Chair and Vice-Chair.

5.10 *Chair of Meeting*

The Chair shall act as chair of a meeting of the Sponsor Body. If the Chair is not in attendance at a meeting, the Vice-Chair shall act as chair of a meeting of the Sponsor Body, and if neither Chair nor the Vice-Chair is in attendance at a meeting the Representatives present at the meeting shall select a chair for the meeting from their numbers.

5.11 *Telephone Meetings*

A meeting of the Sponsor Body may be held or a Representative may participate in a meeting of the Sponsor Body, 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 Representative 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.

5.12 *Defect in Appointment, etc.*

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

5.13 *Execution of Documents*

All agreements and other documents to be executed by the Sponsor Body shall, after being approved by the Sponsor Body, be signed by two Representatives, one of whom shall be appointed by the Government Representatives and one by the NLTA Representatives, from their numbers.

5.14 *Power to Enter into Agreements*

The Sponsor Body may retain or require the Corporation to retain the services of persons for the purpose of assisting the Sponsor Body with the sponsorship of the Pension Plan. The fees and expenses of such persons shall be paid from the Fund.

Article 6 Powers, Functions and Duties of the Sponsor Body

6.1 *Resolutions, Committees and Appointments*

The Sponsor Body may:

- (a) adopt resolutions it considers necessary or advisable to sponsor the Pension Plan and to exercise the Sponsor Body's powers and perform its duties;
- (b) establish committees or panels of the Sponsor Body, and determine the composition, duties, responsibilities, limitations and operating procedures of those committees or panels provided that such committees or panels shall consist of an equal number of appointees of the Government and the NLTA;
- (c) appoint persons other than Representatives to a committee or panel referred to in paragraph (b), and set the terms of appointment to the committee or panel that applies to those persons;
- (d) rescind an appointment made under paragraph (c); and
- (e) hire or direct the Corporation to hire staff and advisors and charge to the Fund the reasonable costs of such staff and advisors.

6.2 *Power to Settle Claims*

The Representatives, in consultation with the Board of Directors, may, if and as they think fit, compromise, compound, abandon, submit to arbitration or otherwise settle a debt, account, claim or other thing relating to the Representatives. For any of these purposes,

the Representatives may enter, give, execute and do the agreements, instruments of composition or arrangement, releases and other things that the Representatives considers expedient.

6.3 *Duties and Responsibilities*

The Sponsor Body shall be responsible for the following:

- (a) subject to the Funding Policy, making amendments to the Pension Plan design, including amendments related to eligibility, benefits, contributions or restating the Pension Plan at such times as the Sponsor Body determines are necessary or appropriate, after receiving advice, if any, from the Board of Directors in respect of such amendments or restatements;
- (b) subject to the Funding Policy, at its discretion, but subject to applicable law, instructing the Board of Directors as to the frequency with which actuarial valuations of the Pension Plan shall be prepared and filed with the applicable regulatory authorities;
- (c) in consultation with the Pension Plan actuary and the Board of Directors, amending the actuarial assumptions and methods for the Pension Plan, as necessary;
- (d) meeting with the Board of Directors, at least once a year, to consider matters of interest to either the Sponsor Body or the Board of Directors and to receive an explanation of the annual report of the Pension Plan and the Fund from the Board of Directors and at such other times as are requested by the Sponsor Body or by resolution of the Board of Directors to consider any matter including any issue regarding the frequency of the preparation and filing of actuarial valuations for the Pension Plan;
- (e) advising the Parties and the Board of Directors of any amendment to the Pension Plan;
- (f) making recommendations to the Board of Directors respecting the administration of the Pension Plan;
- (g) preparing a report at the end of every fiscal year of the Pension Plan setting out the activities of the Sponsor Body in that year, including a self-assessment of the Sponsor Body, in such form as may be agreed to between the Parties, such report to be delivered to the Parties as soon as reasonably possible after the end of the fiscal year of the Pension Plan;
- (h) implementing the Funding Policy; and
- (i) establishing policies for remuneration of Board and committee members who are non-party employees that are consistent with attracting high quality talent and supporting expectations pertaining to the time and effort commitment required to

remain abreast of Board challenges and requirements; and

- (j) establishing policies for reimbursement of reasonable expenses.

6.4 *Termination, Wind-Up or Conversion*

Any decision to terminate or, wind-up, in whole or in part or convert the Pension Plan from a jointly sponsored defined benefit Pension Plan to any other type of pension plan shall require the unanimous approval of the Government and the NLTA.

6.5 *Protection of Accrued Benefits*

- (a) No decision of the Sponsor Body may reduce an Accrued Benefit.
- (b) For greater certainty changes made pursuant to the Reform Agreement did not reduce Accrued Benefits and without limiting the generality of the foregoing, the following will not result in a reduction of Accrued Benefits:
 - (i) no change is permitted to a benefit that a Pensioner is receiving at the effective date of the change to the Pension Plan;
 - (ii) where the pension formula (the accrual rate and/or the earnings used to calculate the Pension) is changed, the entitlement of Members will be based on the pre-change formula for service already earned at the effective date of the change to the Pension Plan, without any projection of earnings and/or service. The new formula will apply to all service after the effective date of the change to the Pension Plan; and
 - (iii) if the eligibility for an early retirement benefit is changed, subject to any transition period which may be granted, only Members who are eligible to commence early retirement with an immediate unreduced pension under the Pension Plan will retain eligibility for the pre-change early retirement benefit. All other Members will be subject to the new early retirement eligibility requirements at and after the effective date of the change to the Pension Plan in respect of all of their service.

Article 7 Indemnification, Limitation of Liability and Insurance

7.1 *Indemnification*

A Representative shall be indemnified by the Fund for all legal expenses and all other 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 Representative, and including an action brought by the Sponsor Body, if:

- (a) the Representative acted in good faith; and
- (b) in the case of a criminal, regulatory or administrative action or proceeding that is enforced by a monetary penalty, the Representative had reasonable grounds for believing that his or her conduct was lawful.

7.2 *Liability for Other Matters*

The Representatives, 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;
- (b) any delay occasioned by any restriction or provision in:
 - (i) this Agreement;
 - (ii) the Pension Plan;
 - (iii) any contract procured in the course of the sponsorship of the Pension Plan; or
 - (iv) by any other procedure.

7.3 *Reliance on Documents, etc.*

Subject to Section 7.1, the Representatives 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.

7.4 *Reliance on Advisers*

So long as the Representatives exercise reasonable care in the selection, instruction and supervision of a professional adviser, then subject to Section 7.1 the Representatives shall incur no liability, either collectively or individually, in acting and relying upon the opinions or advice of the professional adviser.

7.5 *Recourse Solely Against Fund*

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

7.6 *Financial Responsibility for the Pension Plan*

The Government's and Members' sole financial obligation in respect of the Pension Plan is to make contributions and other payments to the Fund in the amounts and at the times

specified in the Pension Plan, the Funding Policy and this Agreement.

7.7 *No Liability for Representatives Appointed*

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

7.8 *Extended Meaning of Representative*

- (a) Any reference in this Agreement to the indemnification or other protection of a Representative shall, unless the context clearly indicates otherwise, include a person appointed to a committee or a panel under Section 6.1 unless such person is being compensated for so acting. Reimbursement of lost salary or reasonable expenses does not constitute compensation for the purpose of this Paragraph.
- (b) Any reference in this Agreement to the indemnification or other protection of a Representative or other person appointed to a committee or a panel under Section 6.1 shall, unless the context clearly indicates otherwise, apply to individuals who formerly held these positions on or after the Effective Date, and to the personal representatives of any such individuals.

7.9 *Insurance*

The Sponsor Body may purchase and maintain, or require the Corporation to purchase and maintain, errors and omissions insurance or insurance of a similar nature or description, it considers necessary or appropriate for the Sponsor Body, and Representatives or anyone else engaged in the sponsorship of the Fund. The cost of this insurance shall be paid by the Fund.

Article 8 **Amendment and Termination of Agreement**

8.1 *Amendment to Agreement*

The Sponsor Body has no authority to make any amendments to this Agreement. This Agreement may be amended at any time by the Parties but only after first consulting with the Sponsor Body.

8.2 *Recommendations for Amendment*

The Sponsor Body may make recommendations to the Parties with respect to amendments to this Agreement.

8.3 *Retroactive Amendment*

Any amendment to this Agreement may take place retroactively or otherwise as the Parties may direct, except that no amendment shall be made which diminishes the Representatives' right to indemnity under this Agreement.

8.4 *Termination of Pension Plan*

If the Pension Plan is terminated in its entirety, in accordance with Section 6.4, the assets of the Fund shall be disbursed in accordance with the Pension Plan.

Article 9 **General Restrictions**

9.1 **No Conflict of Interest**

- (a) No Representative shall knowingly permit his or her other interests to conflict with his or her powers, duties and responsibilities in respect of the Pension Plan.
- (b) Entitlement to a pension or other benefit under the Pension Plan does not create a conflict of interest.

9.2 ***Restrictions on Benefits Payable to Representatives***

No Representative is entitled to any benefit from the Pension Plan other than

- (a) a pension benefit provided in accordance with the Pension Plan; and
- (b) any remuneration and reimbursement of expenses related to the sponsorship of the Pension Plan provided for in this Agreement or the Pension Plan.

Article 10 **Miscellaneous Provisions**

10.1 ***Methods of Giving Notice***

- (a) All notices, requests, demands or other communications provided for in this Agreement shall be given in writing and shall be effectively given if delivered personally, or sent by prepaid mail or facsimile to the respective last known address or facsimile number of the recipient of the communication, or sent by email to the recipient of the communication if the recipient confirms receipt.
- (b) Subject to (c), a notice, request, demand or other communication shall be deemed to have been received when delivered, or if mailed, on the fifth business day after the mailing of the notice, or if sent by facsimile, on the day that the sending facsimile machine confirms that the facsimile has been sent, or if sent by e-mail, on the day that the recipient confirms that the e-mail transmission has been received.
- (c) In the event of a strike or other interruption in the normal delivery of the mail after the mailing of a notice, request, demand or other communication, 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 it is intended, unless it is actually delivered or sent by facsimile or e-mail to that party as contemplated herein.

10.2 *No Duty to Inquire*

All persons dealing with the Sponsor Body have no duty to inquire into any decision or authority of the Sponsor Body or into the ability of the Sponsor Body to receive any monies, securities or other property paid or delivered to the Sponsor Body and may rely upon any document required to be executed by the Sponsor Body which has been executed as provided in this Agreement, as having been duly authorized.

10.3 *Severance of Illegal Provisions*

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

10.4 *Binding Effect*

The Pension Plan, this Agreement, any document prepared in connection with this Agreement, the Pension Plan or the Fund, and all of the Sponsor Body's decisions, rules, regulations, policies and procedures made or established in accordance with this Agreement, the Pension Plan or the Fund, shall be binding on the Representatives, the Parties, the Corporation, the Members, the Inactive Members and their respective beneficiaries, dependents, estates, heirs, executors, administrators, successors and assigns.

10.5 *Further Assurances*

The Representatives 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.

10.6 *Governing Law*

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

10.7 Counterpart Execution

This Agreement may be signed in counterparts.

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

HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND
LABRADOR AS REPRESENTED BY THE MINISTER
OF THE DEPARTMENT OF FINANCE



MINISTER OF FINANCE



Printed name

DATED: March 15, 2016

THE NEWFOUNDLAND AND LABRADOR
TEACHERS' ASSOCIATION



President, Newfoundland and Labrador Teachers'
Association



Printed Name

DATED: March 15, 2016

Appendix "A"
to the Joint Sponsorship Agreement:

FUNDING POLICY

THIS FUNDING POLICY is made the 15 day of March, 2016,

BETWEEN:

**HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR AS
REPRESENTED BY THE MINISTER OF FINANCE**

(the "Government")

— AND —

THE NEWFOUNDLAND AND LABRADOR TEACHERS' ASSOCIATION

(the NLTA)

Section 1 – Interpretation

- (1) In this Funding Policy, unless the context requires another meaning, the following defined terms have the following meanings. Any capitalized term not defined herein shall have the meaning ascribed to such term in the main body of the Funding Policy.
 - (a) **"Accrued Benefits"** means benefits earned and to which a Member is entitled, without projection of future salary or service, and assumed to start at the Normal Retirement Date, unless the Member has qualified for retirement under early retirement with an unreduced pension;
 - (b) **"Active Member"** means a person who is required to participate in the Pension Plan;
 - (c) **"Actuarial Valuation Report"** means a report for funding purposes on the actuarial funding status of the Pension Plan prepared by the Pension Plan's Actuary in accordance with generally accepted actuarial principles and in accordance with the actuarial methods and assumptions set out in Appendix "B" to this Funding Policy as amended from time to time in accordance with paragraph 6.3(c) of the Joint Sponsorship Agreement;
 - (d) **"Administrator"** means the Corporation;
 - (e) **"Assets"** means the sum of the market value of investments held by the Pension Plan for investment and the Present Value of the Outstanding Payments Related to the Promissory Note;

- (f) **“Available Surplus”** means 25% of ‘A’ times ‘B’, where

‘A’ means the difference, if positive, between the Funded Ratio and the Maximum Funding Target for the relevant year, and

‘B’ means the Liabilities used in determining the Funded Ratio for the relevant year;
- (g) **“Board of Directors”** means the Board of Directors of the Corporation;
- (h) **“Canada Revenue Agency”** and **“CRA”** means the body that administers tax laws for the Government of Canada and most of the provinces and territories;
- (i) **“Chair”** means the chair of the Sponsor Body appointed from time to time pursuant to the Joint Sponsorship Agreement;
- (j) **“Contribution Rates”** means the Member Contribution Rate and the Employer Contribution Rate;
- (k) **“Contributions”** means the periodic contributions to the Fund required to be made by Active Members and the Employers under the Pension Plan;
- (l) **“Corporation”** means the Teachers’ Pension Plan Corporation, established pursuant to the *Teachers’ Pensions Act*;
- (m) **“Employer Contribution Rate”** means the percentage of an Active Member’s pensionable salary, prescribed by the Pension Plan, used to determine periodic contribution obligations to the Fund by the Employers;
- (n) **“Employers”** means the Government, each employer of those persons included in the Pension Plan as of the Effective Date as set out in the Joint Sponsorship Agreement, and each employer of employees that may be admitted into the Pension Plan by the Corporation;
- (o) **“Fund”** means the Teachers’ Pension Plan Fund established pursuant to the *Teachers’ Pensions Act*, SNL. 1991 c.-17;
- (p) **“Funded Ratio”** means the ratio of the Assets of the Pension Plan to the Liabilities of the Pension Plan, expressed as a percentage and as calculated by the Pension Plan’s Actuary and set out in an Actuarial Valuation Report that is prepared using the actuarial methods and assumptions set out in Appendix “B” to this Funding Policy as amended from time to time in accordance with paragraph 6.3(c) of the Joint Sponsorship Agreement;
- (q) **“Funding Policy”** means this document, which forms part of the Joint Sponsorship Agreement;
- (r) **“Government”** means the Government of Newfoundland and Labrador, as represented by the Minister of Finance;

- (s) **“Inactive Members”** means Deferred Vested Members and Pensioners, and “Inactive Member” shall mean any one of them;
- (t) **“ITA”** means the *Income Tax Act* (Canada), including the Regulations thereunder and any administrative rules, policies, waivers, or rulings made by the CRA;
- (u) **“Joint Sponsorship Agreement”** means the agreement relating to the joint sponsorship of the Pension Plan, between Government and the Newfoundland and Labrador Teachers’ Association, dated March , 2016, including Appendices “A” and “B”;
- (v) **“Liabilities”** means the value of the benefits under the Pension Plan determined on the basis of a going concern actuarial valuation;
- (w) **“Maximum Funding Target”** means for the relevant year the following:

2015	2018	2021	2024	2027	2030	2033
1000%	1000%	1000%	1000%	125%	125%	125%
2036	2039	2042	2045 and following			
125%	125%	125%	125%			

- (x) **“Members”** means Active Members and Inactive Members, and **“Member”** shall mean any one of them;
- (y) **“Member Contribution Rate”** means the percentage of an Active Member’s salary, prescribed by the Pension Plan, used to determine periodic contribution obligations to the Fund by the Active Members.
- (z) **“Minimum Funding Target”** means for the relevant year the following:

2015	2018	2021	2024	2027	2030	2033
0%	80%	80%	85%	90%	90%	95%
2036	2039	2042	2045 and following			
95%	95%	100%	100%			

- (aa) **“NLTA”** means the Newfoundland and Labrador Teachers’ Association;
- (bb) **“Parties”** shall mean the Government and the NLTA, and **“Party”** shall mean one of them;
- (cc) **“Pension”** means the annual pension payable in accordance with the Pension Plan;

- (dd) **"Pensioner"** shall have the meaning ascribed in the *Teachers' Pensions Act*;
- (ee) **"Pension Plan"** means the Teachers' Pension Plan as continued under the *Teachers' Pensions Act*, or a contract that replaces the relevant provisions of that Act;
- (ff) **"Pension Plan Eligibility and/or Benefits"** means all components of the Pension Plan relating to eligibility for, and calculation of, a pension benefit under the Pension Plan except those components relating to eligibility for, and calculation of, Accrued Benefits ;
- (gg) **"Pension Plan's Actuary"** means a Fellow of the Canadian Institute of Actuaries, or a firm of which such person is a member, appointed by the Board of Directors;
- (hh) **"Present Value"** means (i) until 2045 the value determined from the relevant date to 2045, and (ii) from 2045 on means the value determined over the following 15 year period, and (iii) for the purposes of Sections 5, 6, and 7 in respect of actuarial and experience gains and losses that are revealed in a Three Year Actuarial Valuation Report on or after August 31, 2030, the value determined over the following 15 year period,

of each of the following;

- i. **"Present Value of Pension Plan Eligibility and/or Benefits Adjustments"** means the sum of 'A' and 'B', where

'A' is the change in Liabilities resulting from an adjustment to Pension Plan Eligibility and/or Benefits, and

'B' is the present value of the reduction or increase, as the case may be, in current service cost, as calculated by the Pension Plan's Actuary using the same actuarial basis as is used in determining 'A', and using methods consistent with the methods used in quantifying adjustments to the Pension Plan in deriving the Reform Agreement which are described in Appendix B;

recognizing that Accrued Benefits shall not be reduced;

- ii. **"Present Value of Employer Contribution Adjustments"** means the present value, either positive or negative, as calculated by the Pension Plan's Actuary, of future Contributions or special payments emanating from incremental changes made at the relevant date to the Employer Contribution Rate;
- iii. **"Present Value of Member Contribution Adjustments"** means the present value, either positive or negative, as calculated by the Pension Plan's Actuary, of future Contributions emanating from incremental changes made at the relevant date to the Member Contribution Rate;

- iv. **“Present Value of the Adjustments”** means the sum of the Present Value of Pension Plan Eligibility and/or Benefits Adjustments, the Present Value of Employer Contribution Adjustments, and the Present Value of Member Contribution Adjustments, all as determined at the relevant date; and
 - v. **“Present Value of the Outstanding Payments Related to the Promissory Note”** means the present value of the outstanding payments related to the Promissory Note, as calculated by the Pension Plan’s Actuary at the relevant date, using a discount rate of 6.0%.
- (ii) **“Promissory Note”** shall have the meaning ascribed in Subsection 3(1);
 - (jj) **“Reform Agreement”** means the Teachers’ Pension Plan Reform Agreement, between Government, on the one part, and the Newfoundland and Labrador Teachers’ Association, on the other part, dated June 15, 2015;
 - (kk) **“Representatives”** means the representatives appointed to the Sponsor Body as defined in the Joint Sponsorship Agreement.
 - (ll) **“Sponsor Body”** means the sponsor body as defined in the Joint Sponsorship Agreement’;
 - (mm) **“Three Year Actuarial Valuation Report”** has the meaning set out in subsection 4(2); and
 - (nn) **“Vice-Chair”** means the vice-chair of the Sponsor Body appointed from time to time pursuant to the Joint Sponsorship Agreement.
- (2) The following appendices are attached hereto and forms part of this Funding Policy:
- Appendix “A” – Examples
 - Appendix “B” - Actuarial Assumptions and Methods
 - Appendix “C” - Probabilities

Section 2 – General Principles

- (1) The Government and the NLTA agree that actuarial surpluses and deficits are to be shared equally by the Government and the Pension Plan members. Accordingly, adjustments required when funding is below the Minimum Funding Target or above the Maximum Funding Target will respect that agreement.
- (2) The Government and the NLTA agree that the intention of the Parties is that the Pension Plan will be fully funded within 30 years to ensure the future of the Pension Plan.

- (3) Effective September 1, 2015 indexation for future service will be suspended.
- (4) Accrued Benefits cannot be reduced. For greater certainty changes made pursuant to the Reform Agreement did not reduce Accrued Benefits and, without limiting the generality of the foregoing, the following will not result in a reduction of Accrued Benefits:
 - (i) no change is permitted to a benefit that a Pensioner is receiving at the effective date of the change to the Pension Plan;
 - (ii) where the pension formula (the accrual rate and/or the earnings used to calculate the Pension) is changed, the entitlement of Members will be based on the pre-change formula for service already earned at the effective date of the change to the Pension Plan, without any projection of earnings and/or service. The new formula will apply to all service after the effective date of the change to the Pension Plan; and
 - (iii) if the eligibility for an early retirement benefit is changed, subject to any transition period which may be granted, only Members who are eligible to commence early retirement with an immediate unreduced pension under the Pension Plan will retain eligibility for the pre-change early retirement benefit. All other Members will be subject to the new early retirement eligibility requirements at and after the effective date of the change to the Pension Plan in respect of all of their service.
- (5) The Funding Policy shall not contain any contribution cap with respect to the Pension Plan, other than required by the ITA.
- (6) The examples in Appendix "A" shall be used as an aid in interpreting the adjustments to be made under the Funding Policy, but shall not override, or be directive of, the provisions of this Funding Policy.
- (7) Changes in asset mix shall not reduce the probability of being fully funded in 2045 below the probabilities of being fully funded used to develop the applicable Minimum Funding Target which are attached as Appendix "C". This principle will not compel a change in asset mix. The asset mix will exclude the Promissory Note. This principle will expire in 2045.

Section 3 – Promissory Note

- (1) The Government shall deliver a fully enforceable promissory note, with an effective date of September 1, 2015, to the Corporation on or before August 31, 2016 with the terms set out in (2) and (3) of this section ("Promissory Note").
- (2) The promissory note shall amortize \$1.862 billion, over a 30 year period commencing September 1, 2015, in equal annual amounts of \$135,272,273 million commencing on or before August 31, 2016. These payments shall be fixed and made regardless of the funded status of the Pension Plan in the future.

- (3) The present value of the residual payments described in subsection (2), discounted at 6%, shall be considered an asset of the Pension Plan. This asset is a non-investment asset which is non marketable and non-transferrable and is used solely for the purpose of determining the Funded Ratio.

Section 4 – Three Year Actuarial Valuation Reports

- (1) The Board of Directors shall require the Pension Plan's Actuary to prepare all Actuarial Valuation Reports for the Pension Plan, including preliminary Actuarial Valuation Reports, using the actuarial methods and assumptions set out in Appendix "B" to this Funding Policy as amended from time to time in accordance with paragraph 6.3(c) of the Joint Sponsorship Agreement, and to submit such reports to the Board of Directors and to the Sponsor Body.
- (2) The first report under subsection (1) shall be prepared with a valuation date as at August 31, 2015. Subsequent reports shall be prepared with valuation dates as at August 31 every three years thereafter ("**Three Year Actuarial Valuation Report**").
- (3) A preliminary Three Year Actuarial Valuation Report shall be prepared and submitted to the Sponsor Body and the Board of Directors within 4 months of each valuation date.
- (4) A final Three Year Actuarial Valuation Report shall be prepared and submitted to the Sponsor Body and the Board of Directors within 9 months of each valuation date.

Section 5 – Adjustments where Funded Ratio Below Minimum Funding Target

- (1) Subject to section 2 and subsections (2) and (3) where, in a Three Year Actuarial Valuation Report, the Funded Ratio of the Pension Plan is below the relevant Minimum Funding Target, applicable to that year,
 - (a) the Board of Directors shall provide to the Sponsor Body a full range of options that comply with applicable law and do not reduce Accrued Benefits, and
 - (b) the Representatives, or any one of them, may, provide supplementary options ,

not more than 90 days after receiving the relevant Three Year Actuarial Valuation Report, as to how to adjust the Pension Plan such that the Present Value of the Adjustments is sufficient to render the Funded Ratio of the Pension Plan equal to the Minimum Funding Target. The Board of Directors shall cause the Pension Plan's Actuary to provide the Board of Directors and the Sponsor Body with the costings of options.
 - (c) The options shall
 - (i) adjust Employer Contribution Rates, or provide for the equivalent value of equal Employer monthly special payments, so that the Present Value

of the Employer Contribution Adjustment is equal to 50% of the Present Value of the Adjustments; and

- (ii) adjust Member Contribution Rates, Pension Plan Eligibility and/or Benefits, or any combination of them, so that the sum of the Present Value of the Member Contribution Adjustment and the Present Value of Pension Plan Eligibility and/or Benefits Adjustments is equal to 50% of the Present Value of the Adjustments.
- (2) The Sponsor Body shall, not more than 90 days after receiving the foregoing options from the Board of Directors and the Representatives, select one of the proposed options or provide its own method to adjust the Pension Plan as required above.
 - (3) An increase of Contribution Rates as described under subsection (1) may occur only to the extent that each of the Member Contribution Rates and the Employer Contribution Rates does not exceed the maximum rate permitted under the ITA or permitted by CRA, and, when such maximum percentage contribution rate is reached, after application to the CRA for waivers or other relief, there must be no further increase of Contribution Rates and any further amendments to the Pension Plan necessary to achieve the Minimum Funding Target must be by way of the adjustment of Pension Plan Eligibility and/or Benefits only and the Employers will be required to contribute an amount to match the Present Value of Pension Plan Eligibility and/or Benefits Adjustments.
 - (4) Until the criteria set out in Section 6 are satisfied the adjustments in Pension Plan Eligibility and/or Benefits or Contributions made in accordance with this Section 5 shall continue in effect. At each future Actuarial Valuation Report a new Present Value of the Adjustments will be determined.

Section 6 – Restoration of Adverse Adjustments to Pension Plan Eligibility and/or Benefits terms of the Pension Plan or Increases in Contribution Rates

If a Three Year Actuarial Valuation Report discloses that the Funding Ratio is between the Minimum Funding Target plus 5% and the Maximum Funding Target, then, if there have been any adverse adjustments to Pension Plan Eligibility and/or Benefits subsequent to September 1, 2015, or any increases in Contribution Rates subsequent to September 1, 2015, then the value of those adverse adjustments and Contribution Rate increases shall be restored, to the extent possible, in a manner that allocates 50% of the restoration for the benefit of the Government and 50% of the restoration for the benefit of the Members.

Section 7 – Adjustment where the Funding Ratio exceeds the Maximum Funding Target

- (1) Where, in any Three Year Actuarial Valuation Report, the Funded Ratio of the Pension Plan is above the relevant Maximum Funding Target,
 - (a) the Board of Directors shall provide to the Sponsor Body a full range of options, and

- (b) the Representatives, or any one of them, may, provide supplementary options,

not more than 90 days after receiving the relevant Three Year Actuarial Valuation Report, as to how to adjust the Pension Plan such that the Present Value of the Adjustments does not exceed the Available Surplus and is equally shared between the Government and the Members, provided that an option may also reduce the risk in the Pension Plan and such action would be deemed to be an equal share of actuarial surpluses by both the Government and the Members. The Board of Directors shall cause the Pension Plan's Actuary to provide the Board of Directors and the Sponsor Body with costings for all options.

- (2) The Sponsor Body shall not more than 90 days after receiving the foregoing options from the Board of Directors and the Representatives select one of the proposed options or provide its own method to adjust the Pension Plan as required above.
- (3) Where that portion of Contributions attributable to either Active Members or Employers, or both, would otherwise be prohibited by the ITA, the Sponsor Body shall increase the value of Pension Plan Eligibility and/or Benefits provisions of the Pension Plan, re-evaluate the risk profile of the Pension Plan's asset allocation or reduce Contribution Rates, provided that such adjustment is equally shared between the Government and Members.

Section 8 – Appointment of Arbitration Panel

- (1) Where the Sponsor Body is required to amend Contribution Rates or Pension Plan Eligibility and/or Benefits provisions of the Pension Plan under sections 5, 6 and 7 above, and the Sponsor Body is unable to reach a decision within 90 days following the earliest date upon which the Sponsor Body could reasonably have commenced consideration of the options provided by the Board of Directors, the Chair shall forthwith notify the Representatives in writing of the initiation of the arbitration process by a three person panel in accordance with the *Arbitration Act* (Newfoundland) as prescribed by this Section and require the Government to, within 30 days, appoint a person to act as a member of the arbitration panel and require the NLTA, to, within 30 days, appoint a person to act as a member of the arbitration panel. The seat of the arbitration shall be St. John's, Newfoundland and Labrador.
- (2) The two persons appointed to act as members of the arbitration panel shall, within 30 days of the date the second person is appointed, appoint a third person to act as a member and chair of the arbitration panel from a list maintained by the Sponsor Body of qualified and acceptable individuals who are professional arbitrators with experience in defined benefit pension plans in Canada.
- (3) Where the two members of the arbitration panel appointed under subsection (1) fail to appoint a person as the third member of the panel and chair within the period specified in subsection (2), the Chair shall forthwith notify a person designated by the Sponsor Body, who shall appoint a person from the list referred to in subsection (2), in their discretion, to act as the third member and chair of the panel.

- (4) If a person is required under subsection (3) to appoint a person as the third member and chair of the arbitration panel and there are no names on the list referred to in subsection (2), that person shall conduct a search of individuals who are professional arbitrators with experience in defined benefit pension plans in Canada and appoint one such person to act as the third member and chair of the panel.
- (5) No person may be appointed a member of an arbitration panel who:
 - (a) is acting or has, within the immediately preceding six months, acted as a solicitor, counsel or agent of the Board of Directors, the Government, the NLTA or any Member in relation to the Pension Plan; or
 - (b) is or was an employee of the NLTA, an Employer, or is or was a Member, within the last twenty-four months.

Section 9 – Duties and jurisdiction of Arbitration Panel

- (1) The Chair and Vice-Chair of the Sponsor Body, by notice in writing to the chair of the panel, shall
 - (a) establish the three members as an arbitration panel for the purposes of this Section; and
 - (b) provide to the chair of the arbitration panel a list of the options considered by Sponsor Body, including for greater certainty the full range of options of the Board of Directors to achieve the requirements referred to in sections 5 to 7, as applicable, together with identification of the issues encountered by the Sponsor Body and the reasons for its inability to make the decision.
- (2) The arbitration panel has the jurisdiction to determine and render a decision only in respect of those matters referred to it by the Chair and Vice-Chair.
- (3) The arbitration panel shall avail itself of expert actuarial advice and such other advice as it considers appropriate.
- (4) The arbitration panel may set its own procedure.
- (5) In the conduct of proceedings before it and in rendering a decision, the arbitration panel may consider any factor that it considers to be relevant, but must select one of the options put forward by either a Representative or the Board of Directors.
- (6) The arbitration panel may not reduce Accrued Benefits.
- (7) An arbitration panel remains constituted until it is dissolved by the Chair and Vice-Chair by notice in writing to the chair of the arbitration panel after a decision has been rendered.
- (8) The Sponsor Body may continue to meet and negotiate in good faith to amend Contribution Rates or the Pension Plan Eligibility and/or Benefits provisions of the

Pension Plan under sections 5, 6 and 7 above until the arbitration panel has rendered a decision.

Section 10 – Replacement of member or chair

- (1) Where a member of an arbitration panel ceases to act by reason of resignation, death or otherwise before the panel has completed its work,
 - (a) the entity that was responsible for the appointment of the member shall, within 30 days of the member ceasing to act, appoint a replacement and provide written notice to the other members of the arbitration panel and the Chair and Vice-Chair of the name and address of the replacement member; or
 - (b) where the entity that was responsible for the appointment fails to appoint a replacement or provide written notice in accordance with clause (a), a person designated by the Sponsor Body shall appoint as a replacement such person as he or she considers suitable, and the arbitration panel shall continue to function as if the replacement member were a member of the panel from the beginning.
 - (c) Where the chair of an arbitration panel is unable to carry on his or her duties so as to enable the panel to render a decision within the time specified in subsection 11(1) a replacement chair and third member of the panel must forthwith be appointed in accordance with subsection 8(2) and the arbitration must begin de novo.

Section 11 – Decision

- (1) The arbitration panel shall reach a decision appropriate to achieve the requirements referred to in subsection 8(1) within the time specified in the *Arbitration Act* to do so, and shall communicate its decision in writing to the Chair and Vice-Chair forthwith.
- (2) The decision of the arbitration panel made pursuant to subsection (1) is:
 - (a) final and binding on the Government, the Employers, the NLTA and all Members, and any party deriving a benefit through a Member and not subject to appeal; and
 - (b) a decision of the Sponsor Body for the purpose of this Funding Policy,and the Sponsor Body shall forthwith implement the arbitration panel's decision including, if necessary, by amending the Pension Plan.
- (3) The decision of the majority of the members of the arbitration panel is the decision of the panel, but where there is no majority, the decision of the Chair of the panel is the decision of the panel.

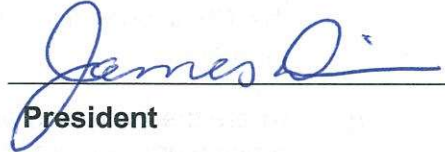
Section 12 - Remuneration and expenses

The reasonable remuneration and expenses of the members of the arbitration panel shall be fixed by the Chair and paid out of the Fund.


**HER MAJESTY IN RIGHT OF
NEWFOUNDLAND AND LABRADOR AS
REPRESENTED BY THE MINISTER OF
FINANCE**

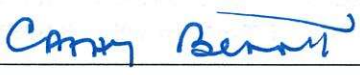
**THE NEWFOUNDLAND AND
LABRADOR TEACHERS' ASSOCIATION**

MINISTER OF FINANCE



President





Printed Name



Printed Name

DATED: March 15/2016

DATED: March 15, 2016

**Appendix "A" to the
Funding Policy**

Examples

The following terms used in Appendix A have the following meaning:

Maximum Funding Target	Section 1 (w)
Present value of the Adjustments	Section 1 (hh)
Assets	Section 1 (e)
Liabilities	Section 1 (v)
Funded ratio	Section 1 (p)
Assets – after considering previous adjustments	Section 1 (e) plus all items calculated in accordance with Section 1 (hh) and relating to the assets
Liabilities – after considering previous adjustments	Section 1 (v) plus all items calculated in accordance with Section 1 (hh) and relating to the liabilities
Funded ratio – after considering previous adjustments	Section 1 (p) including the amounts determined in accordance with Section 1 (hh)

Example 1: Available Surplus

Data used in determining Available Surplus

Valuation year	2027
Maximum Funding Target	125%
Present Value of the Adjustments previously made	<i>none</i>
Assets	\$14.5 billion
Liabilities	\$10 billion
Funded ratio	145%
Assets – after considering previous adjustments	\$14.5 billion
Liabilities – after considering previous adjustments	\$10 billion
Funded ratio – after considering previous adjustments	145%
<hr/>	
<i>Funded ratio after utilizing available surplus (calculation below)</i>	
Assets – after utilizing available surplus	\$14 billion
Liabilities – after utilizing available surplus	\$10 billion
Funded ratio – after utilizing available surplus	140%

Available Surplus Calculation (as referenced in Section1 (d))

$$A = 145\% - 125\%$$

$$A = 20\%$$

$$B = \$10 \text{ Billion}$$

$$\text{Available Surplus} = 25\% * 20\% * \$10 \text{ billion}$$

$$\text{Available Surplus} = \$500 \text{ million}$$

$$\begin{aligned} \text{Adjusted Assets} &= \$14.5 \text{ billion} - 0.5 \text{ billion} \\ &= \$14 \text{ billion} \end{aligned}$$

$$\text{Adjusted Funded Ratio} = 140\%$$

Example 2: Present Value

Data used in determining Required Adjustments

Valuation year	2027
Minimum Funding Target	90%
Present value of the Adjustments previously made	none
Assets	\$8.5 billion
Liabilities	\$10 billion
Funded ratio	85%
Assets – after considering previous adjustments	\$8.5 billion
Liabilities – after considering previous adjustments	\$10 billion
Funded ratio – after considering previous adjustments	85%
<i>Funded ratio after corrective action (calculation below)</i>	
Assets – after corrective action	\$9 billion
Liabilities – after corrective action	\$10 billion
Funded ratio – after corrective action	90%

Required Adjustments = $(90\% - 85\%) * \$10 \text{ Billion}$
Required Adjustments = \$0.5 Billion

Teachers' Portion = \$0.25 billion
Gov't Portion = \$0.25 billion

If we assume the present value of 1% of contribution increases is \$120 million (illustrative only). The contributions would have to go up as follows:

Teachers': $1\% * 0.25 \text{ billion} / 0.12 \text{ billion} = 2.1\%$
Gov't: $1\% * 0.25 \text{ billion} / 0.12 \text{ billion} = 2.1\%$

Adjusted Assets = \$8.5 billion + \$0.5 billion
= \$9 Billion

Adjusted Funded Ratio = 90%

Note this example assumes the teachers take corrective action through contributions. An equivalent change to benefits could be made. The following illustrates how the benefit reduction could work.

Gov't Changes

Gov't Portion = \$0.25 billion
Gov't: $1\% * 0.25 \text{ billion} / 0.12 \text{ billion} = 2.1\%$

Teachers' Changes

Teachers' Portion = \$0.25 billion

Present Value of benefit change = Present Value of changes in the current service costs plus the reduction in the accrued liability

Present Value of benefit change = \$0.25 billion

Total Changes = Present value of contribution increases + Present Value of benefit changes

Total Changes = \$0.25 billion (Gov't) + \$0.25 billion (Teachers)

Total Changes = \$0.5 billion

Example 3: Present Value Removal Scenario

Data used in determining whether to restore adverse adjustments (as per Section 6)

Valuation year	2030
Minimum Funding Target	90%
Threshold to Remove Corrective Action	95%
Present Value of the Adjustments previously made	\$0.5 billion (contribution increase)
Assets	\$9.5 billion
Liabilities	\$10 billion
Funded ratio	95%
Assets – after considering previous adjustments	\$10 billion
Liabilities – after considering previous adjustments	\$10 billion
Funded ratio – after considering previous adjustments	100%

Funded ratio after restoration

Assets – after restoration	\$9.5 billion
Liabilities – after restoration	\$10 billion
Funded ratio – after restoration	95%

95% Threshold is met and all corrective action can be removed

Example 4: Partial Removal Scenario

Data used in determining extent of restoration required

Valuation year	2030
Minimum Funding Target	90%
Threshold to Remove Corrective Action	95%
Present value of the Adjustments previously made	\$0.5 billion (contribution increase)
Assets	\$9.3 billion
Liabilities	\$10 billion
Funded ratio	93%
Assets – after considering previous adjustments	\$9.8 billion
Liabilities – after considering previous adjustments	\$10 billion
Funded ratio – after considering previous adjustments	98%
<i>Funded ratio after partial restoration (calculation below)</i>	
Assets – after partial restoration	\$9.5 billion
Liabilities – after partial restoration	\$10 billion
Funded ratio – after partial restoration	95%

Only 2% of the 5% improvement is required (get the 93% to 95%). The adjustments can be reduced by 60% resulting in the following revised contribution rates:

Teachers' Rate: $2.1\% * 0.4 = 0.84\%$

Gov't Rate: $2.1\% * 0.4 = 0.84\%$

As above, if we assume the present value of 1% of contribution increases is \$120 million (illustrative only).

Adjusted Assets = \$9.3 billion + \$0.2 billion
= \$9.5 billion

Adjusted Funded Ratio = 95%

Appendix B

Actuarial Methods and Assumptions

Discount rate	6.00%	
CPI increases	2.50%	
Indexing	1.20%	
Salary increases:	2013 & later	
< 10 yrs service	7.25%	
10-14 yrs service	4.00%	
15+ yrs service	4.00%	
Mortality	CPM2014 Public Mortality tables with improvement scale	
	CPM-B (pre-retirement and post-retirement)	
Termination of employment (100%deferred pension election)	<26	7.50%
	26-34	5% decreasing to 1%
	35-44	1.00%
	45-54	0.50%
	55+	0%
Disability	<39	0.20%
	40-44	0.30%
	45-49	0.40%
	50-54	0.50%
	55+	0.60%
Retirement	Earliest age member is entitled to unreduced pension	
Married %	At retirement or death: 85%	
Spousal age difference	Male is 3 years older than female	
Cost Method	Projected Unit Credit	

Other Projection Assumptions

- **Open group projections**
 - Stable population for active members which represented the parties best estimate of future plan participation and membership
 - Future experience based on the assumptions used in the last actuarial valuation
 - New entrant profiles developed from the last 5 years of new entrant data
- **Constant asset mix with the following allocation**
 - 25% Canadian Equity
 - 25% Global Equity
 - 35% Fixed Income
 - 15% Alternatives¹

¹ For the purpose of the modelling we proxied this with real assets which was a combination of real estate and infrastructure

Appendix C

The following represents the probability of being fully funded in 2045 based on the asset mix criteria outlined in Subsection 2(7) of the Funding Policy.

Year	Probability
2015	86%
2018	86%
2021	86%
2024	87%
2027	87%
2030	88%
2033	89%
2036	89%
2039	90%
2042	93%

**Appendix "B" to the
Joint Sponsorship Agreement**

TRUSTEE CORPORATION FRAMEWORK

The Parties to the Joint Sponsorship Agreement agree as follows:

1 Interpretation

1.1 Unless the context requires another meaning, the following defined terms have the following meanings:

- (a) "*Act*" means the *Teachers' Pensions Act*, SNL 1991 c 17, including the Regulations made pursuant to the *Act*, and any statute or regulations that may be substituted, as amended from time to time;
- (b) "Active Member" means a person who is required to participate in the Pension Plan;
- (c) "Board" or "Board of Directors" means the board of directors of the Corporation;
- (d) "By-Laws" means the by-laws of the Corporation created pursuant to the *Act*;
- (e) "Chair" means the chair of the Board of Directors appointed from time to time pursuant to this Framework;
- (f) "Corporation" means the Teachers' Pension Plan Corporation, which is the administrator and trustee of the Pension Plan, to be established pursuant to the *Act*;
- (g) "Deferred Pensioner" shall have the meaning ascribed in the *Act*;
- (h) "Director" means a person who is a member of the Board of Directors;
- (i) "Effective Date" shall have the meaning ascribed in Section 2;
- (j) "Employers" means the Government, each employer of those persons included in the Pension Plan as of the Effective Date and each employer of employees that may be admitted into the Pension Plan by the Corporation;
- (k) "Framework" means this Trustee Corporation Framework;

- (l) "Fund" means the Teachers' Pension Plan Fund, established pursuant to the *Act*;
- (m) "Funding Policy" means the funding policy which is attached as Appendix "A" to the Joint Sponsorship Agreement;
- (n) "Government" means Her Majesty in right of Newfoundland and Labrador, as represented by the Minister of Finance;
- (o) "Government Appointee" means a Director appointed by the Government;
- (p) "Government Representatives" means the representatives on the Sponsor Body appointed by the Government;
- (q) "Inactive Members" means Deferred Pensioners and Pensioners, and "Inactive Member" shall mean any one of them;
- (r) "Joint Sponsorship Agreement" means the agreement relating to the joint sponsorship of the Pension Plan, between Government and the NLTA, dated the day March 2016, and includes Appendices "A" and "B" to that Agreement;
- (s) "Members" means Active Members and Inactive Members, and "Member" shall mean any one of them;
- (t) "NLTA" means the Newfoundland and Labrador Teachers' Association;
- (u) "NLTA Appointee" means a Director appointed by the NLTA;
- (v) "NLTA Representatives" means the representatives on the Sponsor Body appointed by the NLTA;
- (w) "Parties" means the parties to the Joint Sponsorship Agreement, and "Party" means one of them;
- (x) "Pensioners" shall have the meaning ascribed in the *Act*;
- (y) "Pension Plan" or "TPP" means the Teachers' Pension Plan, as continued under the *Teachers' Pensions Act*, or a contract that replaces the relevant provisions of that *Act* ;
- (z) "Personal Characteristics" means the personal characteristics required of Directors as set out in Section 4.4 of this Framework;
- (aa) "Representatives" means, collectively, the NLTA Representatives and the Government Representatives and "Representative" means one of the Representatives;

- (bb) "Specialty Skills" means the skills that are required of the Directors as set out in Section 4.5 of this Framework;
- (cc) "Sponsors" shall have the meaning ascribed in the second recital of the Joint Sponsorship Agreement, and "Sponsor" shall mean one of them;
- (dd) "Sponsor Body" means the body appointed in accordance with Section 4 of the Joint Sponsorship Agreement;
- (ee) "Statement of Investment Policies and Procedures" shall have the meaning ascribed in Subsection 8(b); and
- (ff) "Vice-Chair" means the vice-chair of the Board of Directors appointed from time to time pursuant to this Framework.

1.2 *Interpretation*

- (a) The definitions in the Joint Sponsorship Agreement shall not apply to this Framework, except where a term used in this Framework is defined in the Joint Sponsorship Agreement but not in this Framework.
- (b) In this Agreement, unless the context otherwise requires, words in the singular shall be construed as including words in the plural, and words in the plural as including words in the singular.

1.3 *Schedules*

The following schedule is attached hereto and forms part of this Agreement.

Schedule "A" – By-Laws

2 Effective Date

This Framework shall come into effect on the date that is the later of April 1, 2016 and the date that the amendments to the *Act* that are required to implement the Structure Changes delineated in the Reform Agreement are proclaimed.

3 Income Tax Act

3.1 *Income Tax Act*

The Corporation is a trust governed by a registered pension plan and shall be the administrator for the purposes of the *Income Tax Act (Canada)*.

4 Board of Directors

4.1 *Board Established*

The Board of the Corporation established pursuant to the *Act* shall consist of 8 persons who shall be appointed as follows:

- (a) 4 Government Appointees; and
- (b) 4 NLTA Appointees.

For greater certainty, no person is permitted to act in the place of a Director.

4.2 *Qualifications of Directors*

- (a) A representative on the Sponsor Body shall not be a Director.
- (b) An officer of the Corporation shall not be a Director.
- (c) Qualification as a Director is subject to Section 172 of the *Corporations Act*, RSNL 1990, c-36.

4.3 *Director Competencies*

All of the Directors shall be required to have the Personal Characteristics. In addition, the Directors shall, as a collective, have the Specialty Skills.

4.4 *Personal Characteristics*

The personal characteristics are as follows:

- (a) integrity, including familiarity with and a high regard for fiduciary obligations;
- (b) strong commitment to time and effort required to undertake the role;
- (c) demonstrated ability to contribute and operate with candour and intelligence while supporting other directors to do the same;
- (d) effective negotiation skills in articulating viewpoints with influence to arrive at a conclusion in the best interests of the Pension Plan and for the benefit of all Members;
- (e) strong conflict management skills to enable the identification and handling of conflicts in a sensible, fair and efficient manner;
- (f) willingness to accept and support Board decisions;
- (g) acting with a mindset of impartiality as it relates to Sponsors;
- (h) freedom from influence by any factors other than the interest of the Pension Plan and all Members;
- (i) team effectiveness, including the ability to work effectively in a collegial environment and to facilitate consensus and compromise;
- (j) after the Government has ceased to provide plan administration and plan investment services to the TPP, absence of systemic conflicts of interest

it being understood that membership in or employment by the NLTA or the Government or entitlement to or receipt of a benefit from the Pension Plan does not constitute a systemic conflict of interest; and

- (k) ability to identify the limitations of the Directors' own knowledge and the need for independent professional advice, and to understand and evaluate such advice.

4.5 Specialty Skills

The Directors as a collective shall have the following:

- (a) **Governance** – Prior or current experience as a board member or in a senior leadership position with a Canadian organization (public, private or non-profit) and knowledge of pension plan governance, including understanding the roles of the Sponsors, the fiduciary board and the service providers;
- (b) **Investment Expertise** - Prior or current experience in institutional investment, investment risk management, capital markets, principles of finance and an understanding of macroeconomic considerations and their impact on investment strategy and pension obligations;
- (c) **Financial Expertise** – Prior or current board member or senior officer position experience in financial accounting, reporting, corporate finance, pension plan funding and actuarial valuation;
- (d) **Human Resources** – Prior or current board member or senior leadership position experience in human resource management, succession planning and executive compensation;
- (e) **Pensions** – Substantial prior or current experience in the design, funding and administration of defined benefit pension plans and knowledge of asset/liability management and pension policy;
- (f) **Customer Service and Related Administration** – Substantial prior or current experience in a customer service organization;
- (g) **Risk Management** – Prior or current board member or senior officer experience in enterprise risk management;
- (h) **Stakeholder Involvement** – Prior or current experience in a senior leadership position in stakeholder involvement; and
- (i) **Regulatory** – Practical knowledge in the application of and compliance with pension laws and regulatory rules including the requirements of provincial laws and the *Income Tax Act (Canada)*.

4.6 *Independent Director*

- (a) Directors shall act:
 - i. with a mindset of impartiality as it relates to the Sponsor Body, Representatives and management, and
 - ii. in a manner that is free from influence by any factors other than the interest of the Pension Plan as a whole.
- (b) The Board shall have a minimum of four (4) independent Directors. The Government and the NLTA shall each appoint at least two (2) independent Directors.
- (c) A Director is independent if he or she has no direct or indirect material relationship with the Corporation or the entity that appointed him or her.
- (d) For the purposes of subsection (c), a material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a Director's independent judgment. The following individuals are considered to have a material relationship with the Corporation and/or the appointing entity:
 - i. an individual who is, or has been, an employee or officer of the Corporation or appointing entity, unless three (3) years have elapsed since the end of the service or employment;
 - ii. an individual whose immediate family member is, or has been, an officer of the Corporation or appointing entity, unless three (3) years have elapsed since the end of the service or employment;
 - iii. an individual who is, or has been, an affiliate of, a partner of, or employed by, a current or former auditor of the Corporation, unless three (3) years have elapsed since the person's relationship with the auditor, or the auditing relationship, has ended;
 - iv. an individual whose immediate family member is, or has been, an affiliate of, a partner of, or employed in a professional capacity by, a current or former auditor of the Corporation, unless three years have elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;
 - v. an individual who has a relationship with the Corporation or an appointing entity pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or appointing entity or any subsidiary entity of the Corporation or appointing entity, other than as remuneration for acting in his or her capacity as a member of the Board [or any board committee];
 - vi. an individual who is an affiliate of the Corporation; or

- vii. an individual who holds an active membership in the NLTA.
- (e) For the purposes of paragraph (d)(v), the indirect acceptance by a person of any consulting, advisory or other compensatory fee includes acceptance of a fee by:
 - i. a person's spouse, minor child or stepchild, or a child or stepchild who shares the person's home; or
 - ii. an entity in which such person is a partner, member, or officer and which provides accounting, consulting, legal, investment banking or financial advisory services to the Corporation or to any subsidiary entity of the Corporation.

4.7 *Orientation and Continuing Education*

- (a) The Board shall ensure that all new Directors receive a comprehensive orientation, ensuring that all new Directors fully understand:
 - i. the role of the Board and its committees;
 - ii. the contribution expected from individual Directors; and
 - iii. the objects of the Corporation.
- (b) The Board shall provide continuing education opportunities for Directors, so that they can maintain or enhance their skills and abilities and ensure that their knowledge and understanding of the objects of the Corporation remains current.

4.8 *Appointment of Chair and Vice-Chair*

- (a) There shall be a Chair and a Vice-Chair of the Board. The initial Chair and Vice Chair shall be appointed jointly by the Government and the NLTA from among the independent Directors. The Chair and Vice-Chair shall serve as Chair or Vice-Chair for a three year term.
- (b) At the end of each three year term the Board shall appoint a Chair and Vice-Chair of the Corporation from among the independent Directors.
- (c) If the Chair or Vice-Chair ceases to be a Director, then his or her position as Chair or Vice-Chair shall be filled for the balance of his or her respective term by an independent Director appointed in the same manner as set out in this Section.
- (d) Where the position of Chair is vacant or the Chair is unavailable, the Vice-Chair may perform the duties of the Chair as set out in this Framework and the By-Laws.

4.9 *Remuneration of Directors*

The Sponsor Body shall, as soon as is reasonably possible, establish a policy regarding the remuneration of Directors. The remuneration policy shall be consistent with attracting high quality talent and supporting expectations pertaining to the time and effort commitment required to remain abreast of Board challenges and requirements.

4.10 *Residency*

Each Director shall be a resident of Canada for the duration of his or her appointment.

4.11 *Terms for Directors*

- (a) Subject to Subsection (b), a Director shall serve for a three year term.
- (b) For the initial appointment of Directors, two Directors appointed by each of the Government and the NLTA shall serve for an initial four year term and two Directors appointed by each of the Government and the NLTA shall serve for an initial three year term. A Director shall be eligible to serve for more than one term.
- (c) No later than six months before the expiry date of a Director's term, the Chair shall give written notice to the Party that appointed the Director of the expiry of the term.
- (d) Except where a Director has been removed in accordance with Section 7.7, a Director shall continue to serve until their replacement is appointed or they resign, in which case the Party that appointed the Director shall, within 30 days of receiving notice of the vacancy, appoint a successor Director to serve for the remaining term of that Director.

5 Appointment of an Actuary and Auditor of the Corporation

- 5.1 The Board shall appoint one or more persons licensed under the *Chartered Professional Accountants and Public Accountants Act*, SNL 2014 c. C-10.1 to audit the accounts of the Corporation and the Fund each year and to express an opinion on its financial statements.
- 5.2 The Board shall appoint a Fellow of the Canadian Institute of Actuaries to act as the actuary of the Pension Plan.
- 5.3 The Parties do not intend that the Corporation be part of the government reporting entity as defined by public sector accounting standards.

6 Appointment of Investment Committee

- 6.1 The Board shall appoint an investment committee to assist the Board in the investment management of the Pension Plan.
- 6.2 The investment committee shall have 6 to 8 members as follows:

- (a) two to four Directors, one of whom shall be the chair of the committee; and
- (b) two to four external members having senior financial industry or institutional investment experience.

7 Operation of the Trustee Corporation

7.1 Duty to Manage

The Directors' duty to manage the Corporation shall be as set out in Section 167 of the *Corporations Act*.

7.2 Voting

The Directors shall meet to discuss and consider any matters prior to any voting being undertaken in regard to those matters. Each Director shall have one vote at any duly called and constituted meeting of the Board.

7.3 Voting by Chair

The Chair is entitled to a second or casting vote in the event of a tie.

7.4 Quorum

- (a) A quorum for a meeting of the Board shall be 6 directors. If a quorum is not present within sixty minutes of the time specified for a meeting of the Board, the Directors present may adjourn the meeting to a fixed time and place but may not transact any other business.
- (b) If during a meeting a quorum is lost, the Directors remaining at the meeting shall not transact any business except to fix a time and place for a continuation of the meeting.
- (c) If the Directors meet when a Director position is vacant, the meeting is validly constituted as long as a quorum is present.

7.5 Decisions

Resolutions of the Board shall not be adopted unless they receive a majority of votes cast at a duly called and constituted meeting of the Board.

7.6 Meetings

- (a) The Directors shall meet at least four times in each calendar year.
- (b) All Directors shall negotiate in good faith to resolve any differences.

7.7 Removal and Replacement of Directors

A Director may be removed at any time by the Party that appointed such Director. The Party that appointed the Director shall appoint the successor for that Director for the remainder of the term.

7.8 *By-Laws*

The Directors shall adopt the attached by-laws as the first by-laws of the Corporation.

8 Powers and Duties of the Corporation

The Corporation is hereby empowered, in addition to any other power, as set forth herein or conferred by law, but subject always to the articles of the Corporation and the powers, duties and responsibilities expressly reserved to the Sponsor Body under the Joint Sponsorship Agreement, including for greater certainty those included in Section 6.3 of the Joint Sponsorship Agreement and the Funding Policy, as follows:

- (a) to administer and invest the TPP and the Fund for the benefit of the Members, and other beneficiaries, as the case may be, subject to the terms of the *Act*, this Framework and the TPP, and the requirements of applicable federal and provincial legislation;
- (b) to create and administer a written statement of investment policies and procedures for the Fund, with respect to the allocation of the assets of the Fund, and the selection of asset classes appropriate for the Fund as a whole ("**Statement of Investment Policies and Procedures**");
- (c) to invest and manage the Fund in a prudent manner, which shall include, without limitation the duty to:
 - i. establish, and review annually the Statement of Investment Policies and Procedures;
 - ii. invest and reinvest such portion of the Fund as is not required for current expenditures, in any type of investments that are permitted by applicable federal and provincial laws and regulations and by the Statement of Investment Policies and Procedures, and to take any and all actions with respect to the holding, buying, selling or exchanging of such investments as they, in their sole discretion, may deem appropriate or necessary;
 - iii. ensure that the money and assets of the Fund are invested having regard to the following criteria, in addition to any others that are relevant to the circumstances:
 - a. general economic conditions;
 - b. the possible effect of inflation or deflation;
 - c. the role that each investment or course of action plays within the overall Fund portfolio;

- d. the expected total return from income and the appreciation of capital;
 - e. needs for liquidity, regularity of income and preservation or appreciation of capital; and
 - f. level of risk that is appropriate with respect to the assets of the Fund.
- (d) to enter into cost-sharing agreements with any other pension or welfare fund to permit the Corporation to share expenses pertaining to the administration and investment of the Fund and administration of the TPP, provided that any amounts paid by the Fund to any other trust fund, in respect of the above expenses, shall be necessary and reasonable, and provided further that such cost-sharing agreement shall provide that the Corporation may terminate such agreement at any time, subject to such notice as may be required in such agreement;
 - (e) subject to Section 2 of the Funding Policy, in consultation with the Pension Plan actuary and such investment advisor(s) as the Corporation may retain, establish the level of risk that is appropriate for the Plan's asset mix;
 - (f) to authorize the preparation and filing of an actuarial valuation in accordance with the Funding Policy and any other governing legislation and at such frequency as is required by the Funding Policy or any other governing legislation or at such greater frequency as may be directed by the Sponsor Body;
 - (g) to provide a copy of every actuarial valuation, including preliminary valuations, prepared for the Corporation to the Sponsor Body and provide to all of the members of the Sponsor Body any information requested by any of them as quickly as possible;
 - (h) to provide to the Sponsor Body a full range of options as required and permitted by the Funding Policy;
 - (i) to use all reasonable means to collect and receive all contributions due to the Fund, and shall, promptly after receipt, deposit such contributions in a special fund account in an appropriate Canadian financial institution;
 - (j) to adopt such procedures, policies, rules and regulations necessary for the carrying out of their trusts and other duties, consistent with the provisions of the *Act*, this Framework, the Funding Policy, the TPP and the requirements of applicable provincial and federal legislation;
 - (k) to enter into agreements with a bank, trust company, insurance company, credit union or investment manager, selected by the Corporation, for the purpose of providing investment management or advice, or for the purpose of acting as a depository or custodian for

safekeeping of assets of the Fund, or for any other purpose as the Corporation shall deem necessary or desirable and to authorize any such bank, trust company, credit union, insurance company, or investment manager to commingle any monies deposited with them in any mutual or pooled pension fund administered or managed by any of them subject to any applicable provincial and federal legislation;

- (l) to pay or provide for the payment of benefits from the Fund in accordance with the terms of the TPP and applicable provincial and federal legislation to those persons eligible to receive them;
- (m) to provide Members with an explanation of the terms and conditions of the Pension Plan, and of their rights and obligations in respect of the Pension Plan;
- (n) to provide each Active Member and Deferred Pensioner with an annual statement with respect to that member's entitlement under the Pension Plan;
- (o) to pay from the Fund all reasonable expenses incurred in collecting contributions and administering and investing the Fund and administering the TPP including, but not limited to, all compensation and all reasonable and necessary costs and fees which may be incurred in connection with the retaining of such legal, actuarial, accounting, expert and clerical assistance as the Board, in their discretion, may find necessary or expedient in the performance of their duties;
- (p) to enter into contracts and agreements for carrying out the terms of this Framework and the TPP and for the administration of the TPP and the administration and investment of the Fund and to do all acts as they, in their discretion, may deem necessary and advisable including, but not limited to, entering into such agreement or agreements with the Government for the interim administration of the TPP and the interim administration and investment of all or part of the Fund, for the transfer of the assets of the TPP into the Fund and for the transfer of the duties and powers of administering the TPP from the Government to the Corporation;
- (q) to compromise, settle, arbitrate and release claims or demands in favour of, or against the TPP and Fund, or the Corporation, on such terms and conditions as the Board may deem advisable;
- (r) to establish procedures to be followed in filing applications for benefits and for the furnishing and certification of evidence necessary to establish a right to such benefits;
- (s) to accept or not accept employees of employers that are not yet participating in the Pension Plan, into the Pension Plan, to fix the terms and conditions for the employees' participation in the Pension Plan, and

- to enter into agreements with Employers with respect to those terms and conditions;
- (t) to pay out of the Fund, all real and personal property taxes, income taxes and other taxes of any and all kinds, levied or assessed under existing or future laws, upon or in respect of the Fund or any money, property or securities forming a part thereof;
 - (u) to accept payments to the Fund from any source whatsoever, to the extent permitted by law, the TPP and this Framework;
 - (v) to hold as uninvested cash, without any liability for interest thereon, such sums as they reasonably deem necessary or advisable for the reasonably current cash requirements of the Fund;
 - (w) to exercise all rights or privileges granted by the provisions of any contract entered into by the Corporation with any insurance company, bank, trust company, credit union or investment manager, and to make any alteration, modification, amendment or cancellation of such contract, or to take any other action respecting such contracts which they, in their discretion, may deem necessary or advisable;
 - (x) to enter into written agreements with other registered pension plans for the reciprocal recognition of credited service and the reciprocal transfer of the value of such credited service between the TPP and other registered pension plans with the approval of the Sponsor Body if consequential amendments to the TPP are required;
 - (y) to delegate any of their administrative powers or duties or such other powers and duties as may be permitted under applicable legislation to any of their agents or employees, in such manner and subject to such terms and conditions as the Board of Directors may deem necessary or appropriate, provided that such agents or employees report to the Board as may be required;
 - (z) to lease or purchase and dispose of such lands, premises, materials, supplies, services and equipment as the Corporation deems necessary or appropriate in the performance of its duties hereunder;
 - (aa) to provide for the financial administration of the TPP 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 TPP prepared in accordance with generally accepted accounting principles;
 - iii. having a financial reporting audit performed on the financial statements referred to immediately above; and

- iv. providing to the Sponsor Body an annual report on the TPP, including the audited financial statements no later than 120 days after the end of each fiscal year of the TPP;
- (bb) to prepare an annual report, and make it available to the Members and the Sponsor Body, and to prepare any other report requested by the Sponsor Body;
- (cc) to provide information required by the Government for budget and financial reporting purposes;
- (dd) to hold a meeting between the Board and the Sponsor Body at least once each year to consider matters of interest to either the Board or the Sponsor Body, including explaining the annual report to it and to answer any questions Sponsor Body members may have regarding the TPP and the Fund;
- (ee) to recommend to the Sponsor Body any changes to the TPP that need to be made to comply with the Funding Policy or any applicable law (including any order, policy, guideline or rule of any governmental authority);
- (ff) to advise the Sponsor Body in respect of changes that the Board considers would improve the administration of the TPP;
- (gg) if the Sponsor Body instructs the Corporation on issues relating to the design of the TPP and amendments to the TPP, to advise the Sponsor Body on the feasibility or consequences of implementing such instructions, and, after the giving of such advice, to act in accordance with the instructions, if any and however modified, of the Sponsor Body, and to report to the Sponsor Body on the results of the Corporation's actions in accordance with those instructions;
- (hh) to retain auditors, actuaries and other financial and legal advisors that the Corporation deems necessary
 - i. to assist it in the valuation or transfer of the assets of the TPP from the trust fund of the TPP or in respect of any other matter related to the transfer of responsibility for the administration of the TPP from the Government to the Corporation; and
 - ii. generally in relation to the Fund;
- (ii) to provide for the reimbursement of reasonable out-of-pocket expenses of the Representatives appointed to the Sponsor Body, and to provide for the payment of such other reasonable amounts, including reimbursement of lost salary of individual members of the Sponsor Body, in accordance with the policies of the Sponsor Body;

- (jj) to provide for the payment of remuneration and reimbursement of reasonable out-of-pocket expenses of the individual Directors and external committee members in accordance with the policy to be established by the Sponsor Body. Any expense and compensation policies, or changes thereto, applicable to Directors shall require the approval of the Board and the Sponsor Body;
- (kk) to adopt an annual budget for TPP administration, investment management of the Fund and the activities of the Corporation and prepare an annual report on the TPP administration, investment management of the Fund and the activities of the Corporation;
- (ll) to ensure that any administrative agent keeps an account of all money and assets received and paid out of the Fund and keeps an accounting of the assets and liabilities of the Fund;
- (mm) to ensure that any administrative agent keeps an individual record of contributions made by each Member;
- (nn) to take all steps, whether or not previously authorized herein, which the Corporation may deem necessary or proper for the protection of the Fund.

9 Indemnification, Limitation of Liability and Insurance

9.1 Indemnification for Directors and Officers

A Director or officer or a former Director or officer and their heirs and legal representatives shall be indemnified by the Fund for all costs, charges and expenses (including legal 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 Director or officer, and including an action brought by the Sponsor Body or the Corporation, if:

- (a) the Director or officer acted honestly and in good faith with a view to the best interests of the Pension Plan; and
- (b) in the case of a criminal, regulatory or administrative action or proceeding that is enforced by a monetary penalty, the Director or officer had reasonable grounds for believing that his or her conduct was lawful.

9.2 Directors' and Officers' Insurance

- (a) The Corporation may purchase and maintain insurance for the benefit of a person referred to in Section 9.1 against liability incurred by the person.
- (b) Insurance purchased under this Section shall be paid for by the Fund.

9.3 *Court Approval of Indemnity*

A person referred to in Section 9.1 may apply to a court for an order approving an indemnity and the court may so order and make a further order it thinks appropriate.

9.4 *Reliance on Documents, etc.*

Subject to section 9.1, the Directors and officers 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 Directors and officers exercise reasonable care in the selection, instruction and supervision of a professional adviser, then subject to Section 9.1, the Directors and officers shall incur no liability, either collectively or individually, in acting and relying upon the opinions or advice of the professional adviser.

9.6 *Recourse Solely Against Fund*

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

9.7 *No Liability of Appointing Entity*

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

9.8 *Extended Meaning of Director*

- (a) Any reference in this Framework to the indemnification or other protection of a Director shall, include a person appointed to a committee or a panel under this Framework or the by-laws of the Corporation.
- (b) Any reference in this Framework to the indemnification or other protection of a Director or other person appointed to a committee or a panel under this Framework or the By-laws of the Corporation shall, unless the context clearly indicates otherwise, apply to individuals who formerly held these positions on or after the Effective Date, and to the personal representatives of any such individuals.

10 Fiduciary Responsibilities

10.1 *Fiduciary Obligations*

- (a) Each Director shall act honestly and in good faith with a view to the best interests of the Pension Plan and for the benefit of all Members.

- (b) No Director shall act in respect of a matter if the Director has a conflict of interest in regard to the matter.

10.2 *No Conflict of Interest*

- (a) Entitlement to a pension or other benefit under the Pension Plan does not create a conflict of interest.
- (b) Membership in the NLTA or employment by the Government or the NLTA does not in and of itself create a conflict of interest, provided that if a Director does have an actual conflict of interest as a result of membership in the NLTA or employment by the Government or the NLTA, the Director shall not act in respect of the conflict.
- (c) A Director is required to disclose conflicts in accordance with Sections 198 and 199 of the *Corporations Act*.

10.3 *Restrictions on Benefits Payable to Directors*

No Director is entitled to any benefit from the Pension Plan other than

- (a) a pension benefit provided in accordance with the Pension Plan, where the Director is also a Member; and
- (b) remuneration.

11 Amendment and Termination of Agreement

- (a) This Framework may only be amended by the Parties after consulting with the Sponsor Body.
- (b) The Board may recommend amendments to the Framework to the Sponsor Body for its consideration.

12 Severance of illegal Provisions

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

13 Governing Law

The Province of Newfoundland and Labrador is the location for legal purposes of the Pension Plan. All questions pertaining to the validity, construction and administration of this Framework, the By-Laws or the Pension Plan shall be determined in accordance with the laws of the Province of Newfoundland and Labrador. Any litigation which arises pursuant to or in connection with this Framework, the Pension Plan or any of their respective provisions, shall be referred to the courts in the Province of Newfoundland and Labrador.

**Schedule “A”
to the Trustee Corporation Framework**

BY-LAWS

OF THE TEACHERS’ PENSION PLAN CORPORATION

1 General

1.1 Definitions

In this by-law and all other by-laws of the Corporation, unless the context otherwise requires:

- (a) “Act” means the *Teachers’ Pensions Act*, SNL 1999 c-17, including the Regulations made pursuant to the Act, and any statute or regulations that may be substituted, as amended from time to time;
- (b) “Board” or “Board of Directors” means the board of directors of the Corporation appointed pursuant to the Framework;
- (c) “Chair” means the chair of the Board of Directors appointed pursuant to the Framework;
- (d) “Chief Executive Officer” means the Chief Executive Officer described in Paragraph 6.1(d)(iii);
- (e) “Corporation” means the Teachers’ Pension Plan Corporation, which is the administrator and trustee of the Pension Plan, established pursuant to the Act;
- (f) “Director” means a member of the Board of Directors;
- (g) “Framework” means the Trustee Corporation Framework, attached as Appendix “B” to the Joint Sponsorship Agreement;
- (h) “Fund” means the Teachers’ Pension Plan Fund established pursuant to the Act;
- (i) “Government Appointee” means a Director appointed by the Government;
- (j) “Joint Sponsorship Agreement” means the agreement relating to the joint sponsorship of the Pension Plan, between Government and the NLTA , dated March , 2016 and includes Appendices “A” and “B” to that Agreement;
- (k) “NLTA” means the Newfoundland and Labrador Teachers’ Association;

- (l) "NLTA Appointee" means a Director appointed by the NLTA;
- (m) "Parties" means the parties to the Joint Sponsorship Agreement;
- (n) "Sponsor Body" means the body appointed in accordance with Section 4 of the Joint Sponsorship Agreement; and
- (o) "Vice-Chair" means the vice-chair of the Board of Directors appointed from time to time pursuant to the Framework.

1.2 Interpretation

In this by-law, unless the context otherwise requires, words in the singular shall be construed as including words in the plural, and words in the plural as including words in the singular.

Other than as specified in 1.1 above, words and expressions defined in the Act and the Framework have the same meanings when used in these by-laws.

2 Fiduciary Corporation

2.1 Corporate Seal

The Corporation may have a corporate seal in the form approved from time to time by the Board. If a corporate seal is approved by the Board, the Chair shall be the custodian of the corporate seal.

2.2 Execution of Documents

Deeds, transfers, assignments, contracts, obligations, certificates and other instruments or documents may be signed on behalf of the Corporation by two Directors, one of whom shall be a Government Appointee and the other an NLTA Appointee, or other persons or in other manners as the Board may direct.

Any person authorized to sign any document may affix the corporate seal (if any) to the document. Any signing officer may certify a copy of any instrument, resolution, by-law or other document of the Corporation to be a true copy thereof.

2.3 Fiscal Year and Financial Year End

The fiscal year of the Corporation shall be a calendar year, and the financial year end of the Corporation shall be December 31st.

2.4 Banking Arrangements

The banking business of the Corporation shall be transacted at such bank, trust company or other firm or corporation carrying on a banking business in Canada or elsewhere as the Board of Directors may designate, appoint or authorize from time to time by resolution. The banking business or any part of it shall be transacted by an officer or officers of the Corporation and/or other persons as the Board of Directors may by resolution from time to time designate, direct or authorize.

3 Board of Directors

3.1 Resignation, Removal, Death, Incapacity or Disqualification of a Director

- (a) A Director may resign by giving written notice thereof to the Chair and to the Party that appointed him or her. The Chair shall promptly notify all of the other Directors. The effective date of a resignation shall be stated in the notice of resignation, which date may be no earlier than the date the Director signs the notice of resignation, failing which it shall be the date when the Party that appointed the Director receives the written notice of resignation.
- (b) A Party that removes a Director in accordance with Section 7.7 of the Framework shall give written notice to the Chair. The Chair shall notify all the other Directors.
- (c) If a Director dies, becomes incapacitated or ceases to qualify as a Director, the Chair shall give written notice to the entity that appointed the Director and the other Directors of the death, incapacity or disqualification.
- (d) Where a Director stops holding office, he or she shall be fully discharged from all future duties and responsibilities in respect of the Framework and this By-Law as of the date that he or she stops holding office. However, a Director who stops holding office shall not be discharged from, and shall remain liable for, any of the Director's liabilities arising hereunder prior to the effective date that he or she stops holding office.
- (e) Notwithstanding (d), if a Director dies, his or her heirs, administrators, executors and assigns shall be fully discharged from all future duties and responsibilities in respect of the Framework and this by-Law, as of the date of the Director's death. A deceased Director's estate shall not be discharged from, and shall remain liable for, any of the deceased Director's liabilities arising hereunder prior to the date of death.
- (f) Where a Director stops holding office, the Director or a personal representative of a deceased Director, shall forthwith turn over to the Board any and all records, books, and documents in his or her possession, incidental to his or her duties or relating to the administration of the Pension Plan. Despite the foregoing, if the Board considers it appropriate, a former Director may have reasonable access to any of his or her records, books or documents turned over to the Board as described above.

3.2 Defect in Appointment

Pursuant to Section 190 of the *Corporations Act*, a Director's act is valid, notwithstanding an irregularity or defect in the appointment, removal or a qualification of that Director.

4 Meetings of the Board of Directors

4.1 Calling of Meetings

- (a) At the beginning of each fiscal year, the Board shall schedule four meetings to be held during that year. A copy of the resolution of the Board fixing the place and time for these meetings of the Board shall be sent to each Director forthwith after being passed, but no other notice shall be required for any such meetings.
- (b) Any Director may request the Chair to convene a meeting of the Directors, which request shall be in writing and shall include the information reasonably required by the Chair to fulfil the agenda provisions contained herein. No later than five days following receipt of the written request the Chair shall give notice to the Directors setting out the date and location of the meeting, which meeting shall be held within fifteen days of the date upon which the request was received by the Chair.
- (c) If the office of the Chair is vacant, the Vice-Chair 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 Directors.
- (d) If the offices of Chair and Vice-Chair are vacant, a Government Appointee and NLTA Appointee acting jointly may exercise the powers otherwise given to the Chair and Vice-Chair in this Section to set the date and location of a meeting, and give notice of it to the other Directors.
- (e) Board meetings shall be held in Newfoundland and Labrador. If a Director participating in a meeting does so by means of a telephone conference or such other communication facilities as are permitted by Section 4.2, that Director will be deemed to be in Newfoundland and Labrador for the purposes of the meeting.

4.2 Meetings by Telephone or Teleconference

A meeting of the Board may be held, or a Director may participate in a meeting 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 Director 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.

4.3 Notice of Meeting

- (a) With the exception of meetings scheduled under Subsection 4.1(a), 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 Directors not less than ten days prior to the date of the meeting. The notice of meeting shall specify the date, time and locations of the meeting, and shall include an agenda of matters to be addressed at the meeting. Whenever

possible, any reports or other documentation to be considered at the meeting shall be provided to the Directors with the notice of the meeting. For greater certainty, nothing in this Section precludes a Director 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.

- (b) Notice of a meeting shall not be necessary if all of the directors are present, and no one objects to the holding of the meeting, or if those absent have waived notice of or have otherwise signified their consent to the holding of such meeting. No notice of meeting need specify the purpose or the business to be transacted at the meeting.

4.4 Waiver of Notice

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

4.5 Recording Secretary

The Board shall appoint a recording secretary, who need not be a Director, to keep minutes or records of all meetings, proceedings and acts of the Board. Those minutes or records of Board meetings shall be provided to the Directors for verification at the next meeting of the Board. All records and minutes of the Board shall be kept at the head office of the Corporation, or such other location agreed to by the Board.

4.6 Chair of Meeting

The Chair shall act as chair of a meeting of the Board. If the Chair is not in attendance at a meeting, the Vice-Chair shall act as Chair, and if neither the Chair nor the Vice-Chair is in attendance at a meeting of the Board, the Directors present shall select a chair for the meeting from their numbers.

4.7 Persons Entitled to be Present

The only persons entitled to be present at a meeting of the Board shall be the Directors. Any other person may be admitted only on the invitation of the Chair or by resolution of the Directors.

4.8 Committees

The Board may from time to time appoint any committee or other advisory body, as it deems necessary or appropriate for such purposes and with such powers as the Board shall see fit. Any such committee may formulate its own rules of procedure, subject to such regulations or directions as the Board may from time to time make. Any committee member may be removed by resolution of the Board.

4.9 Written Resolutions

Section 191 of the *Corporations Act* applies to a written resolution instead of a meeting.

4.10 Dissent

A Director may dissent pursuant to Section 204 of the *Corporations Act*.

5 Powers, Functions and Duties of Board

5.1 Resolutions, Committees and Appointments

The Board may:

- (a) pass resolutions it considers necessary or advisable to exercise the Corporation's powers and perform its duties;
- (b) appoint officers of the Corporation and assign duties to them;
- (c) appoint persons other than Directors to a committee or panel referred to in Section 6 of the Framework and Section 4.8 of this by-law, and set the term of appointment to the committee or panel that applies to those persons;
- (d) rescind an appointment made under Paragraph (c); and
- (e) hire staff and advisors and charge to the Fund the reasonable costs of such staff and advisors.

6 Offices

6.1 Description of Offices

- (a) The Board shall develop clear position descriptions for Directors, including the Chair and Vice-Chair and each committee, if any.
- (b) The Board, together with the Chief Executive Officer of the Corporation, shall develop a clear position description for that employee, including a delineation of:
 - i. Chief Executive Officer's responsibilities; and
 - ii. the corporate goals that the Chief Executive Officer is responsible for meeting.
- (c) The Chief Executive Officer and any other employee of the Corporation shall not be Directors;
- (d) Unless otherwise specified by the Board, which may restrict or supplement such duties and powers, the offices and officers of the Corporation (where appointed) shall have the following duties and powers associated with their positions:

- i. **Chair:** The Chair shall, when present, preside at all meetings of the Board and shall have such other duties and powers as the Board may specify;
- ii. **Vice-Chair:** If the Chair is absent or is unable or refuses to act, the Vice-Chair shall, when present, preside at all meetings of the Board and perform other duties of the Chair as set out in the Framework and this By-Law, and shall have such other duties and powers as the Board may specify;
- iii. **Chief Executive Officer:** The Chief Executive Officer shall be responsible for implementing the strategic plans and policies of the Corporation. The Chief Executive Officer shall, subject to the authority of the Board, have general supervision of the affairs of the Corporation and shall have such other duties and powers as the Board may specify;
- iv. **Secretary:** If appointed, the secretary shall attend and be the secretary of all meetings of the Board and committees of the Board. The secretary shall enter or cause to be entered in the Corporation's minute book, minutes of all proceedings at such meetings; the secretary shall give, or cause to be given, as and when instructed, notices to any Director, officer, auditor, actuary or member of a committee of the Board; the secretary shall be the custodian of all books, papers, records, documents and other instruments belonging to the Corporation.

The powers and duties of all other officers of the Corporation shall be in accordance with the terms of their engagement or as the Board or Chief Executive Officer requires. The Board may, from time to time and subject to the Framework, add to or limit the powers and duties of any officer.

6.2 Vacancy in Office

The Board may remove, whether for cause or without cause, any officer of the Corporation. Unless so removed, an officer shall hold office until the earlier of:

- (a) the officer's successor being appointed;
- (b) the officer's resignation; or
- (c) such officer's death.

If the office of any officer of the Corporation shall be or become vacant, the Directors may, by resolution, appoint a person to fill such vacancy.

7 Notices

7.1 Method of Giving Notices

- (a) All notices, requests, demands or other communications provided for in the Framework or in this by-law shall be given in writing and shall be effectively given if delivered personally, or sent by prepaid mail or facsimile to the respective last known address or facsimile number of the recipient of the communication, or sent by email to the recipient of the communication if the recipient confirms receipt.
- (b) Subject to (c), a notice, request, demand or other communication shall be deemed to have been received when delivered, or if mailed, on the fifth business day after the mailing of the notice, or if sent by facsimile, on the day that the sending facsimile machine confirms that the facsimile has been sent, or if sent by e-mail, on the day that the recipient confirms that the e-mail transmission has been received.
- (c) In the event of a strike or other interruption in the normal delivery of the mail after the mailing of a notice, request, demand or other communication, 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 it is intended, unless it is actually delivered or sent by facsimile or e-mail to that party as contemplated herein.

7.2 Omissions and Errors

The accidental omission to give any notice to any Director, officer, auditor, actuary or member of a committee of the Board, or the non-receipt of any notice by any such person where the Corporation has provided notice in accordance with the By-Laws or any error in any notice not affecting its substance shall not invalidate any action taken at any meeting to which the notice pertained or otherwise founded on such notice.

8 Miscellaneous

8.1 Invalidity of any provisions of this By-Law

The invalidity or unenforceability of any provision of this By-Law shall not affect the validity or enforceability of the remaining provisions of this By-Law.

8.2 Amendment of this By-Law

This By-Law may be amended by the Board, pursuant to the *Act*.

8.3 Effective Date

This By-law shall be effective when made by the Board.

CERTIFIED to be By-Law No. 1 of the Corporation, as enacted by the Directors of the Corporation by resolution on the _____ day of _____, 2016.

Dated as of the _____ day of _____, 20.

[Indicate name of director/officer]

AMENDING AGREEMENT TO THE JOINT SPONSORSHIP AGREEMENT

THIS AMENDING AGREEMENT is made the _____ day of February ____, 2017,

BETWEEN:

HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR, as represented by the Minister of the Department of Finance

(the "Government")

AND:

THE NEWFOUNDLAND AND LABRADOR TEACHERS' ASSOCIATION

(the "NLTA")

WHEREAS on March 15, 2016 the Government and the NLTA entered into the Joint Sponsorship Agreement in relation to the Teachers' Pension Plan (the "Joint Sponsorship Agreement") to (i) set out the terms and conditions of the joint sponsorship of the Pension Plan; and (ii) establishing the Funding Policy;

AND WHEREAS the Parties wish to enter into this Amending Agreement for the purpose of amending the Joint Sponsorship Agreement.

NOW THEREFORE the Parties agree as follows:

1. Subsection 4.2 (b) of Appendix "B" of the Joint Sponsorship Agreement is amended, effective January 1, 2017 to read as follows:

"An officer and any other employee of the Corporation shall not be a Director of the Corporation, unless such person holds the position of an officer or employee on an interim basis."

2. Subsection 7.3 of Appendix "B" of the Joint Sponsorship Agreement is amended, effective January 1, 2017, to read as follows"

"The Chair is entitled to a second or casting vote in the event of a tie unless the Chair is acting as an officer or an employee of the Corporation, on an interim basis, in which case the Vice-Chair is entitled to a second or casting vote in the event of a tie."

3. Section 3.3 of the Joint Sponsorship Agreement is amended by deleting "February 1, 2017" and replacing it with "April 1, 2017" in every place it appears in Section 3.3.

4. Except as amended herein, the Joint Sponsorship Agreement is hereby confirmed in all other respects and shall remain in full force and effect.
5. This Amending Agreement may be executed by facsimile, PDF or other electronic means and in two or more counterparts which, when taken together, shall form a single and binding amending agreement among the parties hereto.
6. This Amending Agreement shall be effective on the date set forth on the first page of this Amending Agreement notwithstanding the date of execution or delivery.

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

**HER MAJESTY IN RIGHT OF NEWFOUNDLAND
AND LABRADOR AS REPRESENTED BY THE
MINISTER OF THE DEPARTMENT OF FINANCE**

**THE NEWFOUNDLAND AND LABRADOR
TEACHERS' ASSOCIATION**

Cathy Dew
Minister of Finance

Cathy Bennett
Printed Name

Jul 20 / 2017
Date

James Dinn
President

James Dinn
Printed Name

March 7, 2017
Date