

IN THE MATTER OF AN ARBITRATION

COPY

BETWEEN:

OPSEU

- and -

THE CROWN IN RIGHT OF ONTARIO

MINUTES OF SETTLEMENT

Whereas OPSEU and the Crown in Right of Ontario ("Ontario") entered into a Sponsorship Agreement on April 18, 1994 to establish the OPSEU Pension Plan (the "Plan") as a successor plan to the Public Service Pension Plan, effective January 1, 1993;

And whereas Ontario and OPSEU are joint sponsors of the Plan;

And whereas Ontario was required under the terms of the Sponsorship Agreement to transfer certain assets into the Plan to fund the Plan's liabilities;

And whereas the precise amount to be transferred depended on the parties having accurate data relating to plan members;

And whereas the parties were aware at the time of the Sponsorship Agreement that some of the data relating to plan members was inaccurate;

And whereas the parties agreed in the Sponsorship Amendment and Asset Transfer Agreement dated December 12, 1994, subsequently replaced in 1997 by the Restated Sponsorship Amendment and Asset Transfer Agreement and Amendment No. 2 to the Sponsorship Agreement, that Ontario would undertake a data purification project (the "Project") to correct inaccuracies in plan member data, and further agreed that the initial

asset transfer would be subject to a purification adjustment following completion of the Project;

And whereas the Project was commenced in 1994 and continues, and certain interim results have been reported by Ontario to OPSEU and to the OPSEU Pension Trust ("OPT");

And whereas the Project has disclosed errors relating to contributions by members and Ontario, to service credited to members, and to members' final average earnings;

And whereas OPSEU invoked Article 65 of the Sponsorship Agreement on July 28, 2000, to refer certain matters in dispute between the parties over the appropriate treatment of members affected by the Project to binding arbitration;

The parties hereby agree as follows in settlement of all issues raised by the parties in their respective Arbitration Briefs dated March 19, 2001 (OPSEU), March 29, 2001 (Ontario) and March 30, 2001 (OPSEU), in connection with the Project:

Contributions

1. Individual members who have over-contributed to the Plan at any time shall receive a refund from the OPT of the amount of the excess contribution, plus interest calculated at the Plan rate.
2. Neither Ontario nor the OPT will seek recovery from any individual member of any amount that should have been deducted from them in respect of member contributions prior to December 31, 1998, but was not. For greater certainty, this includes contributions arising from regular service or other service in respect of which contributions are mandatory, and optional service that a member purchased, or for which there was an "agreement to purchase". Disputes over whether there

existed an "agreement to purchase" will be dealt with at expedited arbitration pursuant to paragraph 12 below.

3. Individual members who have paid back under-contributions in whole or in part in response to the OPT's demands for payment shall receive a refund from the OPT of the amount paid.
4. No member who has under-contributed to the Plan prior to December 31, 1998 will lose credit for the service in respect of which such contributions ought to have been deducted.
5. For greater certainty, paragraphs 1 to 4 above apply to retirees on the same basis as they apply to active members. For example, retirees who were advised at or near the time of their retirement that they had undercontributed, and who were given a choice between paying the amount of the under-contribution or having their service decreased, are entitled to have their service restored or to have such payment refunded by the OPT, as the case may be.
6. For under-contributions arising prior to January 1, 1993, Ontario shall be solely liable for the cost to the Plan of foregoing recovery of such under-contributions from individual members, in accordance with the terms of Amendment No.2 to the Sponsorship Agreement, as interpreted herein. The Restated 1992 Valuation shall give full credit to members for service in respect of which contributions ought to have been deducted but were not, and shall not treat such contributions as being recoverable from members, in accordance with paragraphs 2 to 4 above. Following the Restated 1992 Valuation, Ontario shall make payments in accordance with Article 58a (b) to (e), or shall receive credit in accordance with Article 58a (f), as the case may be.

7. For under-contributions arising after January 1, 1993, the cost to the Plan of foregoing recovery of such under-contributions from individual members shall be allocated as follows:
 - (a) Ontario and the members (collectively, as bargained by OPSEU) shall each be liable for 50% of the original amount that should have been deducted from individual members, but was not;
 - (b) Ontario shall be solely liable for interest on the under-contributions, at the Plan rate; and
 - (c) Ontario shall be solely liable for corresponding employer contributions, where applicable.

8. On the next scheduled actuarial valuation, Ontario may apply the amounts for which it is liable under paragraph 7 above against any net actuarial gain to which Ontario is solely entitled under the terms of the Sponsorship Agreement, and OPSEU (on behalf of the members) may apply the amounts for which the members are collectively liable against any net actuarial gain to which the members are solely entitled. In the event that the next scheduled actuarial valuation discloses a net actuarial loss, the amounts for which Ontario and the members are respectively liable under paragraph 7 shall be added to their respective liabilities under s.58 of the Sponsorship Agreement.

9. The date on which an under-contribution arose shall be determined as follows:
 - (a) for regular service or other service in respect of which contributions are mandatory, the date on which the contribution ought to have been deducted;
 - (b) for optional service purchased pursuant to Article 7.4 of the Plan, the earliest date in respect of which there is documented evidence that the member applied to purchase service, notwithstanding that some or all of the service purchased may relate to a period prior to January

1, 1993 or that the terms of payment may extend past January 1, 1993.

Service

10. Service credits shall be adjusted on the following terms:
 - (a) regular service shall be adjusted to reflect actual service as disclosed by the Project; and
 - (b) optional service shall be adjusted to reflect actual service as disclosed by the Project in respect of which the member was eligible to purchase credit and agreed to do so, whether or not contributions were appropriately deducted.

Final Average Earnings

11. Final average earnings shall be adjusted to reflect actual amounts as disclosed by the Project.

Arbitration of Factual Disputes

12. Members who are affected by the Project may refer any dispute arising to expedited arbitration, on such terms as are agreed by the Parties or determined by the Arbitration Board consisting of George Adams, QC, Chris Dassios and John Solursh.
13. OPSEU agrees to withdraw all grievances arising from the Project, subject to its right, under paragraph 12 of these Minutes of Settlement, to expedited arbitration for factual disputes arising from the Project. Without limiting the generality of the foregoing, OPSEU withdraws GSB file# 390/99 (Cheryl Pipher, Debbie Leach, Anne

Lambertson, Denise Redmond, Teresa Rekret, Martha Quinn) and grievances by Gail Silversides and Donna Sargent, subject to paragraph 12 above.


Scope of Project

14. Notwithstanding anything in these Minutes of Settlement, Ontario is not required to re-examine any data relating to former members of the Plan who have terminated their employment and elected to leave the Plan with the commuted value of their pension, nor do Ontario or the OPT have any obligations towards these former members under the terms of these Minutes of Settlement.

Board to Remain Seized

15. The Arbitration Board consisting of George Adams, QC, Chris Dassios and John Solursh shall remain seized of this dispute, and all matters arising from the interpretation or implementation of these Minutes of Settlement.

Date: April 26/01



OPSEU

Date: April 23/01



The Crown in Right of Ontario

Date: _____

OPSEU Pension Trust