

THIS MEMORANDUM OF AGREEMENT made this 13th day of May, 1993.

BETWEEN:

HER MAJESTY THE QUEEN IN
RIGHT OF THE PROVINCE OF
NOVA SCOTIA, as represented
by the Minister of Finance
(hereinafter referred to as the "Province")

OF THE ONE PART

- and -

NOVA SCOTIA TEACHERS' UNION,
a body corporate pursuant to the
Teaching Profession Act, being
Chapter 462 of the Revised Statutes
of Nova Scotia, 1989
(hereinafter referred to as the "Union")

OF THE SECOND PART

WHEREAS the Teachers' Pension Act, being Chapter 461 of the Revised Statutes of Nova Scotia, 1989, as amended, and regulations made thereunder establish a pension plan for persons employed as teachers and their dependents on the terms and conditions set out in the Act and the regulations;

AND WHEREAS the Act establishes, as part of the said plan, the Nova Scotia Teachers' Pension Fund, which is held in trust by the Minister of Finance and from which all pension payments and refunds are payable;

AND WHEREAS the Fund at present experiences an unfunded actuarial liability and it is anticipated that increases in charges payable out of the Fund will occur;

AND WHEREAS the parties have reached certain agreements as to the key terms of an arrangement to address the unfunded liability in the Fund, as well as agreements with respect to the governance and

administration of the plan.

AND WHEREAS the Province and the Union wish to enter into this Memorandum of Agreement for the purpose of recording the principal elements of the agreements which have been reached between them concerning the plan and the Fund;

NOW THEREFORE, for good and valuable consideration, the Province and the Union agree as follows, subject to the enactment of legislation implementing the terms hereof where required, which legislation will be introduced into the Legislature as soon as the Legislature may be in Session and determines to consider it:

1. In this Agreement,
 - (a) "Act" means the Teachers' Pension Act, being Chapter 461 of the Revised Statutes of Nova Scotia, 1989, as amended, and the regulations made thereunder;
 - (b) "Fund" means the Nova Scotia Teachers' Pension Fund established by the Act;
 - (c) "Plan" means the Act and the regulations, as amended from time to time, and includes the Fund as defined herein.
2. The Province will guarantee by legislation on the same basis as is provided in the Public Service Superannuation Act, being Chapter 377 of the Revised Statutes, 1989, as amended, the payment of pensions from the Fund.
3. The Province and the Union agree to the objective of achieving funding of the Plan at levels whereby the assets of the Plan will not be less than sixty-five percent (65%) of the actuarial liabilities of the Plan on or before August 1, 2003, and not less than seventy percent (70%), calculated on the same basis, on or before August 1, 2033.
4. The Province and the Union agree to implement policies and mechanisms designed to achieve improvements in the funding levels referred to in Article 3 beyond the year 2033, with the long term objective being that the assets of the Plan will be not less than one hundred per cent (100%) of the

actuarial liabilities. It is acknowledged that such long term objectives may require payments into the Fund in addition to any matching contributions otherwise required or changes in benefits provided under the Plan. The parties further acknowledge the principle that any future benefit changes shall be fully funded on an actuarial basis.

5. The Province and the Union agree to take the steps necessary to have the regulations under the Act amended to provide that, effective August 1, 1993, every teacher who is employed and the Minister of Finance shall contribute equally to the credit of the Fund an amount aggregating seventeen and one-half percent (17 1/2%) of eligible salary.

6. The Province and the Union agree to take the steps necessary to have the regulations under the Act amended to provide, effective January 1, 1994, the amount authorized to be added to the annual pension payable under the Act in relation to the cost of living will be based upon the Consumer Price Index for Canada, less one percent (1%) to a maximum annual increase in pension payable of six percent (6%). Such increase will be pro-rated in the first year of a teacher's retirement according to the number of months during such year that the teacher was retired. No pension shall decrease as a result of the application of the calculation described in this Article.

7. In recognition of benefit reductions respecting past service of teachers, the Province will pay into the Fund, in addition to its contributions referred to in Article 5, an amount of Three Hundred Million Dollars (\$300,000,000.00) and interest thereon at the rate specified in Appendix I, in accordance with the payment and prepayment options set out in the amortization schedule attached hereto as Appendix I.

8. In recognition of benefits foregone by teachers with respect to future service, the Province will, annually for ten (10) years, make payments into the Fund in the amounts and at the times specified in the schedule attached hereto as Appendix II.

9. The Province and the Union are committed to the principle of joint and equal participation in the governance of the Plan, including matters of benefit and contribution policy, plan administration and participation in the investment policy process. The

parties are further committed to the principle that, except for the payments specifically required by this Agreement, the Province and teachers will share equally in the responsibility for maintaining the fiscal soundness of the Plan and the achievement of funding objectives. The parties are also agreed that the Province and teachers will share equally in any surplus or in any deficit arising in the Fund.

10. The Province and the Union agree that the structure for the governance, administration and management of the Plan will include but not necessarily be limited to the following elements:

(i) the Minister of Finance, (the "Minister") will hold the Fund in trust, and will be the Minister responsible for the Act, with such powers and duties in those capacities as are consistent with the Act and the principles referred to in, and the terms of, this Agreement;

(ii) The Province and the Union will have on-going responsibility to review and decide on matters of policy relating to the Plan, including

(a) the design of the Plan structure, including benefit levels and contribution rates;

(b) management of deficits and disposition of surpluses;

(c) actuarial methods and assumptions used in valuing the Fund;

(iii) a Teachers' Pension Board (the "Board") composed of members one-half of whom will be appointed by the Province and one-half of whom will be appointed by the Union, and a chair to be appointed by the Board, as an additional member of the Board, on the agreement of its members. The Board will be responsible for matters including Plan administration, including the determination of benefit entitlement, and such other matters as are assigned to it from time to time by the Province and the

Union.

(iv) An Investment Advisory Committee, with appropriate representation thereon of the Province and the Union, to be responsible for making recommendations to the Province and the Union in respect of investment policy, selection of investment managers and evaluation of portfolio performance. The Province and the Union agree to review this structure no later than five years following the signing of this Agreement.

11. Subsequent to the execution of this Agreement, the parties will immediately undertake further discussions concerning the governance, administration, and management of the Plan with respect to the roles, structure, policies and procedures to implement the principles and elements referred to in Articles 9 and 10.

12. The Province and the Union agree to the principle of regular review of funding targets, including a comprehensive review in the year 2003 and further reviews every six years thereafter. Beyond the year 2003, the Province will continue to financially recognize losses in benefits resulting from the implementation of Article 6; the exact nature of such recognition will be determined as part of the review process that will be completed by the year 2003, having regard to the funding objectives referred to in Articles 3 and 4.

13. An early retirement package for teachers will, if possible, be devised by the parties on a cost-neutral basis.

14. Amendments to the Plan subsequent to the execution of this Agreement and prior to the implementation of its provisions will be made only by agreement between the Province and the Union.

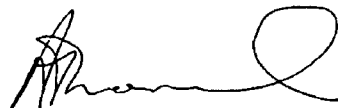
15. The Province and the Union agree to do all such matters and things and to take all such actions and steps as may be reasonably required to implement and give effect to the Agreements evidenced by or referred to in this Memorandum of Agreement.

16. The Appendices to this Agreement form part of this Memorandum of Agreement.

This Memorandum of Agreement and agreements evidenced or contemplated by the terms hereof shall enure to the benefit of and be binding upon the parties hereto and their successors.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Agreement the day and year first above written.


SIGNED, SEALED AND DELIVERED) Her Majesty the Queen
in the presence of) in Right of the
) Province of Nova Scotia




Minister of Finance

) Nova Scotia Teachers
) Union

R. Matheson


President

R. Matheson


Executive Director

APPENDIX I
NOVA SCOTIA TEACHERS' PENSION AGREEMENT

Terms:

1. Interest Rate - 8% (Compounded semi-annually)
2. Amortization Period - 30 years
3. Payment Frequency - Initial payment August 1, 1993 of \$6,440,000 thereafter quarterly payments in arrears, interest commencing August 1, 1993
4. Prepayment Provision - Principal balance outstanding at the date of the last payment plus accrued interest at 8% per annum to the date of such prepayment.

AMORTIZATION SCHEDULE

	<u>Date</u>	<u>Payment</u>	<u>Interest</u>	<u>Principle</u>	<u>Balance</u>
					\$300,000,000.00
1	01 Aug 1993	\$6,440,000.00	—	\$6,440,000.00	293,560,000.00
2	01 Nov 1993	6,437,730.00	5,813,633.68	624,096.32	292,935,903.68
3	01 Feb 1994	6,437,730.00	5,801,274.14	636,455.86	292,299,447.82
4	01 May 1994	6,437,730.00	5,788,669.83	649,060.17	291,650,387.65
5	01 Aug 1994	6,437,730.00	5,775,815.90	661,914.10	290,988,473.55
6	01 Nov 1994	6,437,730.00	5,762,707.42	675,022.58	290,313,450.97
7	01 Feb 1995	6,437,730.00	5,749,339.34	688,390.66	289,625,060.31
8	01 May 1995	6,437,730.00	5,735,706.52	702,023.48	288,923,036.83
9	01 Aug 1995	6,437,730.00	5,721,803.71	715,926.29	288,207,110.54
10	01 Nov 1995	6,437,730.00	5,707,625.58	730,104.42	287,477,006.12
11	01 Feb 1996	6,437,730.00	5,693,166.66	744,563.34	286,732,442.78
12	01 May 1996	6,437,730.00	5,678,421.40	759,308.60	285,973,134.18
13	01 Aug 1996	6,437,730.00	5,663,384.13	774,345.87	285,198,788.31
14	01 Nov 1996	6,437,730.00	5,648,049.06	789,680.94	284,409,107.37
15	01 Feb 1997	6,437,730.00	5,632,410.30	805,319.70	283,603,787.67
16	01 May 1997	6,437,730.00	5,616,461.82	821,268.18	282,782,519.49
17	01 Aug 1997	6,437,730.00	5,600,197.51	837,532.49	281,944,987.00
18	01 Nov 1997	6,437,730.00	5,583,611.09	854,118.91	281,090,868.09
19	01 Feb 1998	6,437,730.00	5,566,696.21	871,033.79	280,219,834.30
20	01 May 1998	6,437,730.00	5,549,446.34	888,283.66	279,331,550.64
21	01 Aug 1998	6,437,730.00	5,531,854.86	905,875.14	278,425,675.50
22	01 Nov 1998	6,437,730.00	5,513,914.99	923,815.01	277,501,860.49
23	01 Feb 1999	6,437,730.00	5,495,619.85	942,110.15	276,559,750.34
24	01 May 1999	6,437,730.00	5,476,962.39	960,767.61	275,598,982.73
25	01 Aug 1999	6,437,730.00	5,457,935.44	979,794.56	274,619,188.17
26	01 Nov 1999	6,437,730.00	5,438,531.69	999,198.31	273,619,989.86
27	01 Feb 2000	6,437,730.00	5,418,743.66	1,018,986.34	272,601,003.52
28	01 May 2000	6,437,730.00	5,398,563.75	1,039,166.25	271,561,837.27
29	01 Aug 2000	6,437,730.00	5,377,984.21	1,059,745.79	270,502,091.48
30	01 Nov 2000	6,437,730.00	5,356,997.11	1,080,732.89	269,421,358.59
31	01 Feb 2001	6,437,730.00	5,335,594.38	1,102,135.62	268,319,222.97
32	01 May 2001	6,437,730.00	5,313,767.79	1,123,962.21	267,195,260.76
33	01 Aug 2001	6,437,730.00	5,291,508.95	1,146,221.05	266,049,039.71
34	01 Nov 2001	6,437,730.00	5,268,809.30	1,168,920.70	264,880,119.01

	<u>Date</u>	<u>Payment</u>	<u>Interest</u>	<u>Principle</u>	<u>Balance</u>
35	01 Feb 2002	6,437,730.00	5,245,660.11	1,192,069.89	263,688,049....
36	01 May 2002	6,437,730.00	5,222,052.47	1,215,741.55	262,472,307.57
37	01 Aug 2002	6,437,730.00	5,197,977.31	1,239,752.69	261,232,554.88
38	01 Nov 2002	6,437,730.00	5,173,425.37	1,264,304.63	259,968,250.25
39	01 Feb 2003	6,437,730.00	5,148,387.21	1,289,342.79	258,678,907.46
40	01 May 2003	6,437,730.00	5,122,853.19	1,314,876.81	257,364,030.65
41	01 Aug 2003	6,437,730.00	5,096,813.49	1,340,916.51	256,023,114.14
42	01 Nov 2003	6,437,730.00	5,070,258.11	1,367,471.89	254,655,642.25
43	01 Feb 2004	6,437,730.00	5,043,176.83	1,394,553.17	253,261,089.08
44	01 May 2004	6,437,730.00	5,015,559.24	1,422,170.76	251,838,918.32
45	01 Aug 2004	6,437,730.00	4,987,394.71	1,450,335.29	250,388,583.03
46	01 Nov 2004	6,437,730.00	4,958,672.41	1,479,057.59	248,909,525.44
47	01 Feb 2005	6,437,730.00	4,929,381.30	1,508,348.70	247,401,176.74
48	01 May 2005	6,437,730.00	4,899,510.10	1,538,219.90	245,862,956.84
49	01 Aug 2005	6,437,730.00	4,869,047.35	1,568,682.65	244,294,274.19
50	01 Nov 2005	6,437,730.00	4,837,981.31	1,599,748.69	242,694,525.50
51	01 Feb 2006	6,437,730.00	4,806,300.04	1,631,429.96	241,063,095.54
52	01 May 2006	6,437,730.00	4,773,991.36	1,663,738.64	239,399,356.90
53	01 Aug 2006	6,437,730.00	4,741,042.84	1,696,687.16	237,702,669.74
54	01 Nov 2006	6,437,730.00	4,707,441.82	1,730,288.18	235,972,381.56
55	01 Feb 2007	6,437,730.00	4,673,175.36	1,764,554.64	234,207,826.92
56	01 May 2007	6,437,730.00	4,638,230.29	1,799,499.71	232,408,327
57	01 Aug 2007	6,437,730.00	4,602,593.17	1,835,136.83	230,573,191
58	01 Nov 2007	6,437,730.00	4,566,250.30	1,871,479.70	228,701,710.68
59	01 Feb 2008	6,437,730.00	4,529,187.70	1,908,542.30	226,793,168.38
60	01 May 2008	6,437,730.00	4,491,391.11	1,946,338.89	224,846,829.49
61	01 Aug 2008	6,437,730.00	4,452,846.01	1,984,883.99	222,861,945.50
62	01 Nov 2008	6,437,730.00	4,413,537.56	2,024,192.44	220,837,753.06
63	01 Feb 2009	6,437,730.00	4,373,450.65	2,064,279.35	218,773,473.71
64	01 May 2009	6,437,730.00	4,332,569.86	2,105,160.14	216,668,313.57
65	01 Aug 2009	6,437,730.00	4,290,879.47	2,146,850.53	214,521,463.04
66	01 Nov 2009	6,437,730.00	4,248,363.45	2,189,366.55	212,332,096.49
67	01 Feb 2010	6,437,730.00	4,205,005.45	2,232,724.55	210,099,371.94
68	01 May 2010	6,437,730.00	4,160,788.79	2,276,941.21	207,822,430.73
69	01 Aug 2010	6,437,730.00	4,115,696.47	2,322,033.53	205,500,397.20
70	01 Nov 2010	6,437,730.00	4,069,711.14	2,368,018.86	203,132,378.34
71	01 Feb 2011	6,437,730.00	4,022,815.13	2,414,914.87	200,717,463.47
72	01 May 2011	6,437,730.00	3,974,990.39	2,462,739.61	198,254,723.86
73	01 Aug 2011	6,437,730.00	3,926,218.53	2,511,511.47	195,743,212.39
74	01 Nov 2011	6,437,730.00	3,876,480.80	2,561,249.20	193,181,963.19
75	01 Feb 2012	6,437,730.00	3,825,758.07	2,611,971.93	190,569,991.26
76	01 May 2012	6,437,730.00	3,774,030.84	2,663,699.16	187,906,292.10
77	01 Aug 2012	6,437,730.00	3,721,279.20	2,716,450.80	185,189,841.30
78	01 Nov 2012	6,437,730.00	3,667,482.87	2,770,247.13	182,419,597
79	01 Feb 2013	6,437,730.00	3,612,621.16	2,825,108.84	179,594,48
80	01 May 2013	6,437,730.00	3,556,672.98	2,881,057.02	176,713,428.31
81	01 Aug 2013	6,437,730.00	3,499,616.81	2,938,113.19	173,775,315.12

	<u>Date</u>	<u>Payment</u>	<u>Interest</u>	<u>Principle</u>	<u>Balance</u>
82	01 Nov 2013	6,437,730.00	3,441,430.70	2,996,299.30	170,779,015.82
83	01 Feb 2014	6,437,730.00	3,382,092.28	3,055,637.72	167,723,378.10
84	01 May 2014	6,437,730.00	3,321,578.73	3,116,151.27	164,607,226.83
85	01 Aug 2014	6,437,730.00	3,259,866.78	3,177,863.22	161,429,363.61
86	01 Nov 2014	6,437,730.00	3,196,932.68	3,240,797.32	158,188,566.29
87	01 Feb 2015	6,437,730.00	3,132,752.25	3,304,977.75	154,883,588.54
88	01 May 2015	6,437,730.00	3,067,300.79	3,370,429.21	151,513,159.33
89	01 Aug 2015	6,437,730.00	3,000,553.14	3,437,176.86	148,075,982.47
90	01 Nov 2015	6,437,730.00	2,932,483.62	3,505,246.38	144,570,736.09
91	01 Feb 2016	6,437,730.00	2,863,066.06	3,574,663.94	140,996,072.15
92	01 May 2016	6,437,730.00	2,792,273.76	3,645,456.24	137,350,615.91
93	01 Aug 2016	6,437,730.00	2,720,079.50	3,717,650.50	133,632,965.41
94	01 Nov 2016	6,437,730.00	2,646,455.52	3,791,274.48	129,841,690.93
95	01 Feb 2017	6,437,730.00	2,571,373.48	3,866,356.52	125,975,334.41
96	01 May 2017	6,437,730.00	2,494,804.54	3,942,925.46	122,032,408.95
97	01 Aug 2017	6,437,730.00	2,416,719.22	4,021,010.78	118,011,398.17
98	01 Nov 2017	6,437,730.00	2,337,087.52	4,100,642.48	113,910,755.69
99	01 Feb 2018	6,437,730.00	2,255,878.79	4,181,851.21	109,728,904.48
100	01 May 2018	6,437,730.00	2,173,061.82	4,264,668.18	105,464,236.30
101	01 Aug 2018	6,437,730.00	2,088,604.74	4,349,125.26	101,115,111.04
102	01 Nov 2018	6,437,730.00	2,002,475.09	4,435,254.91	96,679,856.13
103	01 Feb 2019	6,437,730.00	1,914,639.73	4,523,090.27	92,156,765.86
104	01 May 2019	6,437,730.00	1,825,064.89	4,612,665.11	87,544,100.75
105	01 Aug 2019	6,437,730.00	1,733,716.12	4,704,013.88	82,840,086.87
106	01 Nov 2019	6,437,730.00	1,640,558.29	4,797,171.71	78,042,915.16
107	01 Feb 2020	6,437,730.00	1,545,555.57	4,892,174.43	73,150,740.73
108	01 May 2020	6,437,730.00	1,448,671.42	4,989,058.58	68,161,682.15
109	01 Aug 2020	6,437,730.00	1,349,868.59	5,087,861.41	63,073,820.74
110	01 Nov 2020	6,437,730.00	1,249,109.08	5,188,620.92	57,885,199.82
111	01 Feb 2021	6,437,730.00	1,146,354.13	5,291,375.87	52,593,823.95
112	01 May 2021	6,437,730.00	1,041,564.24	5,396,165.76	47,197,658.19
113	01 Aug 2021	6,437,730.00	934,699.10	5,503,030.90	41,694,627.29
114	01 Nov 2021	6,437,730.00	825,717.61	5,612,012.39	36,082,614.90
115	01 Feb 2022	6,437,730.00	714,577.86	5,723,152.14	30,359,462.76
116	01 May 2022	6,437,730.00	601,237.12	5,836,492.88	24,522,969.88
117	01 Aug 2022	6,437,730.00	485,651.78	5,952,078.22	18,570,891.66
118	01 Nov 2022	6,437,730.00	367,777.40	6,069,952.60	12,500,939.06
119	01 Feb 2023	6,437,730.00	247,568.65	6,190,161.35	6,310,777.71
120	01 May 2023	<u>6,435,757.01</u>	<u>124,979.30</u>	<u>6,310,777.71</u>	<u>(0.00)</u>
	TOTAL	<u>\$766,087,897.01</u>	<u>\$472,527,961.03</u>	<u>\$293,560,000.00</u>	

02 Jun 93
295 (s)

APPENDIX II
NOVA SCOTIA TEACHERS' PENSION AGREEMENT

	PAYMENT DATE	PAYMENT AMOUNT	
1	01 Aug 1993	\$2,500,000	
2	01 Nov 1993	2,500,000	
3	01 Feb 1994	2,500,000	
4	01 May 1994	2,500,000	\$10,000,000
5	01 Aug 1994	\$2,687,500	
6	01 Nov 1994	\$2,687,500	
7	01 Feb 1995	\$2,687,500	
8	01 May 1995	\$2,687,500	\$10,750,000
9	01 Aug 1995	\$2,889,063	
10	01 Nov 1995	\$2,889,063	
11	01 Feb 1996	\$2,889,063	
12	01 May 1996	\$2,889,063	\$11,556,250
13	01 Aug 1996	\$3,105,742	
14	01 Nov 1996	\$3,105,742	
15	01 Feb 1997	\$3,105,742	
16	01 May 1997	\$3,105,742	\$12,422,969
17	01 Aug 1997	\$3,338,673	
18	01 Nov 1997	\$3,338,673	
19	01 Feb 1998	\$3,338,673	
20	01 May 1998	\$3,338,673	\$13,354,691
21	01 Aug 1998	\$3,589,073	
22	01 Nov 1998	\$3,589,073	
23	01 Feb 1999	\$3,589,073	
24	01 May 1999	\$3,589,073	\$14,356,293
25	01 Aug 1999	\$3,858,254	
26	01 Nov 1999	\$3,858,254	
27	01 Feb 2000	\$3,858,254	
28	01 May 2000	\$3,858,254	\$15,433,015

	PAYMENT DATE		PAYMENT AMOUNT	
29	01 Aug 2000		\$4,147,623	
30	01 Nov 2000		\$4,147,623	
31	01 Feb 2001		\$4,147,623	
32	01 May 2001		\$4,147,623	\$16,590,491
33	01 Aug 2001		\$4,458,695	
34	01 Nov 2001		\$4,458,695	
35	01 Feb 2002		\$4,458,695	
36	01 May 2002		\$4,458,695	\$17,834,778
37	01 Aug 2002		\$4,793,097	
38	01 Nov 2002		\$4,793,097	
39	01 Feb 2003		\$4,793,097	
40	01 May 2003		\$4,793,097	\$19,172,387

NOTE: Quarterly amounts may not agree with
annual amounts due to rounding.

10Mil (\$)
26 Apr 93