

# TORONTO TRANSIT COMMISSION REPORT NO.

**MEETING DATE:** September 25, 2013

**SUBJECT:** Notice of Approval – Procurement Authorization Amendment  
- Increase for Demutualization Services

## **INFORMATION ITEM**

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### **RECOMMENDATION**

It is recommended that the Board receive the notice of approval of Chair Stintz, Commissioner Parker and the Chief Executive Officer authorizing an increase to the contract with Osler by \$250,000 increasing the total to \$631,000 on the basis of sole source in order to maintain consistency/knowledge of the work.

### **FUNDING**

Costs will be paid using the Demutualization Proceeds, TTC operating or capital budgets are not affected.

### **BACKGROUND**

At its meeting of October 24, 2012, the Board approved the revisions and updates to the Authorization for Expenditures and Other Commitments Policy, effective November 1, 2012, which states that *'The Board delegates authority to the Chair, Vice-Chair and the Chief Executive Officer to authorize items that would normally be authorized by the Board when the approval is required before the next Board meeting. If the Chair and/or Vice-Chair are not available, authority would be deemed to be delegated to any two (2) Commissioners and the Chief Executive Officer'*. These authorizations are to be followed up by a notice of approval Board report that is to be submitted to the next scheduled Board meeting for information.

Effective December 29, 1997 Mutual Life Assurance Company, the company through which the TTC held life insurance policies, converted from a mutual insurance company to a demutualized insurance company with share capital. Mutual Life eventually became Sunlife Financial after demutualization. TTC as a participating policyholder received shares in the demutualized insurance company based on insurance premiums paid during the calendar years 1988-1997. Those shares were sold for cash. The cash together with related dividends and interest are referred to as the "Demutualization Proceeds." The Demutualization Proceeds are currently held by the TTC and are invested in interest bearing instruments. The TTC has commenced an application in the Ontario Superior Court of Justice asking the Court to approve the proposed distribution of the Demutualization Proceeds of approximately \$5.5 million, pursuant to the terms of a Memorandum of Understanding. Osler has been closely involved from the beginning with the process of distributing the Demutualization Proceeds.

**DISCUSSION**

At its June 22, 2005 meeting, the Committee of the Whole approved proceeding with a sole source contract in the upset limit amount of \$200k to retain the law firm Osler, Hoskin & Harcourt LLP (Osler) to perform legal services related to the distribution of proceeds from the demutualization of Sunlife Financial. Staff previously approved amendments in the amount of \$181,000 and the current contract value is \$381,000. The class action proceedings to distribute the demutualization proceeds has been filed with the Ontario Superior Court of Justice. The remaining services to be provided by Osler include monitoring and dealing with any individuals who may opt-out of the class action, preparation of documents for the settlement hearing, appearance in court for the settlement hearing on October 22, 2013 and some follow-up assistance in the distribution of the demutualization proceeds.

**JUSTIFICATION**

According to the Procurement policy Board approval is required when the revised sole source contract value, including all amendments, exceed \$500k.

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August 7, 2013  
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