

## Hospitals of Ontario Pension Plan (HOOPP): Selection Process for OHA Appointed Trustees

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### **PURPOSE**

The purpose of this policy is to ensure that the persons appointed by the OHA Board to the Board of Trustees of HOOPP have a breadth of background and experience that equips them for the task of representing the members of the OHA on that Board to the greatest extent possible. To this end, the OHA Board will seek to identify and recruit persons who are familiar with the operations of one or more of its members, who have an understanding of the impact on those members of the decisions the Board will be called upon to make and who have the expertise needed to oversee the management of the HOOPP operation.

The policy also establishes an effective process for identifying and selecting suitable candidates for the HOOPP Board of Trustees and provides for adequate continuity in the governance of HOOPP.

### **HOSPITALS OF ONTARIO PENSION PLAN (HOOPP) OVERVIEW**

In 1960, the Hospitals of Ontario Pension Plan was established. In November 1993, the Settlers of the Hospitals of Ontario Pension Plan (HOOPP) Trust signed HOOPP's Agreement & Declaration of Trust (ADT), continuing the pension plan as a jointly-trusted pension plan administered by a Board of Trustees.

The Settlers are:

- the Ontario Nurses' Association (ONA)
- the Canadian Union of Public Employees (CUPE)
- the Ontario Public Service Employees' Union (OPSEU)
- the Service Employees International Union (SEIU)
- the Ontario Hospital Association (OHA)

HOOPP has a strong history of providing pensions to Ontario's health care community. It's one of the biggest and most respected pension plans in the country and is an industry leader among multi-employer plans.

As a defined benefit plan, HOOPP provides eligible members with a retirement income based on a formula that takes into account a member's earnings history and length of service in the Plan. Once eligible members start receiving a pension, they receive it for life. HOOPP's assets are actively managed using a diversified, long-term investment strategy.

### **Governance**

HOOPP's Board of Trustees is responsible for overseeing all aspects of the Plan and the HOOPP Trust Fund. As a member of a Board governing a trust, each HOOPP Trustee is a fiduciary and, as such, must act solely in the best interests of the Plan beneficiaries as a whole.

This fiduciary responsibility takes precedence over any allegiance a Trustee may have to any other party or interest, including the organization that appointed the Trustee to the Board. The fiduciary duty imposed on Trustees is the highest standard known to law.

### **Board Composition**

HOOPP is governed by a Board of Trustees made up of 16 voting members. Eight trustees are appointed by the Ontario Hospital Association (OHA) and four unions (ONA, CUPE, OPSEU, SEIU) each appoint two trustees.

There can be two non-voting pensioner observers on the Board, one appointed by the OHA and one appointed by the unions.

### **Trustee Responsibility**

The HOOPP Board of Trustees is the Administrator of the Pension Plan and Trust Fund. HOOPP's Trustees must ensure that any decision they make complies with the Plan Text (the legal document that sets out the detailed Plan provisions), and the Agreement & Declaration of Trust.

In addition, as part of their duty to ensure that the Plan and Trust Fund are properly administered, the Trustees must ensure that the Plan Text complies, and that the Plan is administered in accordance with all relevant federal and provincial legislation, such as the Income Tax Act and Ontario's Pension Benefits Act, which incorporates the investment regulations under the federal Pension Benefits Standards Act.

### **Committee Structure**

The Board of Trustees has established four committees to assist it in fulfilling its duties:

- Plan
- Investment
- Governance
- Audit & Finance

Each committee has a Board-approved mandate. For additional information on HOOPP see: [www.hoopp.com](http://www.hoopp.com)

## **POLICY**

### **BOARD STRUCTURE**

HOOPP is governed by a Board of Trustees in accordance with the Agreement and Declaration of Trust (ADT) dated November 22, 1993. The ADT requires that Board is made up of 16 Trustees, eight of whom are appointed by the OHA and eight of whom are appointed by the Unions (Ontario Nurses Association, Canadian Union of Public Employees, Service Employees International Union, Ontario Public Service Employees Union). In addition, there are two non-voting observers representing pensioners (one appointed by the OHA and the other by the

Unions). The composition of the OHA appointments and their length of appointment are determined by the OHA. The composition will be as follows:

Eight appointees who may be a balance of:

- A. trustees of members of the OHA that are also members of HOOPP; or
- B. persons employed by members, being a CEO, CFO and VP, Human Resources; and where appropriate skills are not available then
- C. expert(s) in the field who is (are) not necessarily affiliated with health care organizations.

## **ROLE OF TRUSTEES**

The HOOPP Trustees have a fiduciary responsibility to members of the plan. A Trustee is required to act honestly and in good faith with a view to the best interests of the plan. A Trustee is liable where he or she engages in conduct that is fraudulent or constitutes bad faith.

The general expectations of HOOPP Trustees include:

1. They are willing to serve a minimum of three years with an understanding that meetings of HOOPP Board and its Committees are of critical importance and should not be missed;
2. Each year, they are willing to serve for a minimum of 4 full-day Board meetings plus an additional 4 to 6 five-hour meetings on one of the Committees of the Board:
  - (a) Audit & Finance
  - (b) Governance
  - (c) Investment
  - (d) Plan;
3. They understand that a trustee may eventually be called upon to serve in the capacity of Vice-Chair or Chair of the Board, and/or Chair of one of the above Committees;
4. They are willing to attend an initial orientation program on the basics of the plan and the investment side of the business prior to their first Board meeting, as well as to participate in various ongoing Board education programs;
5. They have an appreciation of the non-traditional governance process inherent in a joint-trusted governance structure; and
6. They are willing to serve without remuneration other than being reimbursed for travel and accommodation expenses;
7. They are willing to engage in continuing education on pension issues.

## **PENSIONER OBSERVER**

The pensioner observer has a unique responsibility to be the voice of retirees in bringing an important perspective to the deliberations of the Board. He/she does not have a vote but does have the right to speak. He/she also has a duty to advise other members of the Board during and between meetings on matters, which are relevant.

### **OHA Appointed HOOPP Trustees**

OHA appointed HOOPP Trustees will be drawn from:

- Board Members of OHA Members,
- Executives of OHA Members, and
- Members of the community with expertise to benefit HOOPP

The mix of skills expected from OHA nominated Trustees (voting members) include:

1. Understanding of human resource issues within hospitals and the health care sector; and/or
2. Professional expertise in a relevant discipline; e.g. Investment management, financial management, actuarial science or pension administration and/or information technology; and/or
3. Appreciation for and a willingness to work within a joint union/management governance structure; and/or
4. Strong interest and commitment to member pension benefits and HOOPP in particular; and/or
5. Experience as a director of a corporation.

### **Pensioner Observer (non-voting)**

1. Preferably a former OHA member Chief Executive Officer (CEO), Chief Operating Officer (COO), Chief Financial Officer (CFO) or Chief Human Resources Officer (CHRO);
2. Strong interest and commitment to the Plan;
3. Willingness to act as a voice for other retirees;
4. Ability to speak to any groups of retirees about the Plan when called upon to do so in co-operation with the Plan staff and/or trustees of the unions' pensioner observer; and
5. In receipt of a HOOPP pension.

## **APPOINTMENT PROCESS**

The Nominations and Elections Committee will be responsible for receiving and evaluating the list of candidates and determining their qualifications to serve on the HOOPP Board. The Nominations and Elections Committee will recommend qualified candidates for approval by the OHA Board.

In an effort to ensure that the appropriate individuals are selected, consultation with or input from existing OHA-appointed HOOPP Board members may be completed as part of the appointment process.

Nominations may be sought and accepted through various methods, among other means:

1. Call for nominations;
2. Referral from member organization boards;
3. External search firm;
4. Publication in Executive Report and other communication vehicles;
5. Declaration of interest by individual; or
6. Any other method the Board feels is appropriate.

New appointments normally take effect at the beginning of the following calendar year.

Appointments are based on a three year term, renewable two times and subject to the right of the Association to remove an OHA HOOPP trustee at its discretion after due consideration by the Board of Directors of the OHA.

A Trustee who has served the maximum number of terms (9 years), may be allowed to have their term extended beyond the maximum, by the OHA, in one year terms, renewable twice.

To provide for an orderly turn-over and ensure continuity in the governance process, appointments should be staggered to the maximum extent possible.

### **Additional Responsibilities**

Annually, the Chair, OHA Board; the President and CEO, OHA; the OHA HOOPP Trustee who is serving as Chair or Vice-Chair, HOOPP Board and the President and CEO, HOOPP will review and evaluate OHA HOOPP trustees' terms. To occur in or around June.

Annually, the President and CEO, HOOPP along with the OHA HOOPP Trustee who is serving as Chair or Vice/Chair will make a presentation to the OHA Board to provide an update on the activities of the HOOPP Board. To occur in or around December.

The Nominations and Elections Committee is responsible to ensure that OHA appointees reflect appropriate skills required on the HOOPP Board of Trustees and its working Committees\* and thus OHA appointees will be subject to completing a skills matrix on an annual basis.

The Nominations and Elections Committee will also consider requests for the removal of an OHA appointed trustee at any time and make recommendations to the OHA Board.

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Amendment: The Board may amend this policy  
Approval Date: September 14, 2005

Last Review:  
Last Revision:

\* Reference: HOOPP Committee Mandates