

THIS JOINT TRUST AGREEMENT is made the 31st day of March, 2006,

BETWEEN:

Her Majesty the Queen in Right of the Province of Nova Scotia as represented by the Minister of Finance

and

The Nova Scotia Teachers' Union

and

Teachers' Pension Plan Trustee Inc.

Article 1 Preamble

The purpose of this joint trust agreement is to provide for the prudent management of the Pension Plan and the Pension Fund in a framework where the Parties share the responsibilities of plan administration and operation.

Article 2 Background

Section 2.01 Pension Plan Continues

Pursuant to the Teachers' Pension Act and the Teachers' Pension Plan Regulations the Pension Plan for Nova Scotian teachers continues.

Section 2.02 Joint and Equal Participation

Pursuant to the 1993 Agreement between the Parties, the Parties committed to the principle of joint and equal participation in the governance of the Pension Plan.

Section 2.03 Parties Intention

By the terms of this Agreement the Parties intend to (i) continue the Pension Plan and the Fund, (ii) replace the Minister as trustee of the Fund with the Trustee, and (iii) provide for the administration of the Pension Plan.

Section 2.04 Authority

The Parties each represent to the other that by virtue of the Act they have the authority to enter into this Agreement and to bind the Members and Pensioners.

Article 3 Interpretation

Section 3.01 Definitions

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

- (a) "Act" means the Teachers' Pension Act, SNS 1998, c. 26, as amended from time to time;
- (b) "Agreement" means this Joint Trust Agreement, as amended from time to time;
- (c) "Board" or "Board of Directors" means the board of directors of the Trustee constituted under this Agreement, which Board shall consist of the individuals appointed from time to time to act as directors in accordance with the terms of this Agreement;
- (d) "Chair" means the chair of the Board of Directors appointed from time to time pursuant to this Agreement;
- (e) "Director" means a member of the Board of Directors;
- (f) "Effective Date" means April 1, 2006;
- (g) "Fund" means the Nova Scotia Teachers' Pension Fund established by the Act and continued by this Agreement;
- (h) "ITA" means the Income Tax Act (Canada);
- (i) "Member" means a person who is required to participate in the Pension Plan pursuant to the Act and includes a person who has pensionable service in the Pension Plan for which the person has neither received a refund of contributions nor is receiving a pension under the Pension Plan;
- (j) "Minister" means the Minister of Finance;
- (k) "1993 Agreement" means the Memorandum of Agreement dated May 13, 1993 between the Parties;

- (l) "Parties" means both the Minister and the Union;
 - (m) "Pension Plan" means the Nova Scotia Teachers' Pension Plan established by the Act and continued by this Agreement;
 - (n) "Pensioner" means a person who is receiving a pension under the Pension Plan;
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- (o) "Plan Administrative Agent" means
 - (i) initially, the Department of Finance;
 - (ii) when the Parties agree to substitute another administrative entity pursuant to the 2005 Agreement, then that entity;
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- (p) "Plan Investment Agent" means
 - (i) initially, the Department of Finance;
 - (ii) when the Parties agree to substitute another investment entity pursuant to the 2005 Agreement, then that entity;
 - (q) "Regulations" means the Teachers' Pension Plan Regulations, NS Reg 88/99, as amended up to NS Reg 139/2002, and from time to time;
 - (r) "Teachers' Pension Board" means the Teachers' Pension Board created pursuant to Article 4.1 of the 2005 Agreement;
 - (s) "Trustee" means Teachers' Pension Plan Trustee Inc., a body corporate, appointed as trustee pursuant to the 2005 Agreement;
 - (t) "2005 Agreement" means an agreement dated June 22, 2005 between the Parties; and
 - (u) "Union" means The Nova Scotia Teachers' Union, a body corporate incorporated by SNS 1951, c. 100, which continues pursuant to the Teaching Profession Act, RSNS 1989, c. 462.

Section 3.02 Rules of Construction

In this Agreement, the rules of construction in the Interpretation Act, RSNS 1989, c. 235, as amended, shall apply as if this Agreement were an enactment.

Section 3.03 Survival of Provisions

The provisions of this Agreement which by their context are meant to survive the termination of this Agreement, shall so survive the termination of this Agreement.

Section 3.04 Conflict between Pension Plan and Agreement

If there is any conflict between the Pension Plan and this Agreement, the Pension Plan shall prevail and govern.

Section 3.05 Conflict with other Joint Management Agreements

If there is any conflict between the 2005 Agreement and this Agreement, the 2005 Agreement shall prevail and govern.

Article 4 Joint Trust Agreement

Section 4.01 Acknowledgement by the Parties

This Agreement is made pursuant to subsection 6(3), Section 8 and subsection 11(2) of the Act.

Section 4.02 Effective Date

Subject to the 2005 Agreement, on the Effective Date, the terms and conditions of this Agreement shall come into force and thereafter shall apply to the Pension Plan and the Fund.

Section 4.03 Registration

The adoption of this Agreement shall for purposes of the ITA be considered an amendment to the Pension Plan, and the Trustee shall apply on that basis to register this Agreement, together with any other required documentation, under the ITA.

Section 4.04 Status of Trustee under ITA

It is confirmed that for the purposes of the ITA, the Trustee is the "Administrator" of the Pension Plan.

Article 5 Continuation of the Pension Plan and the Fund

Section 5.01 Pension Plan Continued

- (a) As of the Effective Date, the Pension Plan as continued under the Act is further continued under the Act, this Agreement and the Regulations.
- (b) A person who immediately before the Effective Date was a Member continues to be a Member under the Pension Plan on and after the Effective Date.
- (c) Any rights vested in a Member or Pensioner under the Pension Plan immediately before the Effective Date continue to apply to the Member or Pensioner, in the same manner and to the same extent, under the Pension Plan on and after the Effective Date.
- (d) The fiscal year-end of the Pension Plan is December 31.

Section 5.02 Fund Continued

- (a) On the Effective Date, the Fund as continued under the Act is continued under the Act and this Agreement.
- (b) The Minister hereby conveys to the Trustee, in trust, as of the Effective Date, the Fund to be held by the Trustee on the terms and conditions of this Agreement.
- (c) The Parties and the Trustee shall take all necessary steps to ensure that legal title to the Fund is vested in the Trustee, and that the Trustee can exercise and discharge all rights and obligations associated with the ownership of the Fund.
- (d) As of the Effective Date, in accordance with Section 6 of the Act, the Trustee assumes responsibility for the Fund and the Minister is discharged of his responsibility as trustee of the Fund.
- (e) The Fund shall consist of cash, investments and other assets held by the Trustee.
- (f) The contributions from the Minister and Members and any other payments or assets paid or delivered to and received by the Trustee for the purposes of the Fund, including returns on investments, form part of the Fund.
- (g) As of the Effective Date, the Trustee shall have the same power, authorities, discretion and obligations as if originally appointed trustee of the Fund.
- (h) Benefits and disbursements payable under this Agreement and the Regulations shall be paid from the Fund and, for this purpose, the Fund shall be considered one and

indivisible.

- (i) The following fees, expenses and disbursements, as are reasonably necessary and approved by the Trustee, shall be paid from the Fund:
 - (i) the fees, expenses and disbursements of the Trustee incurred in administering the Pension Plan and managing the Fund;
 - (ii) the fees, expenses and disbursements of, and amounts requisitioned by, any independent administrator retained by the Trustee, or the amounts payable to investment managers, to operate and administer the Pension Plan and to manage the Fund;
 - (iii) the fees, expenses and disbursements of the Trustee incurred in communicating with the Members;
 - (iv) any expenses incurred by a director of the Trustee in attending or participating in any program of trustee education; and
 - (v) any other expenses incurred in the administration of this Agreement.

Section 5.03 Fund Held for Purposes Set Out in Agreement

This Fund is for the sole benefit of the Members and Pensioners, except as expressly provided for in the 2005 Agreement and this Agreement.

Article 6 Appointment of Trustee

Section 6.01 Appointment of Trustee

As of the Effective Date, and in compliance with subsection 6(3) of the Act, the Trustee is hereby appointed by the Minister as trustee of the Pension Plan. As of the Effective Date the operation and administration of the Pension Plan and the management and the investment of the Fund shall be the responsibility of the Trustee.

Section 6.02 Board of Directors Established

The Trustee shall be managed by a Board of nine Directors appointed as follows:

- (a) Four persons appointed by the Minister;
- (b) Four persons appointed by the Union, at least one of whom shall be a Member; and

- (c) An independent Chair to be appointed jointly by the Parties.

Directors shall be chosen by each Party with a view to providing the Board with a broad range of relevant competencies and experience.

Section 6.03 Failure to Appoint Chair

If the Parties are unable to agree on a Chair, and the position remains vacant for more than 90 days, the Parties shall each have the opportunity to nominate two nominees and the Chair shall be chosen by lot from the four nominees at the next meeting of the Board.

Section 6.04 Remuneration of Trustee

The Trustee shall serve without remuneration.

Section 6.05 Remuneration of Directors

Directors shall be paid such remuneration from the Fund as may be set by the Board within guidelines established by the Parties.

Section 6.06 Acceptance by Trustee

The Trustee hereby accepts the trusts established by this Agreement and consents to act as Trustee. The Trustee joins in this Agreement for this purpose.

Section 6.07 Validity of Appointment

Third Parties shall be entitled to rely on the authority of the Trustee without inquiring into the validity of the appointment.

Section 6.08 Terms for Directors

- (a) The Chair shall serve for a two year term and may serve a maximum of three consecutive terms.
- (b) Subject to sections (c) and (d), each other Director shall be appointed for a term of three years and may serve a maximum of two consecutive terms.
- (c) Other Directors shall serve staggered terms. For the initial appointments, two Directors nominated by each Party shall serve for an initial three year term, one Director nominated by each Party shall serve for an initial two year term, and one Director nominated by each Party shall serve for an initial one year term.
- (d) One of the Directors nominated by the Union, as long as he or she is both an em-

ployee of the Union and a Member, may serve for any number of consecutive terms.

(e) One of the Directors nominated by the Minister, as long as he or she is an employee of the Province, may serve for any number of consecutive terms.

(f) Directors shall serve for terms ending on December 31.

(g) A Director shall not be a member of the Teachers' Pension Board.

Section 6.09 Notice of Expiration of Term

No later than six months before the expiry date of a Director's term, the Chair shall give written notice to the Party who appointed the Director of the expiry of the term.

Section 6.10 Residency

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

Section 6.11 Resignation of a Director

A Director may resign by giving written notice thereof to the Chair and to the Party who appointed him or her. The Chair shall promptly notify all 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 who appointed the Director receives the written notice of resignation.

Section 6.12 Removal

A Director may be removed at any time by the Party who appointed the Director.

Section 6.13 Death or Disqualification

If a Director dies or ceases to qualify as a Director, the Chair shall give written notice to the Party who appointed the Director of the death or disqualification.

Section 6.14 Appointment of Interim Directors

In case of resignation, removal, death or disqualification of a Director, the Party who 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. In case of resignation, removal, death or disqualification of the Chair, the Parties shall jointly appoint a successor Chair.

Section 6.15 Death of a Director

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 this Agreement 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.

Section 6.16 Discharge of Directors

If a Director resigns, is removed or the Director's term expires, he or she shall be fully discharged from all future duties and responsibilities in respect to this Agreement as of the date of such resignation, removal or the expiration of his or her term, as the case may be. However, a Director who resigns, is removed or whose term expires shall not be discharged from, and shall remain liable for, any of the Director's liabilities arising hereunder prior to the effective date of his or her resignation, removal, death, disqualification, or the expiration of his or her term, as the case may be.

Section 6.17 Termination of Directorship

A Director who resigns, is removed, is disqualified, or whose term expires without being re-appointed, and the personal representatives of a deceased Director, shall forthwith turn over to the Trustee any and all records, books, and documents in his or her possession, incidental to his or her duties as Director under this Agreement or relating to the administration of the Fund or 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 Directors as described above.

Article 7 Board Operation

Section 7.01 Voting

Each Director appointed pursuant to this Agreement shall have one vote at any duly called and constituted meeting of the Board of Directors.

Section 7.02 Voting by Chair

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

Section 7.03 Quorum

- (a) A quorum at a meeting of the Board shall consist of five of the Directors, at least two of whom shall be Directors appointed by the Minister and at least two of whom shall

be Directors appointed by the Union.

- (b) If a quorum is not present within one-half hour 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.
- (c) 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.
- (d) If the Directors meet when a Director position is vacant, the meeting is validly constituted as long as a quorum is present.

Section 7.04 Decisions

Subject to other provisions of this Agreement, all decisions of the Trustee shall be made by a resolution passed by an affirmative vote of at least five of the Directors present at a duly called and constituted meeting of the Board.

Section 7.05 Resolutions in Writing

Despite Section 7.04, if all of the Directors then in office could form a quorum if they met, any decision of the Trustee may be made by unanimous consent in writing signed by all Directors then in office without a meeting of the Board of Directors.

Section 7.06 Director Expenses and Remuneration

The Trustee may pay from the Pension Fund:

- (a) to a Director or a person appointed to a committee of the Board an allowance for reasonable travel and other expenses necessarily incurred by that person in carrying out the business of the Trustee;
- (b) to a Director or a person appointed to a committee of the Board, if the Director or person is not receiving remuneration from any other source for acting as a Director or as a committee member, remuneration that has been set by the Board and within guidelines established by the Parties; and
- (c) to an organization specified by a Director or a person appointed to a committee of the Board, remuneration for the services of the Director or person at the rate set by the Board under section (b).

Section 7.07 Frequency of Meetings

- (a) The Directors shall meet at least quarterly in each calendar year. The Chair shall set

the date and location of each meeting.

- (b) Any three Directors may request the Chair to convene a meeting of the Board, 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 14 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 two months 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, four Directors, of whom two shall be appointed by the Minister and two by the Union, acting jointly 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) Board meetings shall be held in Nova Scotia. 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 7.12, that Director will be deemed to be in Nova Scotia for the purposes of the meeting.

Section 7.08 Notice of Meeting

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 the Directors not less than seven 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. The agenda for each meeting shall be distributed with the notice of meeting. Whenever possible, any reports or other documentation to be considered at a 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.

Section 7.09 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 at the meeting without objection.

Section 7.10 Recording Secretary

The Directors shall appoint a recording secretary, who need not be a Director, to keep minutes or records of all meetings, proceedings and acts of the Directors. Those minutes or records of Director meetings shall be provided to the Directors for verification at the next meeting of the Board.

Section 7.11 Chair of Meeting

The Chair shall act as Chair of a meeting of the Board of Directors. If the Chair is not in attendance at a meeting, the Directors present at the meeting shall select a chair for the meeting from their number.

Section 7.12 Telephone Meetings

A meeting of the Board or any committee 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.

Section 7.13 Resolution of Disputes

Any disputes amongst the Directors in the interpretation of this Agreement will be sent to the Teachers' Pension Board for resolution.

Section 7.14 Defect in Appointment, etc.

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

Section 7.15 Execution of Documents

All agreements and other documents to be executed by the Board shall, after being approved by the Board, be signed by two Directors, one of whom shall be appointed by the Minister and one by the Union, or by other persons as the Board may from time to time direct. All cheques payable out of the Fund shall be signed by two Directors, one of whom shall be appointed by the Minister and one by the Union, or by other persons or in other manners as the Board may from time to time direct.

Section 7.16 Power to Enter into Agreements

Subject to the 2005 Agreement, the Trustee may retain the services of persons for the purpose of assisting the Trustee with the administration of the Pension Plan and the management of the Fund.

Section 7.17 Enforcement of Contributions

Every Member and the Minister is required to make contributions and other payments to the Fund in the amounts and at the times specified in the Pension Plan. The Trustee may enforce the payment or delivery of contributions or transfers or any other payments due to it by action in any court in the name of the Trustee as a debt due to the Trustee.

Section 7.18 Procedures and Meetings

The Trustee shall make rules regarding the conduct of the business of the Trustee including, but not limited, to:

- (a) appointing committees of the Board and delegating functions to them;
- (b) allowing non-Board members to serve as members of a committee; and
- (c) setting the remuneration of eligible Board members and persons serving on committees in accordance with Section 7.06 and Section 6.05.

Article 8 Powers, Functions and Duties of the Trustee

Section 8.01 General

The Trustee has all powers necessary to enable it to administer the Pension Plan and manage the Fund, subject only to the limitations set out in this Agreement, the 2005 Agreement, the Pension Plan, the Act, the ITA and all other applicable laws. Subject to these limitations, the Trustee is responsible for the Fund, the operation and administration of the Pension Plan and the Fund.

Section 8.02 Management and Investment of Pension Fund

The Trustee shall invest and manage the Fund in a prudent manner. Without limitation, the Trustee shall:

- (a) establish a written statement of investment policies and procedures for the Fund;
- (b) ensure that the money and assets of the Fund are invested in the best financial interests of the Members and, in doing that, shall make the investments in accordance with any regulatory requirements, shall exercise the care, diligence and skill that a person of ordinary prudence would exercise when dealing with the property of another person, and shall have regard to the following criteria in planning the investment of the Fund, in addition to any others that are relevant to the circumstances:

- (i) general economic conditions;
 - (ii) the possible effect of inflation or deflation;
 - (iii) the role that each investment or course of action plays within the overall Fund portfolio;
 - (iv) the expected total return from income and the appreciation of capital; and
 - (v) needs for liquidity, regularity of income and preservation or appreciation of capital;
- (c) recommend to the Parties the actuarial assumptions and methods used to value the Pension Plan and the Fund;
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- (d) recommend to the Parties steps necessary to ensure that funding is at a level sufficient for the Pension Plan to meet its obligations and that the funding targets set out in the 2005 Agreement are met;
 - (e) monitor the performance of the Plan Administrative Agent;
 - (f) ensure that the Plan 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;
 - (g) ensure that the Plan Administrative Agent keeps an individual record of contributions made by each Member; and
 - (h) ensure that the Pension Plan and the Fund are administered in compliance with this Agreement, the Pension Plan, the Act, and all applicable laws.

Section 8.03 Direction to Plan Administrative Agent

The Trustee shall direct the Plan Administrative Agent respecting:

- (a) the application of the Pension Plan;
- (b) the negotiation of agreements on behalf of the Trustee with a person, class of persons or body that comply with the Pension Plan, this Agreement, the 2005 Agreement, the Act and any other law;
- (c) the implementation of any agreements entered into by the Trustee; and
- (d) the service standards necessary for providing the appropriate quality and level of ser-

vice to Members and Pensioners.

Section 8.04 Functions and Duties

The Trustee shall carry out the following functions and duties:

- (a) adopt an annual budget for Pension Plan administration, investment management of the Fund and the activities of the Trustee;
- (b) prepare an annual report, including audited financial statements, on the Pension Plan and the Fund, no later than 120 days after the end of each fiscal year of the Pension Plan;
- (c) prepare any other report requested by the Parties;
- (d) obtain an actuarial valuation and report on the Pension Plan and the Fund every year;
- (e) retain professional, technical and other advisers that it considers necessary and determine the remuneration and reimbursement for expenses to which they are entitled;
- (f) provide for the financial administration of the Pension Plan by:
 - (i) having an accounting system established for the proper reporting and accountability to the Trustee in a timely manner and at a reasonable cost;
 - (ii) having annual financial statements of the Pension Plan prepared in accordance with generally accepted accounting principles;
 - (iii) having a financial reporting audit performed on the financial statements referred to in Section (ii); and
 - (iv) providing to the Parties an annual report on the Pension Plan, including the audited financial statements.

Section 8.05 Resolutions, Committees and Appointments

The Board may:

- (a) pass resolutions it considers necessary or advisable to administer the Fund and the Pension Plan and to exercise the Board's powers and perform its duties;
- (b) establish committees or panels of the Board, and determine the composition, duties, responsibilities, limitations and operating procedures of those committees or panels;

- (c) appoint persons other than Trustees to a committee or panel referred to in Section (b), and set the term of appointment to the Committee or panel that applies to those persons;
- (d) appoint Directors to the boards of the Plan Administrative Agent and the Plan Investment Agent, or to the boards of directors or trustees of other bodies corporate or trusts; and
- (e) rescind an appointment made under sections (c) or (d).

Section 8.06 Power to Settle Claims

The Trustee may, if and as it thinks fit, compromise, compound, abandon, submit to arbitration or otherwise settle a debt, account, claim or other thing relating to the Pension Plan or the Fund. For any of these purposes, the Trustee may enter, give, execute and do the agreements, instruments of composition or arrangement, releases and other things that the Trustee considers expedient.

Article 9 Plan Administration and Investment

Section 9.01 Plan Administrative Agent

Subject to the 2005 Agreement, the Trustee shall retain the services of the Plan Administrative Agent upon terms satisfactory to the Trustee, which terms shall be set out in a service agreement between the Trustee and the Plan Administrative Agent, to carry out the Trustee's responsibilities respecting the administration of the Pension Plan. Without limitation, the service agreement shall require the Plan Administrative Agent to discharge the responsibilities of the Trustee under the ITA relating to the administration of the Pension Plan, and any other responsibilities that the Act imposes on the Plan Administrative Agent in respect of the Pension Plan or the Fund.

Section 9.02 Plan Investment Agent

Subject to the 2005 Agreement, the Trustee shall appoint the Plan Investment Agent as the investment manager of the Fund upon terms satisfactory to the Trustee, which terms shall be set out in an investment management agreement between the Trustee and the Plan Investment Agent.

Section 9.03 Other Investment Managers

Despite Section 9.02, but only after the transition phase of the 2005 Agreement (Article 6) has ended, the Trustee may appoint agencies other than the Plan Investment Agent as the investment manager(s) of some or all of the Fund, if, in the opinion of the Trustee, the al-

ternative funds management services are in the best financial interests of the Members. If the Trustee appoints investment managers other than the Plan Investment Agent, it shall do so upon terms satisfactory to the Trustee, which terms shall be set out in an investment management agreement between the Trustee and the investment manager.

Article 10 Indemnification, Limitation of Liability and Insurance

Section 10.01 Indemnification

A Director shall be indemnified out of the Fund against all 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 Director, and including an action brought by the Trustee, if:

- (a) the Director acted in good faith; and
- (b) in the case of a criminal action or proceeding, the Director had reasonable grounds for believing that his or her conduct was lawful.

Section 10.02 Liability for Losses in Fund

The Directors, individually or collectively, shall not be liable for the making, retention or sale of any investment or reinvestment made by them in accordance with this Agreement or in accordance with any other legal duties nor for any loss to or diminution of the Fund, except a loss or diminution that resulted from a Director not acting in good faith, and no individual Director shall incur any liability for any loss or diminution unless he or she was a party to the action that resulted in the loss or diminution.

Section 10.03 Liability for Other Matters

The Directors, 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 administration of the Pension Plan or Fund; or
- (iv) by any other procedure; or
- (c) any contributions required to be paid to the Fund other than the contributions a Director may be required or permitted to make under the Pension Plan in the Director's capacity as a Member.

Section 10.04 Reliance on Documents, etc.

The Directors 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.

Section 10.05 Reliance on Advisers

So long as the Directors exercise reasonable care in the selection, instruction and supervision of a professional adviser, then subject to Section 14.04 the Directors shall incur no liability, either collectively or individually, in acting and relying upon the opinions or advice of the professional adviser.

Section 10.06 Further Assurances

The Trustee shall do such things and execute and deliver such documents in order that any and all funds required to be paid out of the Fund by way of indemnity as herein set forth are paid as required from time to time.

Section 10.07 Recourse Solely Against Fund

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

Section 10.08 Acting as a Director or Trustee of Other Body

The Trustee shall not indemnify a Director for acting as a director of another body corporate or as a trustee of another trust.

Section 10.09 Financial Responsibility for the Pension Plan

The Minister's and Members' sole financial obligation in respect to 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. Without limitation, neither the Minister nor the Union, and no Member, Pensioner, or association that represents Members or Pensioners, shall be liable

or responsible for any debts, liabilities, obligations or deficiencies of the Board, the Pension Plan or the Fund.

Section 10.10 No Liability for Directors Appointed

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.

Section 10.11 Extended Meaning of Director, etc.

- (a) Any reference in this Agreement to the indemnification or other protection of a Director shall, unless the context clearly indicates otherwise, include a person appointed to a committee or a panel under Section 8.05(c).
- (b) Any reference in this Agreement to the indemnification or other protection of a Director or other person appointed to a committee or a panel under Section 8.05(c) 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.

Section 10.12 Bonding

The Trustee may procure insurance or fidelity bonds for those persons the Trustee considers appropriate. Those persons may be insured or bonded in the amounts and in the manner decided by the Trustee. The cost of insurance or bonds shall be paid out of the Fund.

Section 10.13 Fiduciary Liability and Other Insurance

The Trustee may purchase and maintain the errors and omissions insurance or fiduciary liability insurance, or insurance of a similar nature or description, it considers necessary for the Trustee, any Director or anyone else engaged in the administration or operation of the Pension Plan or Fund. The cost of this insurance shall be paid out of the Fund.

Article 11 Engagement of Auditor and Actuary

Section 11.01 Appointment of an Auditor

- (a) The Trustee shall engage the services of an auditor to perform, at least once a year, an audit of the financial statements of the Pension Plan, including the accounts of the Trustee.
- (b) The fees of the auditor shall be paid from the Fund.

Section 11.02 Financial Statements

The Trustee shall send a copy of each set of financial statements to the Parties upon receipt from the auditor.

Section 11.03 Appointment of an Actuary

- (a) In accordance with Section 13 of the Act, the Trustee shall engage the services of an actuary to prepare all actuarial valuation reports and perform all actuarial valuations required by the Act and the Trustee.
- (b) The fees of the actuary shall be paid from the Fund.
- (c) Either party may, through their own or the Plan's Actuary, have access to the necessary data and information required to do a valuation for accounting purposes. Such valuation will be done at the party's expense.

Section 11.04 Actuarial Valuation Reports

The Trustee shall send a copy of each actuarial valuation report to the Parties upon receipt.

Article 12 Pension Plan

Section 12.01 Pension Plan Amendments

The Trustee has no authority to make any amendments to the Pension Plan. The Pension Plan may be amended at any time by the Parties in accordance with the 2005 Agreement and the Act, but only after first consulting with the Trustee.

Section 12.02 Recommendations to Parties for Amendments

The Trustee may make recommendations to the Parties with respect to amendments to the Pension Plan that the Trustee considers to be in the best interests of the Members and Pensioners, and shall make recommendations to the Parties with respect to amendments that are required to maintain registration under the ITA or otherwise necessary to comply with applicable law.

Section 12.03 Actuarial Deficiencies

If an actuarial valuation report indicates a deficiency in the Fund, the Trustee shall make recommendations to the Parties with respect to amendments to the Pension Plan to correct the deficiency. Recommendations put forward may provide for either an increase in contribution rates or a reduction in benefits, or some combination thereof, but in each case at

least one recommendation put forward shall provide for an increase in contribution rates alone.

Article 13 Amendment and Termination of Agreement

Section 13.01 Amendment to Agreement

The Trustee 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 Trustee. This power of amendment is subject to no restrictions other than those imposed by law. Without limitation, the power of amendment reserved to the Parties includes the power to revoke, in whole or in part, the trusts created under this Agreement.

Section 13.02 Recommendations for Amendment

The Trustee may make recommendations to the Parties with respect to amendments to this Agreement that the Trustee considers to be in the best interests of the Members, and shall make recommendations to the Parties with respect to amendments that are required to maintain registration under the ITA or otherwise necessary to comply with applicable law.

Section 13.03 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 retroactively increases the duty of care required of a present or former Director or retroactively diminishes their right to indemnity under this Agreement.

Section 13.04 Termination of Agreement or Pension Plan

This Agreement or the Pension Plan may be terminated, in whole or in part, at any time by the Parties but only after first consulting with the Trustee.

Section 13.05 Termination of Entire Pension Plan

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

Article 14 Fiduciary Responsibilities

Section 14.01 No Conflict of Interest

(a) No Director shall knowingly permit his or her other interests to conflict with his or

her powers, duties and responsibilities in respect of the Pension Plan or Fund.

- (b) Entitlement to a pension or other benefit under the Pension Plan does not create a conflict of interest.

Section 14.02 Committee and Panel Members

If the Board appoints a person to a committee or panel under Section 8.05(c), the Board shall personally select the person and be satisfied of the person's qualifications and ability to perform the duties for which the person is appointed. The Board shall carry out such supervision of the committee and panel members as is prudent and reasonable. A person appointed to a committee or panel under Section 8.05(c) shall be subject to the same duty of care as the Board, and is not entitled to any payment from the Fund other than a pension benefit provided in accordance with the Pension Plan, if applicable, and any expenses or remuneration authorized pursuant to Section 7.06.

Section 14.03 Use of Agents

Subject to Article 9, the Trustee may employ or appoint agents to carry out any act required to be done in the administration of the Pension Plan or in the administration and investment of the Fund. If the Trustee employs or appoints an agent, the Board shall personally select the agent and be satisfied of the agent's qualifications and suitability to perform the duties for which the agent is employed or appointed. The Board shall carry out such supervision of the agent as is prudent and reasonable. An agent so employed or appointed shall be subject to the same duty of care as the Trustee, and is not entitled to any payment from the Fund other than a pension benefit provided in accordance with the Pension Plan, if applicable, and the usual and reasonable fees and expenses for services provided by the agent in respect of the Pension Plan and Fund.

Section 14.04 Restrictions on Benefits Payable to Directors

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

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

Article 15 Miscellaneous Provisions

Section 15.01 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) If 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.

Section 15.02 No Duty to Inquire

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

Section 15.03 Severance of Illegal Provisions

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

Section 15.04 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 Trustee's decisions, rules, regulations, policies and procedures made or established in accordance with this Agreement, the Pen-

sion Plan or the Fund, shall be binding on the Trustee, the Parties, the Members and their respective beneficiaries, dependants, estates, heirs, executors, administrators, successors and assigns.

Section 15.05 Further Assurances

The Trustee 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 the more effectively implementing and carrying out the intent of this Agreement.

Section 15.06 Governing Law

The Province of Nova Scotia is the location for legal purposes of the Fund. 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 Nova Scotia. 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 Nova Scotia.

Section 15.07 Counterpart Execution

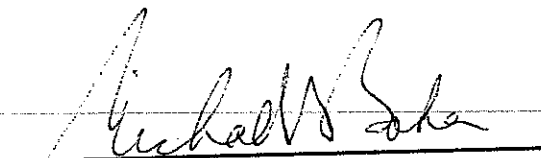
This Agreement may be signed in counterparts.

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

Her Majesty the Queen in Right of
the Province of Nova Scotia as represented by the Minister of Finance

The Nova Scotia Teachers' Union

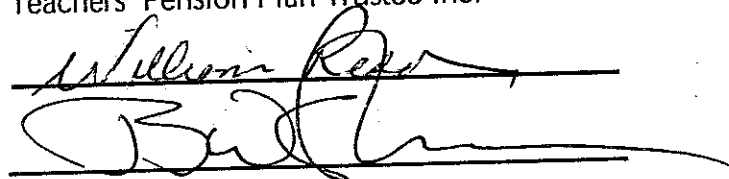


Minister of Finance

President

Executive Director

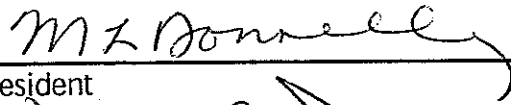
Teachers' Pension Plan Trustee Inc.



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

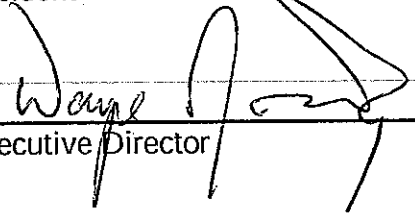
Her Majesty the Queen in Right of
the Province of Nova Scotia as repre-
sented by the Minister of Finance

The Nova Scotia Teachers' Union



President

Minister of Finance



Executive Director

Teachers' Pension Plan Trustee Inc.

