

THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN
BOARD OF TRUSTEES

Minutes of Asset-Liability Review Meeting
Friday, February 8, 2013

ATTENDANCE:

Present: Henry Hudek (Chair), Laurel Repski (Vice-Chair), Mary Anne Walls (Secretary), Mike Emslie (Treasurer), Barry Barske, Jane Barske, Ed Byard, Ray Erb, Greg Gillis, Kyle MacDonald, Colin Morrison, Hans Werner

Regrets: Judy Graham, Murray Wiegand, Ron Youngson, Brian White, Nathan LaPierre & Jeffrey King (AON Hewitt)

Also In Attendance: Ronda Perinot (Recording Secretary)

Due to inclement weather, Aon Hewitt was not able to attend the meeting. In Aon Hewitt's absence, the Board reviewed past ALS meeting minutes and the latest Asset-Liability Results handout.

Review of Past Meeting Minutes

i. Approval of Minutes of the meeting of July 24, 2012

It was MOVED: (H. Werner/J. Barske)

That the minutes of July 24, 2012 be approved as presented.

...CARRIED

ii. Approval of Minutes of the meeting of October 29, 2012

It was noted that the minutes should indicate that model portfolio optimization is dependent upon the assumptions that were built into the models. These assumptions are predictions about the future and are not cast in stone.

It was MOVED: (M. Emslie/B. Barske)

That the minutes of October 29, 2012 be approved as amended.

...CARRIED

iii. Approval of Minutes of the meeting of December 14, 2012

It was noted that under Item 3. of the minutes it should indicate that based on the fact that the Aon Hewitt analysis showed that a 75% growth portfolio has potentially advantageous characteristics, the Board decided to continue to include the 75% growth portfolio in the modelling.

It was also noted that the wording under Item 4. should be amended for consistency.

It was MOVED: (M. Emslie/R. Erb)

That the minutes of December 14, 2012 be approved as amended.

...CARRIED

Review of Additional Asset-Liability Results Handout

In the absence of the Aon Hewitt representatives, the Board took the opportunity to review and discuss the information that was provided thus far in the process. A lengthy discussion followed concerning the options and the direction that the Board is likely to take.

The discussion concerning the decision making process included:

- The role of Aon Hewitt in the process. It was noted that Aon Hewitt was hired to provide outside expertise. The Board is responsible for making any decisions; it may or may not accept Aon Hewitt recommendations, but must have detailed record of decision making process.
- It was noted that bonds are currently overvalued; the equity market is deemed to be “safest” at this time since equities are still at 2008 levels.
- The results provided by Aon Hewitt show that there is very little difference between 75% and 60% equity position. If the Board decided to go with 75% equities, would need a plan for reducing equity exposure over time. Any plan would be monitored by the DB Committee, with quarterly reporting to the Board.
- While contributions need to be managed prudently, contributions should not necessarily drive the portfolio structure process.
- It was noted that the University’s budget is tight with little flexibility. Need to manage volatility in order to mitigate the University’s exposure (reserve?). The University will need to confirm acceptance of volatility.
- Can deal with volatility in different ways; can either invest safely or can make an allowance for expectation of volatility. Have limited time to earn income to the closed plan and the aging of the active DB population.
- It was noted that will not be making a decision that is binding for a long period of time as any decision will need to be actively reviewed and adjusted on a regular basis. Any decision will need to be documented with solid reasons. Up to Board to make decisions that are in best interest of plan and stakeholders

Next Meeting

- Aon Hewitt to be asked to provide their rationale for recommending 60/40
- Put together document setting out the Board’s reasons for decisions.

Next Steps

- Aon Hewitt meeting
- Board Recommendation
- Recommendation referred to Stakeholders prior to final decision
- Final Decision

ACTION ITEMS

H. Hudek to draft Board recommendation document (G. Gillis to review).

Meeting Adjourned

Chair

Secretary