

**THE UNIVERSITY OF WINNIPEG**  
**TRUSTEED PENSION PLAN**  
**BOARD OF TRUSTEES**

**Minutes of the Meeting**  
**Tuesday, July 28, 2009**

ATTENDANCE:

Present: Mary Anne Walls, Bill Balan, Laurel Repski, Valerie Gilroy, Greg Gillis, Barry Barske, Wendy Josephson, Karen Zoppa, Brent Stearns, Maurice Mearon, Ray Erb, Gary Maksymyk, David Torz

Also in Attendance: Jody Langan, Legal Counsel to the Plan, Doug Poapst, Actuary to the Plan, Barbara Doran, recording secretary.

Regrets: Henry Hudek

i. Approval of Agenda

Additions to the Agenda:

Under Other Business:

- 1 (a) Response to request from Superintendent of Pensions.
- 2 (a) Pension Benefits Act amendments response to regulations

It was MOVED: Josephson/Repski

**That the agenda be approved with the noted changes**

...CARRIED

ii. Approval of Minutes

Minutes of the meeting of June 23, 2009

It was MOVED: Josephson/Barske

**That the minutes of June 23, 2009 be accepted as distributed.**

...CARRIED

1. Review of Letter from the Superintendent of Pensions

Jody Langan, Legal Counsel to the Plan and Doug Poapst, Actuary to the Plan, reviewed the letter from the Superintendent of Pensions dated July 20, 2009 with the Trustees. The letter from the Superintendent was in response to the Board of Trustees' request for clarification on a number of issues relating to the November 17, 2006 Order (with subsequent amendments).

J.Langan noted that the Amending Order dated March 20, 2009 requires compliance by August 31, 2009. He recommended that the Board of Trustees request another extension from the Superintendent. He suggested two alternatives, a final date to be set by the Superintendent or a timeline to be set by the Superintendent.

The Superintendent's letter was reviewed and discussed in the format presented.

Issue 1: The Superintendent confirmed that the Order does not require that cash payments be made to DB plan members.

The Board considered various implications including:

- The financial status of the Plan needs to be considered as there is no benefit improvement possible without a future cost.
- A cash payment is the easiest, fastest and cleanest option and there are no financial implications. Cash keeps the liabilities and assets equal.
- A benefits improvement could result in liabilities increasing over time.
- The Solvency Exemption Regulation stipulates that no benefit enhancements may be made if the Plan is less than 90% funded. Also, an actuarial report would need to be submitted, however, the Solvency Exemption regulation is open to interpretation.
- The University would have to approve any benefit improvement to the Plan due to potential future liability.
- A Flexible Benefit Account could be considered but would require CRA approval.
- CRA will have to be contacted to obtain their approval prior to making any cash payments. Doug Poapst will contact CRA re approval for cash payments.

#### **ACTION ITEM**

Doug Poapst is to contact CRA in a preliminary inquiry re CRA approval for cash payments from the Plan.

Issue 2: The Superintendent confirmed that cash payments could be made subject to CRA approval.

The Board considered various implications including:

- The process of CRA approval takes time which would mean that another extension to allow compliance with the Order may be required.
- There is a possibility that CRA could say no to the cash payments, although the risk of this is likely low.
- The Superintendent did not confirm whether the payment could be made outside the Plan, but her response suggests that payment cannot be made outside the Plan.

It was suggested that a further submission be sent to the Superintendent requesting further clarification on this item, however, on further discussion the Board decided against another submission relating to this issue.

Issue 3: The Superintendent confirmed that the Board's interpretation of "continuing DB plan members" is correct.

Issue 4: The Superintendent did not provide a definitive answer, but did provide guidelines and a possible option (CANSIM) for determining the rate of interest on the amount payable.

J. Langan noted that it needs to be confirmed if the Board and the Stakeholders would be willing to accept the option presented by the Superintendent.

D. Poapst explained the CANSIM interest option presented by the Superintendent and indicated that it would result in a rate of about 3.4% per annum.

There was general consensus that the CANSIM rate appears to be a reasonable rate to use given the very narrow guidelines set out by the Superintendent and given that the rate has the advantage of being acceptable to the Superintendent.

V. Gilroy wished to go on record with her concern that, since the Superintendent did not order the Board to use a particular rate, the interest rate is not an issue that should be decided by the Board of Trustees, and suggested that other rates be looked at for comparison.

J. Langan indicated that as long as the Board applies a rate that complies with the Superintendent's formula, it will satisfy the requirements of the Order.

It was moved: Stearns/Josephson

**That the Board of Trustees accepts the Superintendent's recommendation for the determination of the rate of interest.** **RULED OUT OF ORDER**

[Reason for Motion being ruled Out of Order: It is redundant to make a motion on an item that is outside of the Board's control. The Board has no choice but to work within the interest rate guidelines provided by the Superintendent. ]

It was suggested that Doug Poapst provide a comparison based on a couple of different interest rate models including the CANSIM rate.

It was also suggested that while the comparison numbers may be interesting a decision should not be made on the basis of the numbers. The Board should consider what is a reasonable rate and not what rate may produce the highest or lowest result. Moreover, the CANSIM rate is believed to be fair and falls into the middle range of various options.

It was moved: Stearns/Gillis

**That a cash payment is the most reasonable way to proceed.**

CARRIED. (0 opposed)

Rationale for Board of Trustees' decision on a cash payout:

Pursuing the issue of benefit improvements:

- Would require approval from the University and clarification of the Solvency Exemption Regulation.
- Could create risk of future liabilities and costs for the Plan and the University..

Issue 5: Recognition of Past Payments/Distributions.

The Superintendent deferred her decision with respect to a past payment pending obtaining further clarification (past excess cola increase) and denied the recognition of a past distribution (\$638,000 from the University operating budget to DB plan members).

A discussion ensued concerning the Superintendent's refusal to recognize the prior distribution. A further submission to the Superintendent was considered in connection with the \$638,000 distribution but not proceeded with.

Issue 6: Costs of Independent Counsel and Actuary.

This issue, which was raised by UWFA, was redirected by the Superintendent to the Board.

#### **ACTION ITEM:**

The Plan Actuary is to provide prior to the next meeting, an estimate of the amount of the surplus payment based on the CANSIM rate and any other rate the Actuary believes would satisfy the Superintendent's prescribed model.

A discussion again ensued as to whether the determination of the rate was within the jurisdiction of the Board.

J. Langan indicated that the Plan Actuary was likely not expected to come up with a rate and that if the Board uses the CANSIM rate it would be acceptable to the Superintendent.

V. Gilroy stated that the rate should not be discussed by the Board, that the rate should be determined by the Superintendent, and on that basis she would have to abstain from any motion relating to the rate to be used.

**ACTION ITEM:**

J. Langan is to draft a letter to the Superintendent requesting a further extension for the cash payments, suggesting a time-line of 90 days after CRA approval is received.

Balance of agenda was tabled to the next meeting

Meeting Adjourned

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Chair

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Secretary