

THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN
BOARD OF TRUSTEES

Minutes of the Meeting
Tuesday, June 1, 2010

ATTENDANCE:

Present: Karen Zoppa, Mary Anne Walls, Laurel Repski, Greg Gillis, Barry Barske, Brent Stearns, Ray Erb, Mike Emslie, Dave Torz, Henry Hudek, Valerie Gilroy, Murray Wiegand.

Also in Attendance: Doug Poapst, Actuary; Jody Langan, Legal Counsel; Shelley Mangiacotti, recording secretary, Jane Barske and Ron Youngson, new Trustees (non-voting).

Regrets: Hans Werner, Maurice Mearon.

Introductions of all present took place; it was noted that the two new Trustees present (Jane Barske and Ron Youngson) are unable to vote as their terms as Trustees start effective July 1st.

i. Approval of Agenda

Additions to the Agenda:

Item iii. Business Arising from Previous Meeting – Plan Amendments

Under 2. Update on Pension Surplus Distribution add three items:

- a. Update on Distribution
- b. Investment of unpaid balance
- c. Outstanding Cases

It was MOVED: BBarske/Repski

That the agenda be approved with the noted additions

...CARRIED

ii. Approval of Minutes

Minutes of the March 11, 2010 meeting

It was noted that Henry Hudek should be moved from “Present” to “Regrets”.

It was MOVED: Erb/Repski

That the minutes of March 11, 2010 be accepted with the one change as noted.

...CARRIED

iii. Business Arising from Previous Meeting - Plan Amendments

The proposed Plan amendments were reviewed by D. Poapst.

Amendment 2010-A – Discussion was held about this proposed plan amendment. It was suggested that the wording be clarified to specifically refer to the Voluntary Days Without Pay (VDWOP) program or similar programs. The Trustees agreed that the wording for the proposed plan Amendment 2010-A needed to be clarified and approval of all the stakeholders needed to be verified.

It was MOVED: Gillis/Wiegand

That Amendment 2010-A be approved in principle subject to review & editing by Legal Counsel and Plan Actuary, and subject to Stakeholder approval.

...CARRIED

Amendment 2010-B – Discussion was held about this proposed plan amendment. The Superintendent's Order requires that the outstanding surplus amount be segregated which may be impractical as the outstanding amount is likely to be relatively small. D. Poapst suggested that Amendment 2010-B be submitted to the Superintendent as final resolution to the treatment of the outstanding amount of the Remaining Surplus Share, since the setting out of the interest payable on the Remaining Surplus Share may address the Superintendent's requirement for segregation. D. Poapst confirmed that the wording of Amendment 2010-B prescribes that interest on outstanding payments from the Initial Surplus Share will receive interest at the prescribed rate, calculated from January 31, 2010.

1. Annual General Meeting Business

Signing of the Annual Conflict Report

All trustees that were present completed and signed the Annual Conflict Report. A signed report is outstanding for one Trustee who was not present.

Election of Officers for 2010/11 (Chair, Vice-Chair, Secretary, Treasurer)

Chair –

- Henry Hudek was nominated as the Chair – Gilroy/Emslie; Henry did not accept the nomination.
- Karen Zoppa, was nominated as the Chair – Gillis/Torz.
Karen Zoppa was declared as Chair by acclamation.

Vice-Chair –

- Henry Hudek was nominated as the Vice-Chair – Gilroy/Emslie
Henry Hudek was declared as Vice-Chair by acclamation.

Secretary –

- Mary Anne Walls was nominated as Secretary – Repski/Emslie;
Mary Anne Walls was declared as the Secretary by acclamation.

Treasurer –

- Mike Emslie was nominated as Treasurer – Repski/Gilroy;
Mike Emslie was declared as the Treasurer by acclamation.

...All Nominations CARRIED

It was confirmed that there are no terms of office for Board Officers.

Appointment of Committee Membership

Committee membership for 2010/11

- DB Committee: Greg Gillis – Chair
Mike Emslie
Ray Erb
Dave Torz

Barry Barske
Brent Stearns
Murray Wiegand

- DC Committee: Henry Hudek – Chair
Laurel Repski
Valerie Gilroy
Ron Youngson
Hans Werner
- Operations Committee: Mary Anne Walls
Karen Zoppa
Mike Emslie
Barry Barske
Jane Barske
(Chair to be determined at the first meeting of the Committee)

ACTION ITEM:

K. Zoppa will ask Hans Werner to serve on the DC Committee

Expired Trustee terms

- Greg Gillis' term is expiring June 30, 2010. The extension of G. Gillis' term is to be confirmed by AESES.

ACTION ITEM:

Barry Barske will obtain confirmation from AESES.

- Henry Hudek's term will be ending September 30, 2010.

2. Approval of Annual Financial Statements

It was noted that a Report of the Treasurer was distributed at the meeting along with an amended Responsibility page. It was confirmed that KPMG completed the audit of the pension plan. KPMG also accepted the Report of the Treasurer. No significant issues were raised by the auditors. The Board was reminded that KPMG was the auditor selected by the Operations Committee for the next 3 to 5 years, or as long as the Board is receiving value for the expense.

The financial statements for the pension plan were reviewed. It was noted that 2009 was a decent year for the plan.

It was MOVED: Repski/BBarske

That the audited financial statements be accepted.

...CARRIED

ACTION ITEM:

M. Emslie is to arrange for the required signatures on the audited financial statements.

3. Update on Pension Surplus Distribution

- a. Update on Status - The status of the Remaining Surplus Share distribution was reviewed as well as the amount and number of outstanding surplus distributions.

b. Investment of outstanding balance - Since the last Board meeting it was determined that RBC Dexia is unable to provide any interest on the surplus funds that are being held for the outstanding distribution. The DB Committee needs to make a recommendation on the investment of these funds, taking into account the CANSIM rate payable on the outstanding balance. In the event that the Superintendent accepts Amendment 2010-B as resolution of the Remaining Surplus Share distribution, the DB Committee needs to make a recommendation on the mechanism by which these funds will flow into the larger fund.

ACTION ITEM:

The DB Committee is to bring forth a recommendation relating to the investment of the outstanding amount related to the Remaining Surplus Share.

c. Dealing with outstanding cases - M. Walls reported that the MB Pension Commission reviewed the list of outstanding members who cannot be located and were able to provide addresses for many of the members. Some of the new addresses have yielded results, while others have been returned as undeliverable. Continued efforts will be made to locate as many of the outstanding individuals as possible. M. Walls also noted that the outstanding members include: active members, retired members, cases where division of pension applies, deceased members (in one case the Office of the Public Trustee has indicated that the payment is not large enough to cause them to reopen their files) and inactive members.

4. Update on Beneficiary Dispute

J. Langan provided an update on the beneficiary dispute. The funds were disbursed into court on May 11, 2010 as required by the Interpleader. The only remaining item is withholding tax. RBC Dexia was required to withhold taxes on the benefit payment and they will continue to hold the taxes in the pension account until benefit entitlement is determined by the court. When advice has been received who the beneficiaries are, RBC Dexia will submit the withholding tax to CRA under the names of the death benefit recipients. The withholding tax is to be tracked as a liability in the plan as it may be several years before the courts decide on entitlement.

5. Update on MB PBA amendments

D. Poapst provided an updated summary of the MB Pension Benefits Act amendments and reviewed the mandatory amendments with the Trustees. He indicated that there were only minor changes from the proposed amendments as set out in the summary document he provided last summer. It was noted that the Board familiarized itself with the PBA amendments by reviewing them with the plan actuary on two occasions. Additionally four Trustees attended two information sessions related to the amendments.

D. Poapst noted that the most significant cost item to the plan stems from the amendment to the value of pension for postponed retirement due to the large number of plan members who remain in employment after age 65. He also indicated that this is not a hard cost item, but rather a removal of the actuarial gains that would otherwise be realized from the postponed retirements.

It was noted that plan amendments for required changes must be filed with regulatory authorities by December 31, 2011, with the majority of the changes taking effect from May 31, 2010.

It was decided that for the mandatory changes to the member statements, a link on the statement should be provided to the required information on the Web. A note is to be included on the statements that if members do not have access to a computer, they should contact the Benefits Administrator for a hard copy of the document(s)

D. Poapst also reviewed some of the optional changes to be considered. It was noted that there is no time limit to implement any of these changes.

ACTION ITEM:

D. Poapst will separate the optional PBA amendments into those that would affect the DB component of the plan and those that would affect the DC component of the plan. The appropriate Committee will review the optional amendments in due course.

ACTION ITEM:

D. Poapst will provide Mercer with revised assumptions for the calculation of commuted values for postponed retirements.

6. Investment Analytics contract

M. Walls informed the Board that it has been discovered that an investment analytics agreement with RBC Dexia was missed when the list of service provider agreements was compiled for the 2008 transition to a trustee plan. The matter came to light when RBC Dexia requested authorization for electronic transfer of information related to this agreement. A copy of the original agreement, dated January 26, 2001 has been located. RBC Dexia has indicated that they will prepare a new document which they consider to be confirmation of the existing agreement rather than a new agreement. M. Walls indicated that when the document is received from RBC Dexia, it will be presented to the Board for review. Depending on cost, the Board may look at other service providers.

7. Reports from Committees

i. Report from Operations Committee

a) Approval of Annual Budget

The Operations Committee indicated it would use last year's budget for the time being, however an updated budget will be provided to the Board,

The Chairs of the DC and DB Committees were asked to submit an Annual Report to the Operations Committee, listing significant accomplishments from the current year and significant items planned for the coming year that should be reported to members in the Board's Annual Report. It was suggested that this year's report include more visual material.

ACTION ITEM:

L. Repski and M. Walls will prepare the budget and document the actual amounts spent for last year and send to the Trustees for approval.

ACTION ITEM:

Chairs of DC and DB Committees to provide submissions for the Annual Report.

ACTION ITEM:

L. Repski and M. Walls will prepare visual graphs and charts from the information submitted by the DC and DB Committees.

b) DC Contribution cap consideration

The Board is being asked to investigate whether it is possible to increase employee contributions to the DC component of the plan and to increase the cap on DC contributions. It was confirmed by D. Poapst that it is possible to have different contribution limits for the two plan components.

The DC Committee is to investigate this request and make a recommendation to the Board. The Operations Committee discussed education sessions as well as the tracking of DC members who are in the default fund to ensure they are in the fund by choice rather than by default. A possibility for member education may be to provide information on tools for calculating how much funds are needed to save for retirement. The DC Committee is to research education options.

ACTION ITEM:

DC Committee is to investigate the possibility of increasing employee contributions in the DC component of the plan and make a recommendation to the Board.

ACTION ITEM:

DC Committee is to research education options for DC plan members and address the issue of members who are in the default fund.

ii. Report from DB Committee

Trustee education options re LDI investing

Proposals were solicited from two companies for the education session. The DB Committee is recommending the proposal from Eckler. The focus of the education session is Investing 101, tied to Liability Driven Investing. It was noted that Eckler should be asked to focus on our pension plan and LDI investing in particular.

The recommended date for this education session is June 16th since on that day, the session presenter's travel costs can be split with another client.

ACTION ITEM:

G. Gillis is to make arrangements with Eckler for LDI education session.

iii. Report from DC Committee

H. Hudek reviewed a proposal from the DC Committee to change the lineup of the DC funds. The DC Committee developed the proposal to change the fund offerings based on the results of a DC member opinion survey conducted last fall, advice from Sun Life and the DC Committee's deliberations.

In particular, the Committee wished to ensure that member wishes as expressed in the survey were respected. As the survey results indicated that a significant number of members wanted a GIC option, a GIC fund is being included in the recommended new offering of funds.

The proposed revisions to the list of funds was based on member's concerns and expectations, overly wide variety of current offerings, not enough differentiation between current multiple funds, high management fees for some of the current offerings, etc. It was noted that the number of offerings is proposed to be only slightly reduced from 24 to 22.

The proposed effective date for the changes is July 1, 2010. Communications to DC plan members will be sent advising them of the changes. Members will be given 90 days to move their money from any funds that will be closing and advised, that in the event of the member's inaction within the set time frame, the member's money will be moved by Sun Life to a fund that most closely resembles the closed fund.

The document of recommendations was reviewed with the Board. It was noted that a list of current funds available vs. the recommended funds was not available for the meeting but will be provided to the Trustees.

The MB Pension Benefits Act amendments relating to investment choice in a DC plan were reviewed. It was noted that the DC Committee's proposal complies with the requirements of the Act.

ACTION ITEM:

H. Hudek will provide a list of current funds available vs. the recommended funds to all Trustees for review.

It was MOVED: Gilroy/Hudek

That the proposed DC fund changes be accepted as presented by the DC Committee.

...CARRIED

8. Other Business

No other business to report.

B. Barske moved that the meeting be adjourned. Next meeting is to take place in September, unless an earlier meeting is required.

Chair

Secretary