

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

**Minutes of the Meeting**  
**Thursday, March 11, 2010**

ATTENDANCE:

Present: Mary Anne Walls, Laurel Repski, Greg Gillis, Barry Barske, Wendy Josephson, Karen Zoppa, Brent Stearns, Maurice Mearon, Ray Erb, Hans Werner, Mike Emslie, Dave Torz.

Also in Attendance: Doug Poapst, Actuary; Shelley Mangiacotti, recording secretary.

Regrets: Valerie Gilroy, Henry Hudek

i. Approval of Agenda

Additions to the Agenda:

Under 1. Update on Pension Surplus Distribution:

- Interest rate for initial surplus share

Under 2. ii. Report from DB Committee

- Interest on member accounts for 2009

Under 2 Other Business

- iv. Interpleader update

It was MOVED: Barske/Josephson

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

...CARRIED

ii. Approval of Minutes

Minutes of the January 14, 2010 meeting

It was MOVED: Josephson/Erb

**That the minutes of January 14, 2010 be accepted as most recently distributed.**

...CARRIED

1. Update on Pension Surplus Distribution

The Board members were provided with a document entitled "Update on Surplus Distribution" that outlined the surplus distribution payments made to-date under the Order of the Superintendent of Pensions and the number of DB plan members remaining who have not received a surplus distribution payment under the Order.

It was suggested that it was now appropriate to look at the outstanding surplus amount and consider moving the portion of the funds that is likely to remain undistributed for a longer period of time.

**ACTION ITEM:**

M. Walls is to review the outstanding member list and assess the likelihood of payment being made in the near future. M. Walls is also to investigate investment options for the portion of the Remaining Surplus Share that is unlikely to be distributed in the near future, and report to the Board. The Defined Benefit Committee is to formulate a recommendation with respect to the investment of the amount of the surplus that is remaining in the segregated account and is unlikely to be distributed due to inability to locate some former members.

#### 1. A Interest rate for Initial Surplus Share

It was noted that there are still a number of plan members who did not receive a surplus distribution stemming from the Initial Surplus Share, and that a decision needs to be made with respect to the interest that should be credited on these outstanding surplus balances when the payment is made to a plan member. It was suggested that consistent with the Remaining Surplus Share, the CANSIM interest rate be applied to any outstanding payments under the Initial Surplus Share.

A brief discussion followed during which D. Poapst noted that the Manitoba pension legislation would require that any outstanding pension entitlements remain in the fund until claimed by the beneficiary.

It was MOVED: Werner/Erb

**In principle, to adopt the CANSIM rate of interest for the payment of any outstanding entitlement under the Initial Surplus Share, provided the total principal sum is less than \$100,000.**

...CARRIED

#### 2. Other Business

##### i. Report from Operations Committee

- External Trustee

It was moved: Werner/Emslie

**That the Board move “in-camera” for discussion on this item.**

...CARRIED

It was moved: Repski/Emslie

**That the Board move out of “in-camera” to continue the meeting.**

...CARRIED

It was MOVED: Repski/Erb

**That the following recommendation from the Operations Committee be accepted in full.**

**The Operations Committee recommends that the Board of Trustees appoint Mr. Ron Youngson for a two year term as an External Trustee to the University of Winnipeg Trusteed Pension Plan Board, effective July 1, 2010. The Operations Committee further recommends that Mr. Michael Byrne be advised by the Board that his name will be put forward for the next available External Trustee appointment.**

...CARRIED

- Update on Pension Plan audit

The Operations Committee reported that an audit plan was accepted and approved and the audit will be commencing at the end of March. It was noted that the audit results will be tabled

at the next Operations Committee meeting and only brought to the Board if there are any material concerns.

- Days Without Pay (plan amendment)

The Board was provided with a document entitled “Proposed Pension Plan Amendment” that outlined a proposed change in the pension plan language that would accommodate a voluntary program being launched by the University.

L. Repski explained that the University is launching a voluntary Days Without Pay program for certain employees. One of the features of the program is that, while the employee’s salary is reduced, benefits and pension participation continues at the full level. However, the current wording of the pension plan prohibits any plan member who has less than 36 months service from maintaining pension participation at the unreduced salary level. It was noted that while the CRA does not place any barriers against an employee maintaining full pension contributions during a brief leave of absence, an amendment to the Pension Plan would be required, as the current wording of the plan is more restrictive. It was also noted that this amendment would only impact the Defined Contribution component of the plan, and as such, no pension liability would be incurred.

It was MOVED: Emslie/Gillis

**In principle to allow the plan amendment to move forward.**

It was moved that the motion be amended as follows:

**In principle to allow the plan amendment to move forward, as long as the amendment is in compliance with relevant legislation and there is no negative financial impact on the plan.**

In favour = 12

Opposed = 0

Abstained = 1 (Barry Barske)

...CARRIED

- Surplus Distribution cost sharing

The request for sharing of additional expenses incurred to effect the distribution of the Remaining Surplus Share under the Order, was withdrawn by the University.

ii. Report from DB Committee

- Decrease in revenue for 2009

M. Emslie reported that Gerhardt Pahl of RBC Dexia investigated and reported that the size of the fund was smaller in 2009 than in 2008 and the investment income percentage drop matched the fund size percentage drop. Also, interest rates dropped and the Canadian dollar went down in 2009, leading investment managers to not manage for income. Mr. Pahl suggested that it is important to focus on the value of the fund and not necessarily the earned income.

- Update on Meetings with RBC Dexia and Investment Managers

The DB Committee is still getting to know RBC Dexia and the Investment Managers. The current trend in pensions seems to be for liabilities driven investing (LDI) and harmonizing returns and liabilities which represents a change in investment philosophy. The DB Committee needs a budget in order to bring someone in to educate the Committee, and the entire Board if

deemed helpful. The next step will be deciding whether a consultant should be hired. This education is projected to take place within the next 6 months.

**ACTION ITEM:**

G. Gillis is to send out informal proposals for education/presentations and will provide the Trustees with cost information via email.

- DB interest rate for 2009

A draft letter from the plan actuary dated March 1, 2010 in connection with the DB interest credit for 2009 was presented. On actuarial basis (smoothing method) the fund earned a rate of return of 2.10% for 2009. The plan actuary recommended the crediting of the actuarial rate to DB member accounts for 2009. It was noted that since the actuarial rate of return is less than 6%, there will be no cost of living increase to pensions in payment for the 2009 calendar year.

A brief discussion followed re the merits of using a smoothing method to calculate the rate of return. It was also noted that the rate needs to be reported to Mercer at the earliest date possible since they require 10 weeks to produce the annual member statements.

It was MOVED: Repski/Emslie

**To approve the interest rate for crediting to DB member accounts as presented in the actuary's memo dated March 1, 2010.**

...CARRIED

**ACTION ITEM:**

M. Walls to send out the final interest rate letter to the Trustees when it is received from the plan actuary.

iii. Report from the DC Committee

- No report. The Committee has met since the last meeting of the Board, however no decisions have been made at this time. The Committee will look at recommendations before next meeting.

iv. Interpleader update

- K. Zoppa reported that advice was received from the Board's legal counsel' office that the interpleader application was successful and the liability will be lifted from the Board of Trustees with the benefit payment being made to court. As a result, the Board is no longer involved in deciding the outcome of this case. The only legal cost allowed by the court was the cost of the application. The benefit payment is to be paid to Fillmore Riley who will deduct the cost of the application and pay the net funds into the court. It was decided by the Operations Committee that the application fee allowed by the court would be used to offset part of the Fillmore Riley invoice.

This Board will need to hold another meeting in May or possibly early June and cover the AGM issues. H. Werner moved that the meeting be adjourned.

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Chair

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Secretary