

THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN
BOARD OF TRUSTEES

Minutes of the Meeting
Friday, January 28, 2011

ATTENDANCE:

Present: Karen Zoppa, Mary Anne Walls, Valerie Gilroy, Mike Emslie, Greg Gillis, Barry Barske, Murray Wiegand, Hans Werner, David Torz, Brent Stearns, Jane Barske, Henry Hudek, Ray Erb

Also in Attendance: Ronda Perinot (recording secretary), Doug Poapst & Andrew Kulyk, Plan Actuaries

Regrets: Laurel Repski, Ron Youngson

i. Approval of Agenda

It was MOVED: Erb/Werner

That the agenda be approved as presented

...CARRIED

ii. Approval of Minutes

Minutes of the September 22, 2010 meeting

It was MOVED: Hudek/J Barske

That the minutes of September 22, 2010 be approved as presented

...CARRIED

1. Business arising from prior meetings:

- Update on plan amendments (Plan Actuary)
D. Poapst introduced Andrew Kulyk who will replace D. Poapst as he gradually transitions into retirement.
 - Amendments 2010-A & B, renumbered as 2011-A & B. Amendment 2011-A covers pension participation while taking part in a University initiated leave without pay program, and 2011-B covers interest on outstanding surplus amounts. Both amendments were previously approved by the Board, subject to correction of a typo and addition of effective date in amendment 2011-A. K. Zoppa confirmed that amendment 2011-A received UWFA approval, which means that stakeholder approval for the amendment was unanimous.
 - Amendment and 2011-C covers mandatory PBA changes and must be filed by December 31, 2011. D. Poapst is to provide a letter re Amendment 2011-C concerning implications of non-contributory periods while a member is in receipt of Long Term Disability benefits.

ACTION ITEM:

Amendment 2011-C is to be reviewed by the Board for the next meeting.

- D. Poapst provided the Board with a summary of optional plan amendments resulting from the PBA changes, split between the two plan components. There is some overlap as some of the optional amendments apply to both components of the plan.

ACTION ITEM:

The DB and DC Committees are to review the optional amendments and provide recommendations to the Board.

- Update on provision of revised assumptions to Mercer re postponed retirement. D. Poapst confirmed that there is now actuarial agreement on the actuarial upgrade process. The letter has been drafted and will be sent to the University and to Mercer shortly. The process will enable Mercer to calculate post-retirement upgrades on postponed retirement without having to go to Eckler in each individual case.
- Valuation Assumptions recommendations. As the next actuarial valuation has to be done as at December 31, 2010, D. Poapst (along with the DB committee) presented a report concerning valuation assumptions. No recommendation is forthcoming from the DB committee at this time.

The Board was advised that a number of events are expected to have a negative impact on the valuation results, including:

- Fund return over the last three years being lower than the assumption used in the previous valuation;
- February 1, 2011 change in commuted value standards (implementation of generational mortality);
- Amendments to the MB Pension Benefits Act;
- Potential changes to mortality assumptions for the Plan.

D. Poapst indicated that the investment return assumptions for the purpose of the valuation should be lowered from the current level of 6% for the pre retirement assumption, to between 5 and 5.5%. He suggested that the valuation should proceed on the basis of 5.25% for the purpose of preliminary results and further discussion by the Board, before assumptions and the report are finalized.

Preliminary results should be available by May, with the completion of the actuarial valuation being targeted for July.

- Plan expenses – legal review of requirement for a Plan Amendment (report) Opinion was received from the plan’s legal counsel, however, further discussion was tabled to the next Board meeting to allow more time for review.

2. Reports from Committees

i. Report from Operations Committee

- Draft Annual Budget (Treasurer’s report)

The draft annual budget for 2011 was discussed. It was suggested that the investment management fees were removed from future budgets as these fees are strictly a percentage of the fund assets. It was noted that additional funds are being budgeted for Trustee education and for a DB Asset Liability Study. A question arose as to the source of the reported DC admin fees.

It was MOVED: Gilroy/Emslie

That the budget be approved, subject to a review and correction of the reported DC administration fees.

...CARRIED (2 abstentions)

ACTION ITEM:

M. Emslie and M. Walls are to review the DC admin fees and report at the next meeting.

- Third quarter financial report (Treasurer's report)
It was suggested that the amounts representing the Remaining Surplus Share be reported separately on the year end statements for clarity.
- Audit plan Review (Treasurer's report)
An audit plan was provided to the DB committee. Audit to be done by KPMG. The services of the auditor will be reviewed in September.
- Fall/Winter Newsletter
It was noted that the Newsletter was ready to be sent, subject to any corrections and edits that may be noted. It was suggested that one annual Newsletter is enough, since the financial report and statements are sent later in the year. Other items that may come up are covered by miscellaneous communications.
- Trustee education survey results
It was noted that a wide range of responses was received from Trustees to the education requirements survey. It was suggested that Mercer be approached to obtain the cost of repeating the education seminars from 2008. It was also suggested that perhaps H. Hudek could conduct advanced investment and investment analytics sessions, if he is willing. H.Hudek indicated that he would be willing to do so.

ACTION ITEM:

M. Walls is to contact Mercer to obtain information on the cost of further education sessions for the Board.

- Expiring terms
It was noted that five Trustee terms will be expiring at the end of June. It is known at this time that two of the Trustees will not be renewing their terms, however, the status of the three remaining expiring terms is at this time unknown. A further Trustee term will be expiring at the end of September.

ACTION ITEM:

Confirmation needs to be obtained from UWFA-Collegiate, IUOE and AESES concerning the expiring terms for these Stakeholders. Elections need to be held by the University with respect to the Trustee representing Excluded employees.

- Position/Office Terms of reference
A draft Terms of Reference for Board Officers was submitted by the Chair for consideration. The purpose of the Terms of Reference is to provide guidance to new Board Officers and to provide continuity with respect to the roles.

ACTION ITEM:

The Operations Committee is to bring forth the Terms of Reference for Board Officers at the next meeting of the Board.

ii. Report from DB Committee

- Recommendation on the investment of the outstanding amount related to the Remaining Surplus Share
It was noted that approximately \$200,000 in undistributed Remaining Surplus Share remains in the plan. These funds remain undistributed largely due to the inability to locate past plan members and will remain available for distribution to the members in perpetuity. It was determined that there is no material negative impact on the plan from comingling the remaining surplus funds with the general plan funds.

It was MOVED: Gillis/Erb

That the undistributed Remaining Surplus Share be moved from the segregated fund account into the general pension plan funds, where it will remain available for distribution to eligible plan members in perpetuity.

...CARRIED

- Other

Discussions concerning the DB investment strategy are continuing. The review and assessment of the value of the current investment analytics contract is on the agenda for next DB committee meeting as are meetings with RBC Dexia and the Investment Managers.

- iii. Report from DC Committee

- Recommendation for use of DC service provider rebate (\$10 per member)

As a result of service issues raised by the DC committee, the DC service provider is providing a payment in the amount of \$5,970 under their service guarantee. The DC Committee is recommending that the funds be deposited into general pension funds and be used for the purpose of the DC component analysis and member education.

It was MOVED: Hudek/Gilroy

That the rebate payment be deposited into the general Pension Fund to be used for future DC analytics and member education.

...CARRIED

- Other

A follow up information/education session as well as a pre-retirement session for DC members was conducted in January. V. Gilroy indicated that she attended the session to provide members with a context for the fund changes. Based on member questions, it appears that plan members do not have a good understanding of the administration of the plan.

It was indicated that the DC Committee will be placing greater emphasis on member communications. Also on the DC Committee's agenda are increased member contributions, and an expanded FAQ section on the web.

3. Other Business

- Institutional Investment Summit review
Tabled to next meeting

- Updated list of RBC Dexia signatories
Annual update to RBC Dexia of authorized signatories (signatures obtained)

- RBC Dexia Online Access Agreement (signatures obtained)

- Desirability for another presentation by RBC Dexia

As the Board membership will be undergoing significant change at the end of June, it was determined to postpone any meetings with RBC Dexia until after the new Board composition is in place.

It was MOVED: Werner/Zoppa

That the meeting be adjourned

...CARRIED