

THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN
BOARD OF TRUSTEES

Minutes of the Meeting
Monday, June 11, 2012

ATTENDANCE:

Present: Henry Hudek (Chair), Mary Anne Walls (Secretary), Mike Emslie (Treasurer), Barry Barske, Jane Barske, Ed Byard, Ray Erb, Greg Gillis, Kyle MacDonald, Colin Morrison, Ron Youngson

Absent: Laurel Repski (Vice-Chair), Murray Wiegand, Hans Werner, Judy Graham

Also In Attendance: Ronda Perinot (Recording Secretary)

i. Approval of Agenda

It was MOVED: (B. Barske/Byard)

That the agenda be approved with noted addition.

...CARRIED

ii. Approval of Minutes of the meetings of February 27, 2012

It was MOVED: (J. Barske/Erb)

That the minutes of February 27, 2012 be approved as presented.

...CARRIED

1. Annual General Meeting Business

a) Annual Conflict Report

Reports received from most attendees, some reports are pending.

b) Election of Board Officers

Nominations approved and Board Officers elected as follows:

Chair – Henry Hudek (Byard/J. Barske)

Vice-Chair – Laurel Repski (Emslie/Youngson)

Treasurer – Mike Emslie (Walls/Erb)

Secretary – Mary Anne Walls (Emslie/Youngson)

c) Committee Membership

Committee membership selected as follows:

Operations Committee:

Colin Morrison, Henry Hudek, Mike Emslie, Mary Anne Walls, Ed Byard, Jane Barske, Hans Werner.

DB Committee:

Murray Wiegand, Greg Gillis, Ray Erb, Mike Emslie, Barry Barske, Judy Graham.

DC Committee:

Kyle MacDonald, Ron Youngson, Laurel Repski, Mary Anne Walls, Henry Hudek.

d) Expired Terms

All positions are currently filled and no terms are expiring until June 30, 2013.

2. Financial Statements

Report of Treasurer

- Accounting standards have changed from last year (page 11 of statements);
- Return on investment lower than what was hoped for;
- Actuarial fees are expected to remain high due to requirement for annual valuations;
- Statements will be available on-line at end of June. Letter will be mailed to retirees with the link, letting them know that they may request a hard copy of the Statements.

It was MOVED (Emslie/Erb)

That the financial statements be approved.

... CARRIED

3. Plan amendment to increase AESES & UWFA-Collegiate contributions (2012-A)

The University has ratified the AESES and UWFA-Collegiate collective agreements. Increased contributions for these members will be retroactive to January 1, 2012 and will result in contribution levels being the same for all employee groups.

It was MOVED (Youngson/Emslie)

That Plan amendment 2012-A be approved.

Votes: 10 for, 1 abstention, none opposed

... CARRIED

4. Reports from Committees

i. Report from Operations Committee

Operations Committee Report provided to Trustees.

- Committee met with auditor; no issues were identified and the Financial Statements received unqualified approval;
- Calendar of dates for upcoming Board meetings were presented as follows:
 - September 10, 2012
 - December 10, 2012
 - March 11, 2013
 - June 10, 2013All meetings are to be held in room 3W06 at 2:00 pm unless the room is not available.
- Governance: education session has been delayed as presenter was unavailable. Cost for the session is expected to be \$1,500. Will try for a fall session.
- A new trustee orientation document was developed and presented. It was noted that a few minor changes to the document are to be made.
- The estimates cost of consolidating the plan text and Trust Agreement to incorporate recent amendments was presented.

It was MOVED (Emslie/B. Barske)

That Fillmore Riley be instructed to consolidate the plan text and Trust Agreement.

... CARRIED

The consolidated documents will come back to the Board for approval.

ACTION ITEM:

M. Walls to incorporate changes and distribute new Trustee orientation document.

ii. Report from DB Committee

Primary Activity centered round selection of consultant for asset study and potential investment manager change. Four firms had provided responses to the request for quotation and the list was narrowed down to two firms. The Committee recommended Aon Hewitt and the Committee's recommendation was approved via an email vote by the Board of Trustees (14 for and one abstention).

The Aon Hewitt contract is to be signed by Henry Hudek on behalf of the Board (copy of the contract was sent to the Board via email) with the effective date of their appointment being the date of signing of the letter which is expected to be June 12, 2012. A letter is to be sent by M. Emslie to RBC Dexia providing them with 90 days notice of the termination of the investment analytics contract. Eckler as well as Mercer will be notified of the appointment of Aon Hewitt and it is expected that much of the background work for the asset study will be conducted during the summer months.

ACTION ITEM:

M. Emslie to obtain H. Hudek's signature on the Aon Hewitt contract and advise RBC Dexia, Eckler and Mercer of the Aon Hewitt appointment.

iii. Report from DC Committee

The committee did not meet as there were no issues on the agenda.

- Fund changes had been communicated to Plan members and no concerns were received
- An inquiry was received from a DC plan member re ETF (Exchange Traded Funds) and responded to by the Committee.

5. Other Business

i. Letter from UWRA re cola for pensioners

A letter was sent from UWRA to the Board of Trustees requesting that the Board change the investment return method for the purpose of calculating cost of living adjustments to pensioners from a four-year smoothing average to a method using annual returns. It was noted by the Board that the letter was signed by Jane Barske and Judy Graham. In order to prevent conflict of interest issues, it was suggested that future correspondence from UWRA be signed by members of the UWRA executive who are not Trustees.

A brief discussion followed concerning UWRA's request. It was determined that information on cost implications to the Plan would be required. It was suggested that only high level cost information be obtained prior to the next Board meeting and the Plan actuary be invited to the meeting for a discussion. Further discussion re this item was tabled to the September meeting.

ACTION ITEM:

M. Walls to request from Eckler high level cost implications to the Plan resulting from a potential move from using a smoothing interest calculation method to using the current year interest rate for calculating cost of living adjustments for pensioners. Information is to be provided by the actuary prior to the September meeting.

ii. Meeting with UWFA re benefit maximum in DB component

The Board was informed that a meeting had taken place in April 2012 in connection with UWFA's request for information concerning the benefit maximum in the DB component. The meeting was attended by the Board of Trustees Chair, the Plan Actuary, UWFA executive, University Administration and interested UWFA members and was the result of UWFA member concerns re the widening gap between the DB benefit maximum in the Plan and the CRA DB benefit maximum. Information provided at the meeting included:

- Examples of DB benefit payout from the University Pension Plan vs the U of M pension plan at various dates and salary levels;
- University's funding obligations;
- Valuation methods;
- Conditions for Plan improvements, etc.

The Board of Trustees noted the competing interests of various plan member groups and that given the current financial circumstances of the pension fund, no action is possible at this time.

It was also noted that in the future all Trustees should be informed in advance via email of any such meetings.

iii. PA calculations for Plan members over age 65

As noted at the previous Board of Trustees meeting, Mercer had advised the University that as a result of the 2010 changes to the MB Pension Benefits Act, it may be possible to calculate a lower PA for Plan members who are over the age of 65. Ray Erb had agreed to look into the issue and reported as follows:

- No plan administrator was found who is doing it (other than Mercer), or was aware of it, and there doesn't seem to be any interest in doing it
- Based on information received from CRA, it would be possible as long as it is permitted by the plan text and there would be a cost attached for the calculations
- If Mercer is doing it for their clients in the absence of plan amendments, then they presumably have a CRA ruling on the matter

It was agreed that further investigation should be done.

ACTION ITEM:

M. Walls to provide C. Morrison with details of discussion with Mercer and draft letter. C. Morrison to review the draft letter seeking more information for the Board of Trustees. Copy of the letter is to be provided to the Board.

iv. Indirect Plan Expenses

This is a pending item stemming from the 2010 changes to the MB Pension Benefits Act. It was noted that in 2011 the Board had approved a change in the going concern actuarial valuations method whereby an explicit administration fee contribution is now required by the University. It is proposed that going forward, the University will waive all indirect pension administration expenses and no longer charge these to the Plan. The University would then reduce the reimbursement to the Plan by the same amount which should be cost neutral both to the Plan and the University.

It was noted that the Plan Services Agreement, which sets out the indirect costs to the University, is due for a triennial review. The review will be added to the agenda of the next meeting of the Operations Committee.

Meeting adjourned.

Chair

Secretary