

THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN
BOARD OF TRUSTEES

Minutes of the Meeting
Monday, February 27, 2012

ATTENDANCE:

Present: Henry Hudek (Chair), Mary Anne Walls (Secretary), Mike Emslie (Treasurer), Barry Barske, Hans Werner, Jane Barske, Ray Erb, Judy Graham, Ed Byard

Absent: Laurel Repski (Vice-Chair), Greg Gillis, Kyle MacDonald, Murray Wiegand, Ron Youngson

Also in Attendance: Ronda Perinot (Recording Secretary)

i. Approval of Agenda

It was MOVED: (Werner/Erb)

That the agenda be approved as amended.

...CARRIED

ii. Approval of Minutes

It was MOVED: (J. Barske/B. Barske)

That the minutes of December 15, 2011 be approved as presented.

...CARRIED

1. Items Arising from CAPSA & CAP Education Session

a) Abstentions

In the education session it was suggested that new Trustees be encouraged to abstain from voting if they feel they don't know enough about the subject matter and that abstentions be recorded. In discussion it was determined that it is up to the Board to ensure everyone knows what they are voting on and encouraging abstentions could lead to delays. Trustees are required to read the agenda and material in advance of a meeting and make necessary enquiries prior to and during the meeting. It was agreed that abstentions will be recorded.

b) Requirements for disclosure

Board needs to consider the extent to which its documents may be subject to disclosure. This item was tabled until Valerie Gilroy's replacement (Colin Morrison) commences employment. The questions that need to be answered are: Does FIPPA apply to Trustees? How? What are the requirements to provide information?

c) Annuity tables/rates

Suggestion was made to post annuity tables and rates on the University's website: it should be easy to find; maintenance will be important. The Canadian annuity conversion table is currently available on Sun Life's website: it is a useful tool on the web. It was agreed that a link to Sun Life's website will be added along with a disclaimer.

d) Review of governance framework

Board will need to undertake this annually. Each committee is responsible for reviewing the services of the various providers, as appropriate. This will be added to the Operations Committee agenda. Also, strategic planning will also need to be reviewed. Currently the DB Committee is engaged in strategic planning through and investment and investment analytics review.

2. Plan Administrator's Report

a) Trust Agreement amendment - update

M.Walls reported that written approvals were received from 4/5 Stakeholders concerning an amendment to the Trust Agreement to eliminate the requirement for a Trustee to step down after serving 6 years. No response was received from the University, however, the Board was advised that the University is not opposed to the amendment.

Trustees were provided with a copy of the TA amendment for their records. A discussion followed as to whether the amendment should be appended to, or incorporated into, the Trust Agreement. It was decided that depending on cost, the latter would be preferable.

ACTION ITEMS:

M. Walls is to post the TA amendment on the Web and is to obtain a cost estimate of incorporating the amendment into the Trust Agreement.

b) Interest paid on settlements

For any lump sum payment of regular benefit entitlement from the Plan, the administrative procedure is to calculate interest up to the expected date of payment, while for surplus refunds, interest is calculated to end of the month preceding payment (minimum standard). A question was raised as to whether for reasons of consistency, all interest calculation should be done to the end of the month preceding the date of payment. It was agreed that the current practice should continue to be followed.

c) Pension Adjustment (PA) for those over 65

At the end of each calendar year, a PA representing the deemed value of a plan member's earned benefit is calculated and reported on T4s. The PA is used by CRA to calculate individual RRSP contribution room. Advice has been received from Mercer, that as a result of the 2010 changes in Manitoba Pension legislation affecting those plan members who retire after age 65, it may be possible to report a lower PA in order to open up additional RRSP room for DB members who are over age 65.

The individual impact of a different PA calculation method for those over 65 is unknown, however, it is expected that there would be increased administration costs associated with the calculations. It was decided that it would be prudent to investigate the issue.

ACTION ITEM:

M. Walls is to provide Ray Erb with details and he will look into the issue.

d) Plan text consolidation

There are currently eight plan amendments (2009: 1; 2011:7) that need to be incorporated into the Plan text. Quotes on the basis of an hourly rate to consolidate the Plan text were received from Eckler and Fillmore Riley in the fall of 2011, however, the number of hours involved is unknown and some of the amendments are quite involved. It was decided to wait until after the last two Collective Agreements are signed before proceeding.

ACTION ITEM:

M. Walls is to request an overall cost estimate for the consolidation.

3. Reports from Committees

i. Report from DB Committee

Four responses were received to the RFP, all from actuarial firms. The Committee will meet to review and consider next steps. It was noted that the fee structure is quite different in the four proposals. As part of the process a revised Statement of Investment Policy (SIP) will be developed. The Committee intends to meet with at least two of the companies and it is expected that a

recommendation for the appointment of a service provider will be forthcoming at the June Board meeting. Once the appointment process is complete an investment manager review will follow. The process may be completed by the end of the year.

It was noted that the University Foundation is also undertaking an investment review at this time as a result of the MFS McLean Budden merger.

ACTION ITEM:

The DB Committee is to present a recommendation concerning the appointment of an investment consultant at the June Board meeting.

M. Emslie was asked to follow up on the issue of charging indirect expenses to the Plan. He reported that a review of the practice at the other two Manitoba Universities indicates that the University of Brandon charges direct expenses only, while the University of Manitoba charges both direct and indirect costs to the Plan as a result of advice received from their legal counsel.

It was agreed that the letter from Fillmore Riley on the subject should be recirculated to the Trustees since some new Trustees may not have seen it. It was also decided that Mike would call Jody to discuss and that this item would be placed on the agenda again.

Finally, it was noted that Greg Gillis may request relief from his duties as Chair of the DB Committee.

ACTION ITEM:

M. Walls is to recirculate Jody's letter to the Board. M. Emslie is to talk to Jody and also to see if the University of Manitoba would be willing to share their legal opinion.

ii. Report from DC Committee

Last fall, Sun Life informed the Board that it would be discontinuing the Bona Vista Balanced Fund by the end of December 2012. With the assistance of Sun Life, the DC Committee has been reviewing options for the replacement of this fund. Sun Life identified three funds as potential replacements. Of the three funds, SL recommended that the Board go with the Beutel Goodman Balanced Fund given that this fund is already in the DC line up. The reasons for recommending the Beutel Goodman Balanced Fund as a replacement are as follows:

- The Fund is already in the University's line up;
- Since Plan members are mostly going with Target Date funds which are balanced Funds, SL does not recommend adding another balanced option to the lineup;
- The Beutel Goodman Balanced Fund is value managed similar to the Bona Vista Fund;
- The fees for the Beutel Goodman Fund are lower than the fees in the Bona Vista Fund.

If the Board of Trustees were to take no action, the default replacement fund would be the McLean Budden Balanced Value Fund, which the DC Committee is not recommending.

The DC Committee is recommending that the Beutel Goodman Balanced Fund be selected as the replacement fund for the closing Bona Vista Balanced Fund, and that the change take place on or before June 30, 2012.

It was MOVED: (Walls/Emslie)

That the Beutel Goodman Balanced Fund be selected as the replacement fund for the Bona Vista Balanced Fund, and that the change take place on or before June 30, 2012.
...CARRIED

Sun Life has informed the DC Committee that the Beutel Goodman Income Fund will be changed to the Sun Life Universe Bond Fund (sub-advised by Beutel Goodman) at the end of 2012. It was noted that The SL Universe Bond Fund is 5 basis points cheaper than the Beutel Goodman

Income Fund. The DC Committee is recommending that the change to the SL Universe Bond Fund take place on or before June 30, 2012 to coincide with the Bona Vista fund change.

It was MOVED: (Walls/Erb)

That the change from the Beutel Goodman Income Fund to the Sun Life Universe Bond Fund take place on or before June 30, 2012.

...CARRIED

Last fall a change in ownership occurred with McLean Budden when it became a wholly owned subsidiary of MFS following Sun Life's purchase of McLean Budden minority shares. The change in ownership resulted in the departure of several key professionals, resulting in a change to the decision making structure as well as a change in investment philosophy. The change has also resulted in a change to the screening related to the MB socially responsible funds. Since the DB Committee is undergoing an investment review, it is the DC Committee's recommendation that for consistency, any potential recommendations coming from the DC Committee for fund changes, if any, relating to McLean Budden dovetail with any similar recommendations coming out of the DB Committee review. A discussion followed as to whether any dovetailing of investment fund recommendations coming from the two Committees was necessary/desirable.

It was noted that a review of SL services was conducted about two years ago; the review did not result in a recommendation for a different service provider.

iii. Report from Operations Committee

The Operations Committee reviewed and approved the annual audit plan and signed a letter of engagement with KPMG. The audit results are to be reviewed by the Operations Committee on May 14, 2012.

It was noted that the terms for several Trustees are ending June 30, 2012.

In terms of the Board of Trustees education plan, a date needs to be set up for investment (basic and advanced) education/analytics to be conducted by H. Hudek. M. Walls indicated that she is still in the process of trying to set up a governance education session, however, the presenter has been unavailable.

ACTION ITEM:

M. Walls is to set up a date for the investment education session.

The Operations Committee has also been reviewing and discussing the CRA/Plan maximum cap in the Plan.

4. Other Business

A Trustee indicated that a communication from a Plan member was received. The letter raised the issue of a potential threat of litigation concerning the 2000 DC component start up, the Plan cap and various events. It was noted that all decisions relating to the DC component start up and subsequent Plan events were ratified by Unions.

It was determined that when Plan members pose questions concerning the Plan, the questions should go to M. Walls who would determine whether the question should be elevated to the attention of the Board and bring it forward as appropriate.

Meeting adjourned.