

THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN
BOARD OF TRUSTEES

Minutes of the Meeting
Wednesday, September 12, 2012

ATTENDANCE:

Present: Henry Hudek (Chair), Laurel Repski (Vice-Chair), Mary Anne Walls (Secretary), Mike Emslie (Treasurer), Barry Barske, Jane Barske, Ed Byard, Ray Erb, Judy Graham, Kyle MacDonald, Colin Morrison, Hans Werner, Murray Wiegand, Ron Youngson

Absent: Greg Gillis

Also In Attendance: Ronda Perinot (Recording Secretary), Andrew Kulyk (Plan Actuary)

i. Approval of Agenda

It was MOVED: (L. Repski/R. Erb)

That the agenda be approved as presented.

.....CARRIED

ii. Approval of Minutes of the meeting of June 11, 2012

It was MOVED: (H. Werner/Barry Barske)

That the minutes of June 11, 2012 be approved as presented.

.....CARRIED

1. Review of Valuation Report

A. Kulyk conducted a review of the valuation report and valuation results. In response to a request, A. Kulyk explained the programming refinements referred to in the draft valuation report which related to a correction in the interest rate assumptions for the postponed retirement actuarial equivalence valuation calculation. Further to this item, A. Kulyk proposed that for the purpose of the valuation, the Trustees may wish to consider changing the postponed retirement actuarial equivalence interest rate assumption from the valuation rate of 5.85%, to the administration practice basis (expected commuted value basis rate of 4% as well as standard generational mortality) for this calculation. Moving to assumptions based on administration practice would represent a best estimate assumption, and would have the effect of removing an added margin/conservatism from the liabilities related to this calculation. It would also have the effect of reducing the University's going-concern obligation and therefore, the special payments required for 2012.

It was MOVED: (H. Werner/R. Erb)

That the postponed retirement actuarial equivalence valuation interest rate and mortality assumptions, be changed to the administration practice basis assumptions (expected commuted value rate of 4% and standard generational mortality assumptions).

...CARRIED (1 opposed J. Graham)

It was clarified that no change need be made to the expense assumption reported in the valuation. Even though the University has agreed to not recover indirect administration costs from the plan for 2012, it is

expected that this saving will be more than offset by the cost of the ALS study. The cost of the ALS study has been taken into account in the 2012 expense assumption.

It was noted that the next step is to determine the University's special contribution obligations for 2012 taking into account the retroactivity of the payments to January 1, 2012. M. Walls and A. Kulyk will determine the special contribution requirements for 2012 as well as the retroactive amount.

It was MOVED: (L. Repski/R. Youngson)

That the actuarial valuation report, as modified for the postponed retirement actuarial equivalence assumptions, be accepted.

...CARRIED

It was confirmed that the Valuation Report is to be shared with stakeholders once it has been signed by the Board. M. Emslie requires a copy of the report by October 1, 2012. In the event of the unavailability of the Board Chair, the Vice-Chair is to sign off on the valuation report.

2. Cola calculation request from UWRA (actuarial report)

In response to a request from UWRA, asking the Board of Trustees to review the history of cola calculations with the aim of moving from using four-year smoothed returns to annual returns in determining cola increases, the Board had asked the plan actuary to prepare a high level analysis of the potential impact to the pension plan. A. Kulyk reviewed Eckler preliminary cost analysis of changing the calculation of the net investment return on the fund for the purpose of cola increases, to a rate based on annual returns rather than four-year average returns. The report confirmed that there would be a financial impact to the pension plan if this change was made. A. Kulyk also noted that, due to the restrictions related to the University's solvency exemption, a consultation with the Superintendent of Pensions may be required.

In discussion it was noted that, moving from using four-year smoothed returns to annual returns in determining cola increases, would not require a plan amendment since the method of calculating the rate of return is not set out in the Plan. A. Kulyk agreed that if a Plan amendment is not required then the change should not be offside with any restrictions imposed by the Act and Regulations.

It was also noted, that in the event that the change in the investment return calculation methodology for the purpose of cola increases was to be implemented, were the change to be made this year, it would lessen the chance of pensioners receiving a cola increase in 2013.

It was suggested that it may be more appropriate if further discussion on this subject was to take place when discussing the DB component investment mix with Aon Hewitt.

3. Report from Secretary

a. & b. Plan consolidation and Trust Agreement consolidation

The consolidations of the plan and the Trust Agreement have been completed; however, are currently in working copy format. M. Walls apologized for not having relevant notes at the meeting; going on the basis of recollection, M. Walls advised the Board that it needs to decide whether to use the draft consolidations as working documents or whether to have them formalized in which case additional costs would be incurred. It was determined that M. Walls should obtain further information since the Trustees would like to know the cost and consequences of not formalizing the documents at this time.

ACTION ITEM

M. Walls to obtain information re potential implications of using the consolidations as working copies (including placing them on the web) as well as costs associated with finalization of the documents.

c. Beneficiary dispute update

To date the dispute has not been settled and those involved in the dispute have asked the court to appoint someone as case manager in order to move the process along. The request for a case manager has been granted. It was noted that the death benefit, net of withholding tax was paid into court when the Trustees' interpleader request was granted. When the matter is resolved by the courts, the taxes that have been withheld will need to be remitted from the plan to CRA in the name(s) of the beneficiary(ies).

d. PA calculation (over 65)

No response received to date from Mercer.

4. Reports from Committees

i. Report from DB Committee

Greg Gillis is continuing as Committee Chair.

The Committee did not meet as there were no items on their agenda.

It was noted that notes of meetings are required for the DB Committee.

ii. Report from DC Committee

Kyle MacDonald has been appointed Committee Chair.

The committee met on August 16, 2012.

- CAPSA has released draft changes to guidelines; any comments on the changes to the guidelines must be submitted by November 1, 2012.
- The Committee will be conducting annual analysis and review of CAPSA/CAP guidelines.
- The Committee will also be conducting a service provider review.

iii. Report from Operations Committee

Hans Werner is continuing as Committee Chair and Jane Barske will serve as Secretary.

The committee met on September 4, 2012.

- The Committee is currently conducting a review of the Plan Services Agreement. Schedule "A" is was forwarded to the University for review of services.
- The Committee is doing budget planning for presentation to the Board.
- The Calendar of Deliverables is being reviewed.
- The orientation document for new Trustees has been finalized and will be provided to new Trustees as required.
- CAPSA list of best practices is currently under review.
- Continuation of KPMG as auditor was discussed.

It was MOVED (H. Werner/M. Emslie)

That KPMG continue in their role as auditor for the next year.

... CARRIED

A question was raised as to whether the Board should continue producing an annual Newsletter.

ACTION ITEM

Comments for or against the continued production of the annual Newsletter are to be sent by Trustees to the Operations Committee.

5. Other Business

- i. R. Youngson raised the issue of a possible conflict of interest. He indicated that he has been invited to attend a Sun Life advisor conference. The invitation had been extended to him in his capacity as an employee of Onyx and not as a Trustee. It was determined that there would be no conflict of interest as a result of R. Youngson attending the conference.

- ii. A meeting was held between the University President, the Board of Trustees Chair, Vice-Chair and Treasurer and COPSE. The Province allowed the University to pass a deficit budget and authorized a loan to the University related to pension plan funding; the loan is only for one-year. As conditions, the University must provide to the Province: a copy of the December 31, 2011 actuarial valuation by October 1, 2012; an outline of the strategies that are underway for dealing with the University's pension obligations; as well as confirmation that the Board of Trustees is proceeding with a review of investments. This information will be provided to the Province as part of a broader package related to the University's financial details.

It was noted that the Province has no jurisdiction over Board of Trustees actions and that the University also has only limited influence through its representation on the Board of Trustees.

ACTION ITEM

M. Emslie to provide a copy to the Board of that part of the submission to the Province which relates to the pension plan.

- iii. M. Walls confirmed that she is still trying to connect with the governance session presenter.

Meeting adjourned.

Chair

Secretary