

THE UNIVERSITY OF WINNIPEG

TRUSTEED PENSION PLAN

BOARD OF TRUSTEES

Minutes of the Meeting
Monday, December 9, 2013

ATTENDANCE:

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

Absent: Henry Hudek (Chair), Greg Gillis

Also In Attendance: Ronda Perinot (Recording Secretary)

In the absence of Henry Hudek, the meeting was chaired by Laurel Repski.

i. Approval of Agenda

Amendment to Agenda:

That the Foyston, Gordon & Payne fee offer be discussed under Report from DB Committee.

It was MOVED: (R. Youngson/E. Byard)

That the agenda be approved with the noted amendment.

...CARRIED

ii. Approval of Minutes of the meeting of September 9, 2013

It was MOVED: (B. Barske/M. Wiegand)

That the minutes of September 9, 2013 be approved as presented.

...CARRIED

1. Reports from Committees

i. Report from DB Committee

The Committee met four times since the last Board of Trustees meeting. The Committee reviewed the third quarter results with AON and the Statement of Investment Policy (SIP) was redrafted. The fixed income component will be restructured, with a move to Long Bonds (pooled fund) and a move to a pooled fund for high yield bonds. The DB Committee is recommending that the funds be invested with Foyston, Gordon & Payne (FGP) who have managed the Plan's High Yield Bond investments as well as fixed income as part of a balanced fund for many years with excellent results. The Committee will continue to evaluate FGP's performance as managers over the next few years.

It was confirmed that an agreement was signed with the Superannuation Board (CSSB) for the management of certain funds. AON raised a concern with the movement of the funds from RBC (leaving the funds with RBC is OK with CSSB). AON also noted that there are multiple accounts

with RBC which is problematic for overview and is inefficient, and suggested that the number of accounts with RBC be reduced. Combining into one account will result in a savings of about \$5,000 in custodial fees. It was determined that the combining of RBC accounts is an administrative issue and no motion is required. This is to be implemented in early to mid-January.

ACTION ITEM:

Mike is to advise RBC re the consolidation of accounts.

It was noted that the motion concerning CSSB made on September 9, 2013 will need to be amended.

It was MOVED: (M. Emslie/C. Morrison)

That the motion made on September 9, 2013 in connection with the management agreement with CSSB be struck and replaced with the same wording except that the words “..to be held by State Street, CSSB’s Custodian.” be replaced with “..to be held by appropriate custodian.”

...CARRIED

- Revised Statement of Investment Policy (SIP)
The DB Committee is preparing a one page document regarding the mechanics of moving the Plan’s money (process for approval and direction). Acting on direction of the DB Committee (to Mike), the University will provide direction to RBC. Following the annual valuations of the plan, there will be a discussion of the glide path to determine if investment changes need to be made.

ACTION ITEM:

A process and approval document is to be brought to the Board at the next meeting.

It was noted that while the SIP specifies that a maximum of 10% may be invested in emerging markets, Sprucegrove already has some investments in emerging markets which may have impact on the SIP benchmark. However, Sprucegrove indicated that they greatly limit any investment in emerging markets and view it as a supplement to the global portfolio. To address this, the SIP specifies a narrowed band of accepted deviation of 2.5% (on the high end) for emerging markets which includes the global equity component.

The issue of re-risking after de-risking in the event of market fall was discussed. The DB Committee recommends that re-risking be considered (is referred to in the SIP). It was noted that a lot of discussion would take place prior to any re-risking.

A recommendation for some minor wording changes to the SIP was reviewed.

It was MOVED: (M. Emslie/R. Erb)

That the revised Statement of Investment Policy be approved with noted amendments.

...CARRIED

The Board wishes to thank G. Gillis for the extra work he assumed in regards to the SIP.

- FGP fee Offer
FGP is proposing to move high yield bonds into a newly created pooled fund. Additionally, there is a need to move a portion of the universe portfolio into Long Bonds and FGP has proposed that these be moved into their pooled fund as well. As the funds are in their infancy, FGP has offered to provide a reduction in their fees.

It was MOVED: (M. Emslie/A. Mays)

1) That high yield bonds be moved from segregated funds into the FGP high yield pooled fund.
...CARRIED

It was MOVED: (M. Emslie/ M. Wiegand)

2) That FGP be adopted as manager for the Long Term Bond portfolio through the FGP Long Bond pooled fund.
...CARRIED

It was further MOVED: (R. Youngson/A. Mays)

That the previous two motions be amended to include an effective date of January 2014.
...CARRIED

ii. Report from Operations Committee

The Committee met on November 25, 2013.

- Updates

Financial statements and budget

Financial statements were reviewed: investments doing well.

Expenses are in line with expectations. DB asset liability study was more than expected, but that was due to travel costs not being accounted for in budget. Unspent asset liability allocation from 2012 was moved to 2013.

Review of custodian

The Committee is to conduct a review of custodial services (RBC).

ACTION ITEM:

The Operations Committee is to discuss a review of custodial services at its next meeting.

Calendar of Deliverables

Not yet ready and will be brought to the Board at the next meeting.

ACTION ITEM:

Calendar of deliverables is to be finalized and brought to the Board at the next meeting.

- Consolidated Plan Text (Adoption and Filing)

The plan text consolidation has been completed. It was noted that the consolidation is an editorial matter. The consolidated plan text is to be placed on the web with a disclaimer.

ACTION ITEM:

Colin is to draft the disclaimer wording.

- 2014 Board Meeting Dates

March 3, June 9, September 8, and December 8.

All meetings take place from 2:00 to 4:00

- Board of Trustees Education

To show a reasonable discharge of obligations in the event of legal action, it was noted that Trustees should strive towards high take up of education and conferences. A half-day communications session, presented by Allan Foran of Aikins, will be scheduled. Suggested dates are April 21 or 22, 2014.

ACTION ITEM:

Mary Anne is to arrange the education session.

- Interest on outstanding death benefit payment
At the September meeting it was determined that interest, calculated by the plan actuary at the appropriate rate, should be paid on the withheld tax portion of an outstanding death benefit. Since the September meeting, it was determined that the question of interest on the tax was directed to the Board in error. It is the opinion of the Plan's legal counsel that no interest is payable on the tax payment since tax reporting on the payment is not triggered until payment is made to the beneficiaries, which to date has not taken place since the matter is still before the Court, and that there is no exposure to the Plan/Trustees concerning the interest.

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

That the determination made at the previous Board meeting concerning the interest payment on the outstanding death benefit be rescinded.

...CARRIED
(1 abstention, A. Mays)

The budget was circulated to the Trustees (handout) and it was noted that manager's fees are not longer reported in the budget. In relation to the budget for Trustee education, it was noted that Trustees should be able to show in a demonstrable way that they have made effort to educate themselves on subject matter.

It was MOVED: (H. Werner/E. Byard)

That the 2014 budget be approved as presented.

...CARRIED

- iii. Report from DC Committee
The Committee met on December 4, 2013.

- DC Services RFP Update
Six providers responded to the RFP. A review of the responses will take place, followed by the creation of a short list (January). Interviews will be conducted in February 2014 and recommendations to the Board will be made at the March meeting .

2. Other Business

A discussion took place regarding CPP enhancement and the potential impact to the Plan. It was noted that since the contribution rates are prescribed in the plan, there would be no impact to the Plan as a result of a CPP rate change.

Meeting Adjourned

Chair

Secretary