

**THE UNIVERSITY OF WINNIPEG**  
**TRUSTEED PENSION PLAN**  
**BOARD OF TRUSTEES**

**Minutes of the Meeting**  
**Monday, June 10, 2013**

**ATTENDANCE:**

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

**Also In Attendance:** Ronda Perinot (Recording Secretary), Annabelle Mays

The Board of Trustees welcomed the new UWRA Representative, Annabelle Mays.

**i. Approval of Agenda**

Amendment to Agenda:

That Aon's comments of past performance of the Plan, from the Quarterly Analytics, be discussed under Other Business.

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

**That the agenda be approved with the noted amendment.**

...CARRIED

**ii. Approval of Minutes of the ALS meeting of March 1, 2013**

It was MOVED: (B. Barske/R. Erb)

**That the minutes of March 1, 2013 be approved as presented.**

...CARRIED

**iii. Approval of Minutes of the meeting of March 11, 2013**

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

**That the minutes of March 11, 2013 be approved as presented.**

...CARRIED

**1. Annual General Meeting Business**

a) **Annual Conflict Report**

All trustees completed and signed the Annual Conflict Report.

b) **Election of Board Officers**

Nominations approved and Board Officers elected as follows:

Chair – Henry Hudek (acclaimed)

Vice-Chair – Laurel Repski (acclaimed)

Treasurer – Mike Emslie (acclaimed)

Secretary – Mary Anne Walls (acclaimed)

c) Committee membership

Committee membership selected as follows:

DB Committee:

Mike Emslie, Murray Wiegand, Barry Barske, Annabelle Mays, Greg Gillis, Ray Erb.

DC Committee:

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

Operations Committee:

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

d) Expired terms

Ray Erb, Murray Wiegand, and Greg Gillis renewed their terms. Judy Graham will be replaced by Annabelle Mays effective July 1.

Eight terms are expiring June 30, 2014:

2 AESES, 1 UWFA, 1 IUOE, 1 Excluded, 1 UWRA, 2 External

M. Emslie noted there is a low risk of all eight Trustees exiting at the same time.

ACTION ITEM:

M. Walls is to communicate with Stakeholders regarding term expirations.

2. Financial Statements

M. Emslie noted that only a few minor wording changes were made to the Financial Statements by the Plan Auditors. The Operations Committee met with the auditor to discuss the statements and recommends approval of the Financial Statements as presented.

The Financial Statements (including the annual report to plan members) will be posted on the web and only a limited number of copies will be printed.

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

**That the Financial Statements be approved as presented.**

...CARRIED

3. Reports from Committees

i. Report from Operations Committee

• Plan Services Agreement

The Operations Committee confirmed that the document was reviewed and updated and recommends adoption of the revised agreement. It was noted that an RFP for DB services is underway and there may be a new DB service provider in the Fall. The RFP scope of work includes the calculation of estimates which are currently done by the University.

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

**That the Plan Services Agreement be adopted.**

...CARRIED

(1 abstention, L. Repski)

- Temporary Pension

The question of whether the Plan should continue to provide for the payment of the taxable excess of the commuted value as a temporary annuity to age 65 was referred back to the Operations Committee following the March 11, 2013 meeting. Following a review, the Operations Committee recommends that the Plan Text be amended to ensure CRA compliance while maintaining a Plan member's ability to elect a temporary pension where eligible.

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

**That the Plan Text be amended to ensure compliance with CRA requirements governing the payment of the non-commuted portion of the LRB (Lifetime Retirement Benefits) while maintaining status quo as to a Plan member's ability to elect a temporary pension where eligible.**  
...CARRIED

- COLA on Temporary Pension

The question of whether COLA increases should be paid on temporary pensions was also referred back to the Operations Committee following the March 11, 2013 meeting. Following a review, the Operations Committee recommends that COLA increases should continue to be paid on temporary pensions as per past practice.

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

**That COLA increases should continue to be paid on temporary pensions as per past practice.**

...CARRIED

RFP for DB Administration, Actuarial and Consulting Services

The RFP Evaluation Committee will be comprised of H. Werner (Chair), M. Walls, M. Emslie, B. Barske, and R. Youngson. It was noted that following a discussion by the Operations Committee, it was decided that only firms with a local office in Winnipeg will be considered. The Operations Committee should be able to make their recommendation to the Board by the end of the summer.

ii. Report from DB Committee

- Actuarial Valuation Assumptions

No changes are being recommended to demographic assumptions. The assumptions for 2013 will include an increased provision for future pension increases from 0.5 to 0.75. The primary discount rate will be more realistic, taking into account the move to a more equity focused portfolio in the near-term. Based on a range of acceptable discount rate assumptions provided by the Plan actuary, the DB Committee recommends the inclusion of provision for adverse deviation of 0.6% per year, which will result in a reduction of about \$595,000 in required funding by the University.

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

**That the Actuarial Valuation Assumptions for 2013 include a provision for adverse deviation of 0.6%.**

...CARRIED

- Discretionary COLA Increase

The DB Committee recommends (it was noted that this was not a unanimous decision coming from the Committee) to not proceed with a discretionary COLA increase to DB pensions. Following a vigorous discussion, as well as an attempt to introduce an alternate motion that failed due to being out of order, the motion was put to a vote. As a result, the 2013 COLA increase will be limited to the regular increase of 0.83%.

It was MOVED: (G. Gillis/R. Erb)

**That no discretionary COLA increase be paid for 2013.**

...CARRIED

(0 abstentions, 3 opposed: J. Graham, B. Barske, J. Barske)

- March 1, 2013 motion re asset reallocation

At the March 1, 2013 ASL meeting, the Board unanimously approved a consensus motion re the reallocation of DB assets. The precise wording of the March 1, 2013 motion concerning the revised DB asset allocation was to be finalized and brought into the minutes at the March 11, 2013 meeting, however, was inadvertently missed. As a result, the wording of the March 1 motion is being brought into the June 10<sup>th</sup> Board minutes. No objection was raised to the recording.

**March 1, 2013 DB asset reallocation Motion:**

That the DB portion of the Plan be allocated to investment assets in the target portion of 75% growth and 25% fixed income: specifically 20% to Canadian equity, 35% to Global Equity, 10% Emerging Market equities, 10% Real Estate, 20% Universe Bonds and 5% High-Yield Bonds with the two following conditions:

1. The allocation will be moved to 40% Growth and 60% Fixed Income depending on funded status of the Plan as described in the Glide Path Analysis shown on page 16 of the AON Hewitt presentation of February 8, 2013 (attached); and
2. The portion allocated to Universe Bonds is to be moved to Long Bonds on a schedule dependent on GoC long bond yields within ten years according to the attached schedule.

- Recording of April email vote to move assets from MFS McLean to FGP and Sprucegrove and to rebalance the asset mix

On April 11, 2013, the DB Committee presented an email vote to the Board concerning the reallocation of assets and rebalancing of the asset mix in accordance with the old investment policy. The DB Committee had voted unanimously to implement the recommendation of Aon Hewitt to remove MFS McLean Budden from the fund manager line-up as soon as possible. The motion is being brought into the June 10<sup>th</sup> Board minutes. No objection was raised to the recording.

**April 11, 2013 Motion to move DB assets from MFS McLean to FGP and Sprucegrove and to rebalance the asset mix:**

That the Board of Trustees approve immediately the move to reallocate the DB Plan assets currently managed by MFS McLean Budden to the other Plan managers in a proportion that rebalances the fund to its current investment policy. This action will effectively end the DB Plan's relationship with MFS McLean Budden.

...CARRIED

(unanimous)

- Revised Statement of Investment Policy (SIP)

The Board of Trustees was provided with a revised draft Statement of Investment Policy. Trustees are requested to review the draft and provide comments to M. Emslie.

**ACTION ITEM:**

By the end of July 2013, Trustees are to review the draft SIP and provide comments to M. Emslie.

iii. Report from DC Committee

The Committee met on May 15, 2013. An annual review of terms of reference has taken place and no changes have been proposed. A draft RFP for DC administration services is in progress and is expected to be presented at the September Board meeting.

4. Other Business

M. Wiegand suggested that perhaps more DB analytical data regarding the Plan's past performance be made available to Plan members in the annual report. R. Erb noted that 10 year numbers are frequently reported by other plans. It was decided that, with Aon's assistance, the data could be posted with commentary.

ACTION ITEM:

M. Emslie to contact Aon Hewitt to find out what type of information they would recommend and to obtain a cost estimate for putting together a summary report. He will report back to the DB Committee.

Meeting Adjourned

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Chair

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Secretary

# Glide Path Analysis

Glide Path 2: 75% to 40% Growth



