

The Greenlight Retirement Program™

Minutes of Meeting Conducted on Wednesday November 15, 2006 – 8:30 a.m. TBC Offices

Committee:	Rob Tamblyn	– The Benefits Company Inc.
	Andy Loscher	– The Benefits Company Inc.
	Matthew Loscher	– The Benefits Company Inc.
	Moe Mailloux	– Moe Mailloux Financial Services
Absent:	Ellard Delaney	– The Benefits Company Inc.
Guests:	Kevin Delaney	– The Benefits Company Inc.
	Tracey Heslop	– Anchor Lamina
	Joe Nunes	– Actuarial Solutions Inc.

Meeting Minutes

1. *Call to Order*

- ❖ The meeting was called to order at 8:30 a.m.
- ❖ In accordance with the decision of the Committee at the prior meeting, Rob Tamblyn is the meeting Chair and Matthew Loscher is the meeting Secretary.

Introduction of Guests

- ❖ Kevin Delaney, Tracey Heslop and Joe Nunes were welcomed.
- ❖ Each guest has previously accepted in writing the terms of the confidentiality agreement ([copies available upon request](#)).

Approval of Agenda

- ❖ **[Motion]** Moe proposed that the agenda be approved without change. Seconded by Andy. Carried.

2. *Secretary's Report*

Distribution of Prior Minutes

- ❖ The minutes of the meeting held on August 16, 2006 were distributed. The minutes were previously approved via email and have already been distributed to clients electronically.

3. Investment Review

- ❖ Bill Solomon and Associates were engaged by The Benefits Company to provide an independent appraisal of the current funds in the investment menu for clients using London Life as a recordkeeper.
- ❖ David Kidd presented the results of the review prepared by William B. Solomon.
- ❖ Mr. Kidd indicated that the approach to reviewing an investment menu differs for a “going-concern” as compared to a “clean slate”. The difference being that in a going-concern, patience with an underperforming fund is necessary in order to carefully manage change for the members and to avoid the risk of “chasing returns”.
- ❖ “Target Date Funds” (2030 Fund) were discussed and Mr. Kidd suggested that these funds were not necessary where members had access to an advisor to assist with the asset allocation process.
- ❖ Mr. Kidd discussed the appropriate number of funds that should be offered in an menu of investments. Mr. Kidd favours a reduced number of funds in order to manage the cost of monitoring, to avoid overwhelming members with too much choice, and to reduce the number of times a poor performing fund requires replacement. With respect to the Greenlight menu, Mr. Kidd indicated that an appropriate breadth of funds had been achieved.
- ❖ Mr. Kidd opined that for the Balanced Fund category the menu included “three good funds” and that the “bases were covered”.
- ❖ With respect to Jarislowsky Fraser, Mr. Kidd suggested that they had been around a long time and had peaks and valleys in performance over the long term with overall positive performance. Stephen Jarislowsky is no longer deeply involved in the day-to-day and liquidity would not be a concern.
- ❖ Mr. Kidd offered that within Canadian Equity, the Dividend fund was a nice complement to the two traditional funds offered.
- ❖ Mr. Kidd suggested that when three non-Canadian Equity funds are used, it is common to offer one U.S., one International (non-U.S.) and one Global (all countries). Currently the Greenlight menu offers one U.S. Equity fund and two international equity funds which was based upon advice provided by London Life during 2005. No immediate changes will be made to this mix of funds and the Committee will continue to regularly review this mix.
- ❖ Mr. Kidd recommended that the Committee should not rely on the London Life “report card” for funds which is consistent with the conclusion of the Committee.
- ❖ The opportunity of introducing specialty or niche funds to the menu was discussed. Mr. Kidd agreed that any such introduction would require careful communication. The Committee continues in its philosophy of excluding specialty funds from the menu of investments.
- ❖ Mr. Kidd noted that all of the asset allocation (profile) funds received a “caution” and that four of the funds met the benchmark return in only two of the last five years. However, it was also noted that the Profile funds are conservatively managed and may post superior performance in a declining market. Given that the market is at a relative high, this may not be the best time to consider switching this family of funds.
- ❖ The Continuum asset allocation funds have recently been improved by removing cash from the benchmarks and by reducing their cost (transition from Canada Life). However, it was also noted that these funds do not yet have an extensive track record.

4. Recordkeeper's Report

- ❖ Larry Johnston presented to the Committee on behalf of Manulife.
- ❖ Manulife had recently undertaken a review of its “unit value” calculations and had fixed a reporting mistake. Unit value calculations have been outsourced to an independent agency.
- ❖ Mr. Johnston confirmed his view that Manulife makes available all the tools necessary for a client to meet their obligations under the CAP Guidelines.
- ❖ Mr. Johnston reviewed Manulife’s “i-Watch” investment monitoring process. This process resulted in some changes to the fund line-up in Q2 2006.
- ❖ Manulife’s approach to investments is focused on “retirement funds” and not “specialty funds”. Even funds where Manulife has an ownership stake in the underlying manager have been removed from the lineup.
- ❖ Mr. Johnston reviewed the criteria for Manulife’s “certified diversified” warranty.
- ❖ Mr. Johnston confirmed that the asset allocation funds have an approximate 15 basis point additional fee while the retirement date funds have an approximate 20 basis point additional fee.
- ❖ A Manulife rating of “meets most” criteria indicates concerns which should be reviewed by obtaining the most recent i-Watch report for the fund.
- ❖ Mr. Johnston indicated that the departure from Jarislowsky Fraser of a number of key staff in International Equity department is continued reason for careful monitoring of performance.

[Action Item #25] The Governance Committee asked Manulife to confirm the number of GIC’s required to be offered to achieve the “certified diversified” designation

[Action Item #26] The Governance Committee asked Manulife to confirm the actual time periods for the “Q1, Q2, Q3, and Q4” review periods presented.

- ❖ London Life was not requested to submit any special reporting for the meeting.

5. Consultant's Report

New Participating Plan Sponsors

- ❖ The Benefits Company confirmed that as at September 30, 2006 there were 49 (37 at June 30) companies with aggregate assets of \$63 million (\$50 million at June 30) that had completed a formal board resolution to join the program.

Plan Sponsors Pending Approval

- ❖ The Benefits Company did not present a list of members pending approval for membership in the Program

Prior Action Items

- ❖ The Governance Committee reviewed the inter-meeting activities requested in the prior meeting as follows:

[Prior Action Item #17] A request for fee breakdowns between recordkeeping and investment management were provided to both London Life and Manulife. Both declined to provide a breakdown as the information is considered proprietary.

[Prior Action Item #18] The Morningstar “star rating” has been removed from investment reporting relating to the asset allocation funds.

[Prior Action Item #19] The requested investment review was presented in Section 3 above.

[Prior Action Item #20] The Benefits Company confirmed with London Life and Manulife that each investment fund in the applicable menu of funds meets the regulatory requirements for pension funds.

[Prior Action Item #21] The Benefits Company asked London Life and Manulife to comment on the performance of the JF U.S. Equity fund and ask for a recommendation to continue or make a substitution. London Life responded in writing confirming their satisfaction with the performance. See the comments in Section 4 above for Manulife’s response to the performance of Jarislowsky Fraser.

[Prior Action Item #22] The Benefits Company investigated with Morningstar the difference in the “star rating” for the JF Balanced Fund (shown as U.S. Equity in prior minutes) offered by Manulife and London Life. Morningstar did not provide an adequate answer.

[Action Item #27] Actuarial Solutions Inc. will follow-up with Jarislowsky Fraser directly to investigate this matter.

[Prior Action Item #23] Manulife attended the November 15, 2006 meeting as requested.

[Prior Action Item #24] London Life has been invited to attend the Q1 2007 Governance Committee meeting.

[Action Item #28] Given the expected enrolment of clients that use Standard Life as a recordkeeper, the Committee decided to invite Standard Life to the Q1 2007 Governance Committee meeting and defer the attendance of London Life until Q2 2007. The Benefits Company will establish a Standard Life “investment menu” in order to give Standard Life a framework for analysis and discussion.

Contribution Arrears & Form 7

- ❖ The Benefits Company confirmed that it was not aware of any contribution arrears and that all Form 7s due on or before June 30, 2006 had been filed.

Investment Policy Review

- ❖ The Statement of Investment Policy and Procedures was not reviewed.

Investment Performance Review – London Life

- ❖ The Benefits Company presented investment performance results for each fund in The Greenlight Retirement Program™ investment menu as reported by Morningstar and London Life.
- ❖ The performance was not discussed further given the in-depth discussion undertaken in Section 3 above.

Investment Performance Review – Manulife

- ❖ The Benefits Company presented investment performance results for each Manulife fund on The Greenlight Retirement Program™ menu under as reported by Morningstar.
- ❖ The Manulife investment menu was reviewed and the following changes were proposed:
 - Remove the Tattersall Small Cap Equity Fund and replace it with the McLean Budden Equity Growth fund.
 - Remove the McLean Budden Fixed Income Fund and replace it with the MFC Global Bond Index fund.
 - Addition of the Manulife Money Market fund
 - Remove the Legg Mason U.S. Value fund and replace it with the Fidelity Growth America fund.

[Motion] Rob made a motion to implement the above changes. Seconded by Moe. Carried.

[Action Item #29] The Statement of Investment Policy and Procedures will be amended to reflect the changes above. The Benefits Company will be responsible for communicating these changes to affected plan sponsors and plan members.

6. *New Business*

- ❖ No new business was raised.

7. *Future Meetings & Adjournment*

- ❖ The following dates were set for 2007. Meetings will continue to start at 8:30am and will be scheduled to last until 2pm to allow for the increasing workload of the Committee
 - #5 Wednesday March 7, 2007 – 8:30 AM to 2:00 PM
 - #6 Wednesday June 6, 2007 – 8:30 AM to 2:00 PM
 - #7 Wednesday September 5, 2007 – 8:30 AM to 2:00 PM
 - #8 Wednesday December 5, 2007 – 8:30 AM to 2:00 PM

[Motion] Rob made a motion to approve the above dates and adjourn the meeting. Seconded by Matt. Carried.