

TRIO Board of Directors Meeting  
Minutes

October 5, 2016  
1:30PM

Delta Hotel  
St. John's, NL

DIRECTORS PRESENT	ALSO PRESENT	REGRETS
Dennis Kelly, President John Dawson, Vice President Rodney Cumby, Director Carol Ann Smith, Director Norm Snelgrove, Director Tony Pollard, Director	Terry Taylor, General Manager Mary Galway, Manager, Risk & Insurance Programmes Lori Park, Mercer Doug Brake, Mercer Jonathan Croft, Mercer Katherine Burgess, Mercer	Claude Elliott, Director

**1. Call to order and Opening Remarks**

Dennis Kelly called the meeting to order at 1:40 PM and welcomed everyone present. He extended a special welcome to Tony Pollard who has replaced Brian Peckford as the PMA Board appointee.

**2. Approval of Agenda**

<b>Motion:</b>	<b>Carol Ann Smith/Norm Snelgrove</b>
<b>CARRIED</b>	That the agenda be approved

**3. Adoption of previous meeting's minutes**

<b>Motion:</b>	<b>Carol Ann smith/John Dawson</b>
<b>CARRIED</b>	That the minutes of the meeting of June 10, 2016 be adopted .

4. T. Taylor presented his report which was accepted by the Board.

**5. Group Plans Report**

- a) M. Galway reported that she has requests for quotations from several municipalities and she is providing quotations. She is also following up with Paradise and Lewisporte
- b) M. Galway reported on the progress of establishing an EAP program for first responders. The programme will be announced at the AGM and then she will soon be contacting municipalities, calling for expressions of interest in the hope that at least 200 individuals will respond positively. She has negotiated favourable

administrative procedures with the carrier which should alleviate any onerous administrative burdens. The results of the call for expressions of interest will determine if the programme goes ahead. M. Galway will report at the February meeting.

- c) M. Galway presented a detailed analysis of the claims made against the group plan, their derivation and the relationship between claims incurred and premiums collected. For the year ending April 30, 2016, we experienced a net underwriting loss of app. \$61,000. This deficit will be covered by funds transferred from the deposit account rather than from the levy of a specific premium increase.

Most plan participants are submitting claims of various types and severity to the plan. The Board will consider warning plan participants that cost containment strategies may need to be employed in the future to guarantee the long term viability of the plan.

- d) M. Galway presented preliminary premium rates for the 2017 renewal. The rates for some coverages will be reduced and some rates will increase. The Board will be asked to approve the rates once they have been finalized.
- e) It was agreed that no premium credits would be applied to the December premiums.

#### **6. Board Administration Action Items**

- a) *001-06- - Pension plan admin fees*

T. Taylor presented a list of the most common administrative actions taken over the year and their associated costs.

- b) *02-06-16- triobenefits.ca email addresses*

T. Taylor suggested that a director's personal email could be used instead of a triobenefits.ca email address. The Board accepted that suggestion. T. Taylor will ask each member of the Board to advise him of the appropriate personal address.

#### **7. New Business**

- a) The Board reviewed the agenda for the AGM. T. Taylor advised the Board of the brief organizational meeting that will immediately follow at the conclusion of the AGM.
- b) Carol Ann Smith confirmed that she will stand for re-election to the Board.
- c) T. Taylor confirmed that the HST rebate had been received.
- d) The Board agreed that the revised format for newly suggested investment opportunities was an improvement and much easier to understand.

- e) T. Taylor presented the Q2-2016 invoice from Mercer

<b>Motion:</b>	<b>John Dawson/Tony Pollard</b>
<b>CARRIED</b>	That the outstanding Mercer bill be paid.

#### **8. Communications & Marketing Committee**

The Board accepted the report of marketing activities since June 2016.

#### **9. Board Administration**

- a) T. Taylor presented the summary of the revenue and expenses for the period 1/1/2016 - 9/30/2016 which was accepted by the Board.
- b) It was agreed that a significant portion of the surplus revenue at year end would be contributed to the pension fund, as has been the case for the past two years.
- c) T. Taylor presented the preliminary 2017 budget for the Board's review. A final budget for the Board's approval will be presented at the February 2017 meeting.
- d) The 2017 meeting schedule was determined:  
February 9 - St. John's  
April 5 - Gander  
June 9- Port Blandford  
November1 - Corner Brook
- e) The Board was presented with the cheque register for the period June 11 to September 30, 2016 which the Board accepted.

#### **10. Pension Plan Items**

No new participants have joined the Plan since June 2016.

#### **11. Outstanding Action Items**

- a) *03-01-13 - Blanket Municipal Solvency Exemption*  
T. Taylor reported that no response had been received from MNL to a request for action and/or an update . The matter will be referred to the next MNL Board appointee.

#### **12. Business Arising from Previous Meetings/New Business**

- a) Doug Brake presented the 2015 pension plan valuation. Our going-concern deficit remains virtually unchanged at 93.8%. However, a low interest rate environment, changing demographics and new mortality tables have increased our overall deficit. D. Brake said that structural changes will have to be made to avoid increasing Special Payments in 2017. He suggested that he discount rate be lowered from 6.25% to 6.0%, but unfortunately, our existing assets/debt ratio is insufficient to support a discount rate of 6.0%. In fact, if we assume that we will have 112MM in assets at year end, and if we are unable to generate

increased investment income, D. Brake warned that he could only use a discount rate of 5.5%. This would force Special Payments to increase by 95% in 2017.

At this point, Jonathan Croft again presented the recommendation that TRIO allocate a portion of its assets to the Growth Fixed Income investment strategy. This investment is expected to yield a higher investment return, albeit with moderate risk. He pointed out that such investments are quite common amongst other pension funds, citing specific examples. Some members of the Board asked questions regarding security, liquidity and rate of return assumptions. J. croft also pointed out that the inclusion of this investment will help support a discount rate of 6% and help to avoid the necessity of increasing Special Payments for 2017.

<b>Motion:</b>	<b>Norm Snelgrove/John Dawson</b>
<b>CARRIED</b>	That the 2015 valuation be accepted as presented.

<b>Motion:</b>	<b>Rodney Cumby/Carol Ann Smith</b>
<b>CARRIED</b>	That the suggested investment in growth fixed income bonds be made and that the SIPP be amended to recognize this investment.

#### **Due Diligence Items**

- a) Recurring Items
  - The Board received the contributions report. There is one overdue balance.
  
- b) Plan Amendments
  - There were no new amendments
  
- c) Items Assigned to This Meeting
  - I. *Confirmation of Employee Benefits Statements*
    - L. Park reported that the statements had been sent to all but one town, from which they are awaiting more information.
  
  - II. *Initial Education/Program Information to New Board Members*
    - T. Taylor committed to have a more formal briefing session with T. Pollard
  
  - III. *Report to Stakeholders*
    - The Annual General Meeting is scheduled for October 6, 2016.
  
  - IV. *Confirmation of Placement of Fiduciary Insurance*
    - T. Taylor confirmed that the policy had been renewed for a further term

V. *Review Level of Employer Contributions for the Coming Year*

D. Brake presented a chart of employers that reflected changing demographics amongst the employees. In the recent past, some employers have hired new, younger employees, and have increased both individual salaries and total payroll. Other employers have either stayed the same or reduced overall Payroll and now employ an older average workforce. D. Brake recommended a shuffling of the total payments to reflect these changes. Most employers would see their Special Payments decrease. Others, (those with the higher payrolls and the younger workforce) will see their Special Payments rise. While the Board was in agreement with these recommended changes, it wanted the employers to know that other factors beyond its control - low interest rates, poor investment returns, etc, - may cause Special Payments to rise in any event in the future.

<b>Motion:</b>	<b>Norm Snelgrove/Rodney Cumby</b>
<b>CARRIED</b>	That the suggested changes to the Special Payments be implemented for 2017 and that employers be advised of possible future changes to Special Payments.

VI. *Retention and Supervision of Internal Agents*

No changes were suggested or required.

14. The next meeting of the Board will be on Thursday, February 9, 2017 in St. John's

15. The meeting adjourned at 5:46PM