

THE UNITED CHURCH OF CANADA**MEETING OF THE SUB-EXECUTIVE OF THE GENERAL COUNCIL
MINUTES****Tuesday, February 15, 2011
(Teleconference Call)**

The Sub-Executive of the General Council of The United Church of Canada met from 1:30 p.m. EST until 2:40 p.m. on Tuesday, February 15, 2011, by teleconference call. Moderator Mardi Tindal presided.

Attendance

Voting Members: Heather Burton, Shirley Cleave, Brian Cornelius, Bruce Hutchinson, Betty Kelly, Nora Sanders, Mardi Tindal, Barbara White

Regrets: David Giuliano, Louise Rogers, Paul Stott, Amber Ing

Constitution of the Meeting

The Moderator opened the meeting with verses from Matthew on love for enemies. She prayed for the members that were not at this meeting.

The Moderator constituted the meeting with the following words:

"Au nom de Notre Seigneur, Jésus-Christ, seul chef souverain de l'Église, et par l'autorité qui m'a été conférée par le 40e Conseil général, je déclare ouvert, par la présente, le sous-exécutif du Conseil général et ses travaux pour chercher à bâtir le Royaume de Dieu."

"In the Name of Jesus Christ, the head of the Church, and by the authority vested in me by the 40th General Council, I hereby declare this meeting of the Sub-Executive of the General Council to be in session for the work that may properly be brought before it to the glory of God."

Procedural Motions

Motion: Nora Sanders/Heather Burton

2011-02-15-125

That Alan Hall, Doug Goodwin, Kathy McDonald and Karen Smart be the corresponding members, and that Susan Sigal be the recording secretary for this meeting of the Sub-Executive.

Carried

Minutes of the Sub-Executive of the General Council

Motion: Bruce Hutchinson/Heather Burton

2011-02-15-126

That the Sub-Executive of the General Council approve the minutes of the Sub-Executive of the General Council meeting held on January 10, 2011.

Carried

Camp Fircom Title Transfer

The General Secretary, General Council is satisfied on materials presented by Doug Goodwin, Conference Executive Secretary of British Columbia conference to approve transfer of two outstanding titles.

Motion: Brian Cornelius/Shirley Cleave

2011-02-15-127

That the Sub-Executive of the General Council approves the transfer of the two outstanding titles comprising the Camp Fircom property to British Columbia Conference:

PID 015-940-616, District Lot 1533, Group 1, New Westminster District;

PID 013-940-376, Lot 24 except part in Lot A (See L77061L) District Lot 1588 Plan 2258.

Carried

Doug Goodwin and Kathy McDonald left the call at 1:50 p.m.

Betty Kelly joined the call at 1:50 p.m.

Amendment to the Pension Board Terms of Reference (see Appendix A)

Shirley Cleave advised the proposed addition to the selection criteria which is found at section c).

The General Secretary, General Council met with the Pension Board and another small group consisting of the Pension Board, Bruce Hutchinson, Paul Stott and Don Hunter. The General Secretary, General Council got a deeper understanding of the level of awareness and grasp of this issue by the Pension Board. The amendment of Section F is before the Sub-Executive because if it goes to the Executive of the General Council meeting in May 2011 then it will miss this round of nominations and there would be two vacancies on the Pension Board.

Motion: Shirley Cleave/Barb White

2011-02-15-128

That the Sub-Executive of the General Council amend Section F of the Pension Board Terms of Reference to read:

F. BOARD MEMBER SELECTION CRITERIA AND APPOINTMENT PROCESS

1. Specific Selection Criteria.

- (a) No person shall be eligible to serve as a Board member if he or she is a member of the General Council Office staff.
- (b) Each specialist must possess at least one of the following attributes:
 - i) possess skills, knowledge, experience and expertise related to investment concepts and principles applicable to pension plans (preferably an actively

employed or recently retired senior investment professional or senior business executive); or

- ii) possess skills, knowledge, experience and expertise related to actuarial concepts and principles applicable to pension plans (preferably an actively employed or recently retired actuary); or
- iii) possess skills, knowledge, experience and expertise related to legal concepts and principles applicable to pension plans (preferably an actively employed or recently retired lawyer); or
- iv) possess skills, knowledge, experience and expertise related to human resources concepts and principles applicable to pension plans (preferably an actively employed or recently retired human resources professional or consultant); or
- v) possess skills, knowledge, experience and expertise related to pension governance concepts and principles.

It is the intention of the GCE to appoint members to the Pension Board who possess, in the aggregate, all the skills, knowledge, experience and expertise referenced in this 1(b)

- (c) The aggregate skills, knowledge, experience and expertise of the membership will include the capacity to articulate the theological values and perspectives of the United Church.
- (d) In addition to seeking the expertise referenced in 1(b) above, the GCE should aim for a balanced slate based on gender and geographic and ethno cultural perspectives in making appointments to the Board, particularly in the appointment of the members at large.

Carried

Bruce Hutchinson left call at 2:00 p.m.

Update on Accommodation Task Group – General Council Relocation

Brian Cornelius, Co-chair of the Accommodation Task Group said the task group is working diligently and anticipates being able to meet the deadline prior to the Executive of the General Council meeting in May 2011. They are considering circulating information about their tentative positions to those making Expressions of Interest and to the Executive of the General Council. The final report will be circulated prior to the Executive of the General Council meeting and ready for the workbook.

After lengthy discussion the members of the elected task group were given approval to proceed.

Response to information around Kairos Cuts by the Federal Government

What response is being made by the United Church of Canada? The General Secretary, General Council felt it is time to watch carefully as this story unfolds. The best conversations may take place in local congregations. The General Secretary, General Council agreed to see if the background can be posted on the web site with a link to the Kairos site. This is a good opportunity to see our Mission and Service dollars at work.

Future business

Process for Criminal Record Checks.

With new rigorous processes in place, it is no longer practical to obtain Level 2 Police Record checks as frequently as The Manual requires. A variation of the existing policy, which would provide a comparable level of security, is being developed. The General Secretary, General Council therefore plans to bring a modified policy to a future meeting of the Sub-Executive.

The Moderator adjourned the meeting at 2:40 p.m. with a prayer entitled “Into the Light” from Bruce Sanguin’s book

Moderator, Mardi Tindal

General Secretary, Nora Sanders

Appendix A

PENSION BOARD TERMS OF REFERENCE

A. GENERAL

The United Church of Canada (the “Church”) has established and maintains the Pension Plan of the United Church of Canada (the “Plan”), as Plan sponsor acting through the General Council. The Plan is a multi-employer pension plan maintained for the benefit of eligible employees of participating employers. The General Council Executive (the “GCE”) is the Plan Administrator pursuant to the *Pension Benefits Act* (Ontario), and has established the Pension Board (the “Board”) to support the GCE in governing, managing and operating the Plan and the assets of the Plan (the “Fund”) in accordance with the provisions set out below.

B. SCOPE OF RESPONSIBILITIES OF THE BOARD

To carry out its mandate to support the GCE in governing, managing and operating the Plan and the Fund, the Board has the responsibilities listed below.

1. *Plans Subject to the Authority of the Board*

The Board’s pension-related authority applies solely to the Plan and the Fund.

Commentary: The GCE is fully responsible for the governance, management and operation of any retirement plans other than the Plan (i.e., the registered pension plan). This includes supplementary plans (whether funded or unfunded) which are intended to provide benefits in excess of those provided by the Plan.

2. *The Board’s General Governance Responsibilities*

The Board’s general governance responsibilities are as follows:

- (a) to recommend to the GCE, for its approval, the pension governance system and any changes thereto;
- (b) to recommend to the GCE, for its approval, appointments to the Board as specialists, GCE reps and members at large, all as defined in Section E;
- (c) to recommend to the GCE, for its approval, governance policies necessary for the effective governance of the Plan and any changes thereto¹;
- (d) to initiate, periodically and at the Board’s discretion, an assessment of the performance of various elements and governance policies, and the effectiveness of these elements and policies in guiding the handling of functions by the Board and its committees; and
- (e) to review:
 - (i) compliance with all policies adopted by the Board and the GCE and compliance with legislation;

¹ Governance policies refer to four categories of policies; namely, member selection criteria (currently set out in Section F), orientation and ongoing education policies and guidelines (currently required in Section J), reporting policies (currently set out in Section K) and periodic performance review policies (currently set out in Section L).

- (ii) compliance with all applicable Codes of Conduct (e.g., Church, Plan, Fund and the Association for Investment Management Research (“AIMR”)); and
- (iii) compliance with the Board’s terms of reference.

Commentary: *The GCE continues to be responsible for overseeing all aspects of the Plan and the Fund, as well as the activities of its delegates (i.e., the Board). Throughout these terms of reference, “oversee” or “oversight” means to supervise at a strategic level by establishing and following procedures to ensure the satisfactory performance of functions which have been delegated and to act, as necessary, on information provided.*

3. The Board’s Plan Design Responsibilities

The Board’s responsibilities with respect to the design of the Plan are as follows:

- (a) to recommend to the GCE, for its approval, plan design beliefs and principles and any changes thereto;
- (b) to recommend to the GCE, for its approval, the establishment of any new retirement arrangements or termination of the existing Plan;
- (c) to approve amendments to the Plan (other than those necessitated by the GCE’s decisions pursuant to Section 3(a) and 3(b));
- (d) to ensure that documents and reports relating to plan design and amendments thereto required by applicable legislation are filed with the regulators; and
- (e) to assess new ideas for plan design.

4. The Board’s Funding Responsibilities

The Board’s responsibilities with respect to the funding of the Plan are as follows:

- (a) to recommend to the GCE, for its approval, funding beliefs and principles and any changes thereto;
- (b) to approve the Plan’s funding policy and any changes thereto;
- (c) to appoint the actuary and sign all related contracts;
- (d) to approve the economic, financial and demographic assumptions and the methods employed to calculate the value of the Plan’s assets and liabilities and any changes thereto;
- (e) to monitor and evaluate the consistency of the Plan’s funded status with the funding policy and the consistency of the contributions deposited to the Fund with the recommendations in the Actuarial Valuation Report;
- (f) to approve the Actuarial Valuation Reports and Cost Certificates;
- (g) to approve the taking of any contribution holiday; and
- (h) to ensure that documents and reports relating to funding required by applicable legislation are filed with the regulators.

5. The Board’s Financial Controls Responsibilities

The Board’s responsibilities with respect to the financial controls of the Plan are as follows:

- (a) to appoint the Plan’s custodian/trustee of the Fund and the Plan’s auditor and sign all related contracts;
- (b) to approve the audit plan for the financial statements of the Plan/Fund, as applicable;
- (c) to accept the audited financial statements for the Plan/Fund, as applicable;

- (d) to respond to the auditor's recommendations; and
- (e) to receive and approve the Auditor's independence letter.

6. *The Board's Operating Expense Responsibilities*

The Board's responsibilities with respect to the Plan's operating expenses are as follows:

- (a) to approve the annual budget for the payment of Plan and Fund operating expenses from either the assets of the Plan or of the Church;
- (b) to approve the chargeback expense policy for the Plan; and
- (c) to monitor and evaluate expense performance relative to the budget.

7. *The Board's Investment Responsibilities*

The Board's responsibilities with respect to investing the Fund are as follows:

- (a) to recommend to the GCE, for its approval, investment beliefs and principles and any changes thereto;
- (b) to approve investment policies and any changes thereto;
- (c) to appoint investment managers and other investment-related advisers and service providers and to sign all related contracts;
- (d) to monitor and evaluate the investment performance of the fund and investment managers relative to investment objectives and mandates;
- (e) to monitor and evaluate the performance of external investment agents and their compliance with contracts, mandates and applicable legislation;
- (f) to monitor the allocation of new funds to the investment managers and the rebalancing of asset mix relative to the rebalancing policies adopted by the Board;
- (g) to monitor and evaluate the voting of proxies;
- (h) to ensure that documents and reports relating to investments required by applicable legislation are filed with the regulators; and
- (i) to assess new ideas for investment.

8. *The Board's Plan Administration, Legal and Communications Responsibilities*

The Board's responsibilities with respect to the administration, legal and communications aspects of the Plan are as follows:

- (a) to approve Plan administration policies and any changes thereto;
- (b) to approve communication policies and any changes thereto;
- (c) to appoint external agents that provide plan administration services, such as a third-party administration service provider(s), consultants and legal advisers and sign all related contracts;
- (d) to monitor and evaluate the performance of the external agents engaged to provide administration services to the Plan and their compliance with contracts, mandates and applicable legislation;
- (e) to oversee the calculation and remittance of contributions;
- (f) to oversee routine Plan communications to Plan members, their spouses and beneficiaries, participating employers and relevant regulators;
- (g) to approve non-routine Plan communications to Plan members, their spouses and beneficiaries, participating employers and relevant regulators;
- (h) to approve Plan interpretations and appeals;

- (i) to oversee the maintenance of member records and the enrolment of eligible members;
- (j) to approve and monitor Plan administration service standards;
- (k) to oversee eligibility requirement waivers;
- (l) to oversee the administration of participating employers;
- (m) to ensure that documents and reports relating to the Plan's administration required by applicable legislation are filed with the regulators; and
- (n) to assess new ideas for Plan administration.

9. *Delegation by the Board*

The Board may delegate the performance of certain functions to others internally or externally as it sees fit and may establish such committees, working groups or other bodies as it deems necessary from time to time. Where the Board has seen fit to delegate in accordance with this paragraph in order to meet its responsibilities, the Board will oversee the performance of such external or internal agents, advisors, committees and staff with pension responsibilities.

C. OBJECTIVES OF THE BOARD

1. To safeguard the assets of the Fund.
2. To support the Church's human resources objectives through the design and operation of the Plan.
3. To comply with plan design, funding and investment beliefs and principles and any other objectives that have been set by the GCE from time to time.

D. OPERATING GUIDELINES FOR THE BOARD

In the pursuit of its objectives, the Board will at all times:

1. comply with applicable legislation;
2. comply with the terms of the Plan, all relevant policies adopted by the Church, the GCE and the Board;
3. utilize only methods and processes which are prudent and exercise the care, diligence and skill that a person of ordinary prudence would exercise in dealing with the property of another person;
4. use any special and relevant knowledge and skill that members of the Board possess or, by virtue of their profession, business or calling, ought to possess;

5. maintain legal title to all assets of the Plan in the name of, or for the account of, the Plan;
6. maintain the integrity of financial reporting and administration systems and associated records;
7. utilize methods or processes that fulfill fiduciary obligations arising from the Plan; and
8. act in the best interests of the Plan members at all times when making decisions of a fiduciary nature (namely, in the areas of investment, administration and compliance), but also take into consideration the broader interests of the Church and participating employers when making “employer” decisions (namely, in the areas of plan design and funding).

E. BOARD COMPOSITION

1. The Board will consist of nine to eleven members.
2. The GCE will appoint at least 5 members to the Board each of whom possesses one or more of the attributes described in Section F.1(b) (the “specialists”).
3. The GCE will appoint one member from the MEPS Permanent Committee to the Board (the “MEPS rep”).
4. The GCE will appoint at least one (and no more than two) members to the Board who are also members of the GCE (the “GCE rep(s)”).
5. The GCE will appoint at least two (and no more than three) other members to the Board (the “members at large”).
6. Board members will serve for a term of three years. The maximum number of terms that may be served consecutively by members is three. Appointments will be reviewed every August by the Board. Wherever possible, the appointments of the GCE reps and the MEPS rep will be co-ordinated with the GCE’s three-year cycle. Further, wherever possible, terms should rotate in such a manner as to promote continuity on the Board.
7. The GCE will appoint the Chair of the Board. The Chair’s appointment will be for a two-year term, unless otherwise resolved by the GCE.

F. BOARD MEMBER SELECTION CRITERIA AND APPOINTMENT PROCESS

1. Specific Selection Criteria.
 - (a) No person shall be eligible to serve as a Board member if he or she is a member of the General Council Office staff.
 - (b) Each specialist must possess at least one of the following attributes:
 - i) possess skills, knowledge, experience and expertise related to investment concepts and principles applicable to pension plans (preferably an actively employed or recently retired senior investment professional or senior business executive); or

- ii) possess skills, knowledge, experience and expertise related to actuarial concepts and principles applicable to pension plans (preferably an actively employed or recently retired actuary); or
- iii) possess skills, knowledge, experience and expertise related to legal concepts and principles applicable to pension plans (preferably an actively employed or recently retired lawyer); or
- iv) possess skills, knowledge, experience and expertise related to human resources concepts and principles applicable to pension plans (preferably an actively employed or recently retired human resources professional or consultant); or
- v) possess skills, knowledge, experience and expertise related to pension governance concepts and principles.

It is the intention of the GCE to appoint members to the Pension Board who possess, in the aggregate, all the skills, knowledge, experience and expertise referenced in this 1(b).

- (e) **The aggregate skills, knowledge, experience and expertise of the membership will include the capacity to articulate the theological values and perspectives of the United Church.**
- (f) In addition to seeking the expertise referenced in 1(b) above, the GCE should aim for a balanced slate based on gender and geographic and ethno cultural perspectives in making appointments to the Board, particularly in the appointment of the members at large.

2. General Selection Criteria

A member of the Board is expected to:

- (a) participate in all Board meetings;
- (b) be available, dedicated and willing to invest the time to be educated and otherwise obtain the knowledge necessary to discharge his or her obligations as a Board member;
- (c) be willing to submit to, and clear, background checks concerning conflicts of interest, criminal record or civil suits and credit history; and
- (d) be bondable.

3. Focus of Board

All members of the Board should focus on strategic issues and avoid performing work that is the responsibility of other groups, including managerial and operational responsibilities assigned to Church staff.

4. Appointment Process

- (a) All appointments will be made by the GCE.
- (b) Specialists and members at large will be nominated for appointment to the Board by the GCE or members of the Board.
- (c) The MEPS rep will be nominated for appointment to the Board by the GCE or the Permanent Committee on Ministry and Employment Policies and Services (PC-MEPS).

- (d) Nominations and appointments may be made in advance of known vacancies, to be effective when the vacancy occurs.
- (e) If the number of members of the Board at any point in time is less than nine, the GCE will appoint the number of members necessary to achieve at least nine and such appointments will be made in accordance with the requirements of Sections E and F.

G. RESIGNATION, TERMINATION AND REMOVAL OF BOARD MEMBERS

- 1. A member may resign from the Board by notifying the Chair in writing. In the event of the resignation or removal of a member, the Chair shall immediately commence the appointment process to fill the vacancy.
- 2. The Board membership of the member will be automatically terminated on:
 - (a) the date the member's term expires, subject to subparagraph 4 below;
 - (b) the death of the Board member;
 - (c) the date it is determined that the member is unable to fulfill his/her duties by reason of physical or mental incapacity; or
 - (d) the date the member's appointment is revoked by the GCE for issues of poor performance, conflict of interest or any other reason that the GCE deems has interfered with the Board member's ability to make a meaningful contribution to the Board.
- 3. In the event the Chair resigns by notifying the GCE in writing, is incapacitated or removed by the GCE, the GCE will appoint a new Chair as soon as possible.
- 4. The membership of a specialist or a member at large reaching the end of each of his or her first two consecutive terms will be automatically renewed for another term, unless such member advises the Chair of his or her intention to resign at the end of the term. The membership of the GCE reps and the MEPS rep can only be renewed upon formal re-appointment by the GCE.

H. BOARD MEMBER REMUNERATION

- 1. Board members are entitled to re-imbursement from the Fund of reasonable expenses incurred personally in the conduct of their duties, in accordance with the Board's expense chargeback policy.
- 2. Board members are not entitled to compensation, in addition to their normal compensation as employees, for the time spent on the conduct of their duties.
- 3. Board members may be paid an honorarium out of the Fund as determined by the GCE, the amount of which will be reasonable in relation to the duties and obligations of the Board members.

I. OPERATING/PROCESS POLICIES

1. The Board will meet at least four times a year and the Board will adopt meeting processes and procedures.
2. A meeting will be properly constituted only if at least five of the members are present in person or participating by means of a telephone or video conference hook-up or other comparable technology. No proxies will be permitted at any time.
3. No motion at a meeting will be adopted unless it receives an affirmative vote from a majority of the Board members participating in the meeting. Should a motion be proposed by circulating hard copies, use of e-mail, web thread or comparable technologies outside of a meeting, it will not be adopted unless it receives an affirmative vote from a majority of all Board members.
4. In the event the Chair cannot attend a particular meeting of the Board, the remaining members present will appoint a member to act as interim Chair for the purposes of that meeting.
5. Minutes will be prepared in draft form and provided to the Board for verification and approval at the following meeting. Church staff will be assigned to take minutes at the meeting and act as Secretary to the Board.
6. The Board will adopt a forward agenda to assist in preparing agendas for each of its meetings.
7. The Board, where necessary, will develop supplementary code of conduct policies and guidelines that will apply to its pension activities and the activities of its delegates.
8. The Board will adopt, from time to time, any additional operating/process policies it deems necessary for the efficient and effective discharge of its obligations under these Terms of Reference.

J. ORIENTATION AND ONGOING EDUCATION POLICIES AND GUIDELINES

The Board will develop, for the approval of the GCE, policies regarding orientation of Board members and ongoing education policies and guidelines for its members.

K. REPORTING POLICIES AND GUIDELINES

1. Reporting by the Board

Because the GCE retains the responsibility to oversee its delegates (the one responsibility that the Plan Administrator cannot delegate to others), it is necessary for it to receive information from the Board to enable the GCE to discharge those oversight responsibilities.

The Board will provide an annual report to the GCE, at each regular fall meeting of the GCE. The report will address:

- (a) recommendations regarding any changes to plan design beliefs and principles;
- (b) recommendations regarding any changes to funding beliefs and principles;
- (c) recommendations regarding any changes to investment beliefs and principles;
- (d) any changes in the Statement of Investment Policies and Procedures;
- (e) the investment performance of the Fund;
- (f) the previous year's audited financial statements for the Plan;
- (g) any changes in the Plan's auditor, actuary and external legal counsel;
- (h) any material administration activities, including a change from third-party to internal administration or vice versa;
- (i) administration services performance as measured against service standards;
- (j) information regarding the funded status of the Plan, including the actuarial valuation report or any updates since the last valuation and any material changes in funding assumptions;
- (k) any amendments to the Plan since the previous report;
- (l) compliance;
- (m) the results of any pension governance reviews referred to under Section B.2(d);
- (n) any other information that the GCE requests to be reported by the Board; and
- (o) any other information that the Board feels is appropriate.

The annual report will be in the form of an executive summary and will include a compliance certificate to be signed by the Chair of the Board on behalf of the Board members.

2. Reporting to the Board

Because the Board retains the responsibility to oversee its delegates, it is necessary for it to receive adequate and timely information from those to whom it has delegated the performance of pension-related functions to enable the Board to discharge those oversight responsibilities. Consequently, the Board will establish its own reporting policies and guidelines, describing what information it needs from what parties, how often and in what format.

L. PERIODIC PERFORMANCE REVIEW

In addition to the annual reports received from the Board (as outlined under Section K), it is necessary for the GCE to periodically evaluate the performance of its delegates in order to discharge its responsibility to oversee its delegates. At least every five to seven years, the Plan's pension governance system, including the performance of the Board, will be reviewed.

M. COMMUNICATIONS POLICY

Given the importance of communication with Plan members and other stakeholders, the Board will adopt a communications policy.