

Rules and Procedures for the Election/Appointment of External Trustees

Prepared by: Operations, Governance and Audit Committee

Members: Jim Clark, Valerie Gilroy, Barry Barske, Maurice Mearon, Laurel Repski

The Committee reviewed the Trust Documents, with particular focus on section 2 which outlines appointment of Trustees, and specifically addresses the External Trustees.

Exclusionary Criteria:

The rules that govern who can sit as an external trustee specifically state that the following cannot be considered:

1. Current Regent
2. Current employee or officer of the University.
3. No former Regent or Employee unless they have been out of that role for at least 3 years.
4. No pensioner or representative of the Retirees Association.
5. No spouse or beneficiary of the pension plan
6. No person in a business or other kind of relationship with the University or any other stakeholder.

It was discussed that Alumni could sit as long as they were not disqualified due to any of the above.

Additional Criteria:

The Committee agreed on several desirable criteria for the nomination of candidates:

1. Independence. It was agreed by all that a critical factor for external trustees is their independence.
2. Expertise/knowledge related to pension and/or pension plan governance.
3. Previous experience on Boards/Committees.
4. Diversity in the backgrounds of those recommended. It was determined that recommended external trustees ought not to all possess the same kind of background and experience.

Procedure:

Taking into account all of the above, each stakeholder group would undertake the following:

Stakeholder process:

1. Establish a list of individuals who may be potential external trustees, based on the above criteria.
2. Undertake preliminary contact with those individuals, provide them with an overview document that outlines the role of the trustee board and the role of the trustee, and determine if they are interested in having their name submitted for consideration by the trustee board. If yes, have them submit a one-page CV that outlines their key experience related to the role of trustee and have them review the conflict report and identify if there are any issues/concerns that would need to be raised with respect to their nomination.
3. Each Stakeholder group would bring forward the list generated by them and that list would be presented to the Board.

Interim Board Process:

1. The Board would undertake a preliminary assessment, indicating on each of the candidates if they are acceptable or not acceptable based on the criteria. If a Board member deems a candidate not acceptable, an explanation supporting this assertion would be provided to the Board.
2. The Board would undertake a ranking of the candidates taking into account the criteria established for selection of external trustees.
3. Should more than 3 candidates remain, the Committee shall determine a slate of nominees that best fulfills the criteria, and a vote would be undertaken. A 2/3 majority vote would be required to select a nominee for the external trustee.
4. Establish staggered terms of office in accordance with Article 2.07(a) of the Trust Agreement.