

THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN
BOARD OF TRUSTEES

Minutes of the Meeting of
Monday, June 3, 2019

ATTENDANCE:

Present: Henry Hudek (Chair), Mike Emslie (Treasurer), Mark Betcher (Secretary), Colin Morrison (Vice-Chair), Murray Wiegand, James Townsend, Barry Barske, Bill Evans, Lorne Hilton, Ray Erb, Ed Byard, Ron Youngson

Regrets: Andrew Bendor-Samuel, Roberta Marsh, Trevor Yuriy

Also In Attendance: Andrew Kulyk and Kerem Leylek from Eckler, and Mary Anne Walls (Admin Support)

1. Approval of Agenda

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

That the agenda be approved as amended.

...CARRIED.

2. Approval of Minutes of the meeting of March 11, 2019

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

That the minutes of March 11, 2019 be approved as submitted.

...CARRIED.

3. Valuation Assumptions (moved up from DB Committee Report)

A. Kulyk provided an overview of the Actuarial Assumptions for the December 31, 2018 Valuation. He noted that there was a bit of change to his report from what was presented at the DB Committee meeting as a result of recommendations made at the meeting. A. Kulyk indicated that generally, when there is a good year, the Committee recommends a greater margin for adverse deviation and increased conservatism and vice versa in the case of a bad year. This is done in order to stabilize University special contributions and to enhance benefit security. It was noted that there was a significant downturn at the end of 2018, and while most of the loss had been recovered during the first quarter of 2019, the recovery cannot be taken into account as it occurred after the effective date of the valuation. A. Kulyk also noted that due to the low investment earnings for 2018, there would be no COLA paid to pensioners in 2019.

A. Kulyk indicated that there are proposed changes to CIA Commuted Value standards, changing the retirement date assumptions as well as changing to updated mortality improvement scale; he reminded the Board that the new scale had been adopted by the Board in 2018 on a going concern basis in preparation for the change. A. Kulyk noted that for the December 31, 2017 Valuation, the discount interest rate was decreased from 5.25% to 5.00%, and the margin for adverse deviation was increased from .70% to .80% which had the effect of slightly increasing liabilities. This year the recommendation is to increase the discount rate from 5.00% to 5.30%, and decrease the margin for adverse deviation from .80% to .60%. There is no proposal to change the allowance for administration expenses.

A. Kulyk reported that largely due to the investment losses at the end of 2018, the funded ratio of the plan has decreased from 88% at December 31, 2017 to 84.9% at December 31, 2018. He noted that it

was expected that University contributions would increase by about \$500,000 for 2019, with some calculations still to be done.

It was MOVED: (M. Emslie/L. Hilton)

That the DB Committee's recommendation for the December 31, 2018 Actuarial Valuation assumptions be approved as presented, including increasing the discount interest rate from 5.00% to 5.30%.
...CARRIED UNANIMOUSLY

4. Draft Funding Policy (moved up from DB Committee Report)

M. Emslie indicated that the purpose of a Funding Policy is to set out why and how the plan is funded, and noted that the draft Policy had been developed with the assistance of A. Kulyk. It was noted that while a Funding Policy is recommended under CAPSA guidelines, there is no requirement to file the Policy.

It was MOVED: (M. Emslie/R. Youngson)

That the draft Funding Policy for the DB component be approved as presented
...CARRIED UNANIMOUSLY

5. Plan Consolidation (moved up from Operations Committee Report)

E. Byard reminded the Board that the plan text consolidation had been requested by the MB Pension Commission. He indicated that the consolidation work had been carried out by A. Kulyk and verified by J. Langan, the plan's legal counsel. It was noted that since the consolidation was required in order to comply with legislation, an Ordinary Resolution was sufficient to approve the consolidation. It was also noted that as the deadline for the filing of the consolidation had been April 30, 2019, permission had been obtained from the Province to file an unofficial consolidation in order to meet the deadline. This will be followed up by the official consolidation following the Board meeting.

It was MOVED: (E. Byard/R. Erb)

That the Board adopt the draft consolidation of the Plan text as the Amended and Restated Plan entitled The University of Winnipeg Trusteed Pension Plan.
...CARRIED UNANIMOUSLY

Andrew Kulyk and Kerem Leylek departed the meeting.

Lorraine Parrington was welcomed to the Board by the Chair as a new UWFA Trustee.

6. Annual General Meeting Business

a. Annual Conflict Report

M. Walls reminded the Board that any outstanding conflict reports are to be submitted to her as soon as possible.

b. Election of Board Officers

H. Hudek was nominated (M. Wiegand/L. Hilton) to continue as Chair (acclaimed);
M. Betcher was nominated (H. Hudek/E.Byard) to continue as Secretary (acclaimed);
M. Emslie was nominated (R. Erb/L. Hilton) to continue as Treasurer (acclaimed);
C. Morrison was nominated (M. Emslie/H. Hudek) to continue as Vice-Chair (acclaimed).

c. Committee Membership

Board Committee Membership for the period from July 1, 2019 to June 30, 2020, was determined as follows:

DB Committee:

L. Hilton, H. Hudek, C. Morrison, M. Wiegand, R. Youngson, M. Emslie, B. Barske, A. Bendor-Samuel.

DC Committee:

A. Bendor-Samuel, M. Betcher, R. Erb, C. Morrison, J. Townsend, R. Youngson, Mike Emslie, Roberta Marsh, Lorraine Parrington.

Operations Committee:

E. Byard, R. Erb, H. Hudek, M. Betcher, J. Townsend, M. Emslie, Roberta Marsh.

d. Trustees review and accept Code of Conduct

Trustees were reminded to review the Trustee Code of Conduct. A copy of the Conduct report has been posted to CivicWeb.

7. Report from DB Committee (met May 22, 2019)

M. Emslie reported for the DB Committee. The Committee met with Jeffrey King to review Q1 financial results. M. Emslie indicated that most of the losses from 2018 were recovered in the first quarter of 2019. Both Sprucegrove and FGP lagged their benchmarks; however, he also noted a couple of the managers who were shortlisted last year did worse than Sprucegrove over the last two years. The principal fear concerning Sprucegrove is that they may start losing assets. M. Emslie indicated that FGP's performance is concerning, and that they have been asked to meet with the Committee to provide an explanation. M. Emslie also reported that the Committee reviewed the DB rate of return as well as the DB component risk assessment. The Annual Information Return was filed with the Province and DB Plan members were provided with their annual pension statements.

8. Report from the DC Committee (met May 23, 2019)

M. Betcher reported for the DC Committee. The Committee is working with Sun Life for the purpose of archiving DC component webinars so that Plan members can access past content at any time. The Committee is also reviewing education session attendance records to determine if there are any trends. M. Betcher noted that attendance at education sessions was down this year. Sun Life will be providing additional resources in terms of retirement consultants and has offered a choice of two approaches: inbound and outbound. The Committee had decided to go with the outbound option whereby eligible plan members would be contacted directly by Sun Life, with the hope of engaging more members. It was suggested that there should be a disclaimer separating the Board from any advice provided by Sun Life consultants. It was noted that there is no additional cost for the retirement planning resources. M. Betcher also reported that the Committee is working on a calendar of items for regular messages going out to Plan members.

The Committee is also considering the possibility of looking into a DC plan consultant. M. Betcher indicated that the Committee conducted a DC risk assessment review as well as an ongoing review of CAPSA guidelines. It was noted that there had been a couple of issues with Sun Life which the Committee is working on resolving. The Committee also completed the DC component SIPP which is being recommended to the Board for approval.

It was MOVED: (M. Betcher/C. Morrison)

That the draft DC component SIPP be approved as presented.

...CARRIED UNANIMOUSLY

9. Report from Operations Committee (met May 27, 2019)

E. Byard reported for the Operations Committee. E. Byard indicated that the Committee had met with KPMG to review the 2018 financial statements. No concerns with the audit were expressed by KPMG and an unqualified opinion was provided.

It was MOVED: (E. Byard/M. Emslie)

That the draft Financial Statements be approved as presented.

...CARRIED UNANIMOUSLY

E. Byard indicated the Committee developed the Annual Report to plan members and was recommending it for Board approval.

It was MOVED: (E. Byard/M. Betcher)

That the draft Annual Report to plan members be approved as presented.

...CARRIED UNANIMOUSLY

E. Byard reported that the Committee had reviewed and updated the Plan Services Agreement between the University and Board of Trustees, and the Committee was recommending the updated documents for Board approval.

It was MOVED: (E. Byard/R. Erb)

That the amended Plan Services Agreement and Schedule A be approved as presented.

...CARRIED UNANIMOUSLY

E. Byard also reported that the Committee had reviewed and amended, mostly with editorial changes, the Terms of Reference for the Board, Board Chair, Treasurer, Secretary, Committee Chair, and Operations Committee, and was recommending the amended Terms of Reference for approval by the Board. He noted that the only outstanding Terms of Reference were for the DC Committee.

It was MOVED: (E. Byard/R. Erb)

That the updated Terms of Reference for the Board, Board Chair, Treasurer, Secretary, Committee Chair and Operations Committee be approved as presented.

...CARRIED UNANIMOUSLY

E. Byard indicated that the Committee is also working on the Trustee education plan for the coming year, and that M. Betcher and J. Townsend will likely conduct upcoming sessions following their completion of the ATMS. He also noted that all Trustee positions are filled for the coming year with a new appointment and term extensions.

10. Trustee Education

M. Betcher presented Trustee education highlighting pension administration and finance. He expressed a thank you to the Board for the education opportunity and recommended the FTMS course for all new

Trustees. The main areas touched on included: the fiduciary responsibility of the Board to administer the Plan in the best interests of plan participants and beneficiaries; the importance of: administering the Trust in accordance with relevant plan documents and legislation, establishing internal controls for the identification, analysis and control of plan risks, appropriate record keeping, and the use and monitoring of qualified service providers. The presentation also provided an overview of plan funding requirements and the importance of having a Statement of Investment Policies and Procedures.

In closing, M. Betcher noted that as part of its fiduciary responsibility the Board needs to consider whether there are any gaps in its governance processes.

11. Other Business

There was no new business to come before the Board.

12. Honouring of Exiting Trustee

B. Evans was thanked by the Chair for his many contributions to the Board of Trustees, and was presented with a small token of the Board's appreciation.

13. Date of Next Meeting

There was a suggestion from the Operations Committee that due to summer holidays the date of the next Board meeting be postponed to September 16, 2019 to allow enough time for the Committees to meet before the Board meeting.

It was MOVED: (E. Byard/M. Betcher)

That the September meeting of the Board be moved to September 16, 2019.

...CARRIED UNANIMOUSLY

14. Adjournment

As there was no further business to come before the Board, the meeting was called adjourned and Trustees were reminded to sign the Plan Text consolidation Resolution prior to exiting.

Chair

Secretary