

THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN
BOARD OF TRUSTEES

Minutes of the Meeting of
Monday, June 14, 2021

ATTENDANCE:

Present: Ron Youngson (Chair), Mark Betcher (Secretary), Colin Morrison (Vice Chair), James Townsend, Andrew Bendor-Samuel, Marni Yasumatsu, Ed Byard, Murray Wiegand, Lorne Hilton, Sheila Wilson-Kowal, Ray Erb, Rosalie Harms, Marc Lafond

Regrets: Julia Peemoeller, Barry Barske

Also, In Attendance: Andrew Kulyk and Kerem Leylek from Eckler via Zoom

Tarun Kumar (recording secretary)

R. Youngson started the meeting with welcoming the 3 new Trustees. (J. Peemoeller, M. Lafond and R. Harms)

1. Approval of Agenda

MOVED: (R. Erb/L. Hilton)

That the Agenda be adopted as presented with an addition of Trustee Education under other business.

...CARRIED.

2. Approval of Minutes of the meeting

MOVED: (M. Wiegand/R. Erb)

That the minutes be approved as presented.

...CARRIED.

3. Valuation Assumptions

A. Kulyk noted the valuation assumptions were shared with the DB Committee a few weeks ago and they provided some recommendations which are included in the draft valuation assumption presented to the Board. The net rate of return used for the valuation is 5.16%. The four-year rate of return is 5.73%, which is below 6%, so there will be no COLA increase for retirees in 2021. He indicated they did a quick check and the required net rate of return for 2021 is 11.55%.

He noted that in 2020 the funded ratio went down compared to last year. The DB Committee discussed and decided to reduce the margin from 80 bps to 50 bps. The DB Committee also asked Eckler to do a COLA analysis this year. Based on the analysis it was decided to reduce the COLA assumption from 0.75% to 0.50%. Both these decisions will help lower the University contribution. He added due to changes in discount rates and the COLA assumption the estimated funded status will be \$18.9 million compared to last year's \$21.6 million.

A. Bendor-Samuel noted that looking at the current presentation it looks like we are decreasing the University special contribution however when it was presented at DB Committee it was increasing the

University special contribution and the DB Committee want to keep stability to the University funding. That was the reason why we dropped the margin from 80 bps to 50 bps, but based on the current number it looks like we are going backwards. A. Kulyk indicated that when it was presented at the DB Committee it showed a discount rate of 4.30% but that did not have the impact of COLA analysis performed after the meeting. Due to lower COLA it lowered the liability by \$2 million. The difference shown today compared to what was shown at DB Committee meeting looks better than otherwise would have been because of COLA change. He added the margin and the conservatism in discount rate is used as a tool to stabilize the contribution rate. If Trustees want to bring the contribution closer to what it was last year then they may want to add a conservatism of 0.05 to 0.10 bps. S. Wilson-Kowal also agreed that based on prior discussion the thought was to keep the contribution stable similar or closer to what it was last year. It makes sense to decrease the discount rate a little bit.

R. Youngson indicated that based on what A. Bendor-Samuel suggest we should add some more conservatism to the discount rate to bring it closer. A Kulyk noted that if they introduce 5 bps then it will add back roughly around \$175,000 of special payment which will bring it closer to what it was last year.

MOVED: (A. Bendor-Samuel/S. Wilson-Kowal)

That the margin be increased by 5 bps.

...CARRIED.

MOVED: (R. Erb/ E. Byard)

That the DB Committee's recommendation for the December 31, 2020 Actuarial Valuation assumptions embedded be approved with one amendment.

...CARRIED

4. Annual General Meeting

a. Annual Conflict Report

T. Kumar noted that this item is for information only and all the Trustees have completed the Annual Conflict Report.

b. Election of Board officers

R. Youngson was nominated (M. Wiegand/ M. Yasumatsu) as a new Chair (acclaimed);
C. Morrison was nominated (Unanimously) to continue as Vice-Chair (acclaimed);
J. Peemoeller was nominated (R. Youngson/M. Betcher) as Treasurer (acclaimed);
M. Betcher was nominated (E. Byard/R. Youngson) to continue as Secretary (acclaimed).

c. Committee Membership

Board Committee membership for the period from July 1, 2020 to June 30, 2021, was determined as follows:

DB Committee:

L. Hilton, C. Morrison, M. Wiegand, R. Youngson, J. Peemoeller, A. Bendor-Samuel, S. Wilson-Kowal.

DC Committee

A. Bendor-Samuel, R. Harms, J. Townsend, M. Lafond, M. Betcher, M. Wiegand, C. Morrison, R. Youngson

Operation Committee

E. Byard, J. Townsend, M. Betcher, M. Yasumatsu, J. Peemoeller, R. Youngson

d. Trustee acceptance of code of conduct

T. Kumar noted that this item is for information only. The Code of Conduct was sent to all the Trustees.

5. Report from DB Committee (R. Youngson and T. Kumar)

a. Revision of SIPP

R. Youngson noted that in absence of J. Peemoeller he will be presenting the update on SIPP. He noted that the DB Committee have spent much time with J. King from AON going through, revising and updating it. For example, update in asset mix bench mark ranges and rebalancing. The de-risking strategy was adopted by the Board several years ago for the fund and it separates the assets between growth portfolio and the liability matching portfolio. The current going concern ratio of the plan is 86.1%. 65% of the assets go to growth and 35% go to the liability matching portfolio. The liability matching portfolio is transition which moves the duration of fixed income portfolio overtime to the duration which is equals to the plan liability. C. Morrison noted that, as endorsed, the new conflict of interest policy for the Board was approved in last Board meeting held on March 15, 2021. Section 5.1 of DB SIPP needs be amended to reflect the new implemented COI policy information. R. Youngson added that Appendix B - Performance Measurement – Fund Benchmark shows that as of January 1, 2018, based on the Plan's December 31, 2016 going-concern funding ratio, the Fund Benchmark was set at the 85% to 90% Funding Ratio asset mix. However, we had our last valuation effective December 31, 2019 where funded ratio was 86.1% and this information also require to be updated.

R. Youngson indicated that in last DB Committee meeting we discussed and looked at the government of Canada bond rates which are creeping up. DB Committee decided to change the base rate used for the transition schedule from 0.51% to 1.00% that resulted in an immediate change from a duration of 2.12 years up to 4.04 years. This will be reviewed on quarterly basis and adjustment will be made at that time.

A. Bendor-Samuel asked if the rate increases we are mandating we move, or are we bringing it to the DB Committee to discuss whether a change will be made or not. R. Youngson noted that we will review it every quarter and then will decide whether we move or not.

ACTION ITEM: T. Kumar to send an email to J. King to make these amendments in SIPP.

MOVED: (R. Youngson/L. Hilton)

- a. That the SIPP be approved as presented with the 2 amendments.

...CARRIED

- b. DB Interest rate

T. Kumar noted that this item is only for information purpose that there will be no COLA increase for retirees effective July 2021.

c. AIR Filing

T. Kumar noted that this year AIR was to be filed online. 2020 AIR has been filed by M. Betcher in June 2021 and it is complete. M. Betcher noted that it was filed last week. EFT of payment is pending and finance department will complete that before end of current week.

6. Report from DC Committee

A. Bendor-Samuel reported for the DC Committee. He noted that the DC committee reviewed SIPP, calendar of deliverables, quarterly Sun Life score card and service standards and there was not much change in it. He attended a meeting with Sun Life regarding the new website on ESG factors. Sun Life is not providing any ranking for their funds however, they are publishing all of their funds with some information on ESG value (They will have 3 icons which will denote whether funds have Environmental, Sustainable or Governance) and if member is interested in more information they can read further details about the funds. This is not what our members were expecting. Apart from this DC Committee discussed on CAP/CAPSA in their last meeting. The most important agenda that he wants to put forward to Board is update on Record Keeper search. The committee did their due diligence process of evaluating Sun Life and their responsibilities process or progress as a record keeper for our DC Plan. Last year we hired Eckler to help us as a DC consultant in the Record Keeper search. They provided the list of 5 big players in the market and ran RFP for us. Eckler also collated the feedback from their clients about these 5 record keepers. Based on the feedback there were large number of issues with one of the record keepers hence we did not consider. It was only considered for price comparison. The full search went with Canada Life, Desjardins, Industrial Alliance, and Sun Life as the incumbent. It was an intense long discussion with the Sub committee (R. Youngson, R.Erb, A. Bendor-Samuel & M. Betcher). After the written proposal we narrowed it down to 3, Canada Life, Desjardins and Sun Life. They all were called for an interview. Canada Life came with lowest fees and Desjardins had a higher fee, however they presented their services really well and also offered to lower their fees. The services they provide is far better among all others. Sun Life lagged in all the categories. Desjardins also have an app that is fully functional so you can transfer funds, make additional deposits etc. through it. Their process in terms of transferring files from the University was extremely easy. Eckler also has very positive feedback about them and they also acquired a multibillion-dollar fund in recent years. Canada Life was very eager and tried hard during presentation, but they did not come across very well.

A. Bendor-Samuel noted that when the DC plan was set up the default fund was TDAM Balanced fund. TDAM fund currently has \$27 million in holding which is close to the total amount in target date fund. The DC committee discussed about transitioning from this fund and moving the assets to the age-appropriate Target Date Fund. The fee for Sunlife would have been \$426,183 which later got lowered to \$358,893. Canada life had the lowest fee for \$259,172 and Desjardins had a fee of \$344,983. After the discussion the Sub Committee felt that Sunlife was no longer meeting the needs of members. Eckler did analysis and provided a revised fee structure if the TDAM Balanced was mapped to the Target Date funds. The result was that Canada Life and Desjardins costs came much closer with a difference of only 4 bps. Their member statements are better than other providers. In terms of Plan sponsor services, the look and feel their applications are much better. Based on all these factors the Sub Committee concluded that Desjardins would be the best record keeper for our plan. The Sub-committee brought the recommendation to DC Committee that we switch record keepers from Sun Life to Desjardins and it was approved unanimously.

A. Bendor-Samuel indicated that we do not have decumulation in our plan. Desjardins has this service and it can easily be added to our plan. He also added that both Canada Life and Desjardins offered an

insurance, if there are any issues during transition. Canada Life offered \$50,000 and Desjardins offered \$75,000 respectively. He added that the DC Committee discussed about bringing ONYX to do the education portion and Desjardins is the only one who agreed to work with ONYX on member engagement.

R. Youngson noted that R. Harms had a question during our last DC Committee meeting about what the performance of the BlackRock suggested target date funds looks like versus the MFS or Canada life funds and Eckler was asked to provide a comparison. The comparison highlighted the fact that the BlackRock TDF has a better performance over all time period as well as lower fee as compared to others candidates. Given that the bulk of the assets are going to be in one of those Target Date Funds, it will be a win-win situation for our members. S. Wilson-Kowal asked about the feedback Eckler had for Desjardins. A. Bendor-Samuel indicated that Desjardins feedback has been outstanding. They have the most modern platforms and user-friendly applications. In terms of data transfer they are open about migrating it in any form and have assured to contact back in case of any issues. He also mentioned that the person in charge for transition from Desjardins has worked with Eckler before and her feedback has been very positive from Eckler.

E. Byard asked how the transition will look like from a member's perspective and how the communication switching from Sun life to Desjardin will be sent to members. R. Youngson noted that the transition manager will handle it. At every step the members will be well informed/advised in advance. A. Bendor-Samuel indicated that there will be multiple communications. First of all, there is a change coming. The initial communication will be from the Board about this change and once Desjardins has been introduced as incumbent, they will send further information about their services. He added that ONYX will also be involved in drafting these communications.

E. Byard asked if we would have a dedicated contact for the plan members that they can reach out directly for any questions. A. Bendor-Samuel noted that ONYX will be on board with all the education needs and answering questions. Once the Board approves the change, the DC Committee will work with both ONYX and Desjardins regarding the needs.

A. Bendor-Samuel noted that there will be one to one mapping for transferring funds however if the members want to change their funds they will be able to do that. R. Harms asked how many members will be affected. T. Kumar confirmed there are 777 active members in the DC plan. R. Harms asked when Desjardins will be able to complete the transition. M. Betcher noted that the vendor is planning to complete the transition by November or December of 2021. R. Harms asked if the members would be able to sign the forms electronically. A. Bendor-Samuel indicated that all active members will be moved over and there will be no need to sign or complete a form.

C. Morrison noted that we need to keep in mind is that in the performance of this obligation the DC Committee and the Board are fulfilling their responsibility of performing a record keeper search and finalizing the best with best rates for their members. Even though it is a big change, it is the change that is absolutely contemplated by the plan and by the requirements placed on the DC Committee and the Board in discharging their obligations to members. It is a good change.

MOVED: (A. Bendor-Samuel /R. Erb)

That we switch record keeper from Sun Life to Desjardins.

...CARRIED

Adding Decumulation to the plan

A. Bendor-Samuel indicated that we do not have decumulation in our plan. Desjardins and Canada Life both offered this service to be added in the plan. Desjardins have this service and it can easily be added to our plan along with the very well annuity option. The benefit of including decumulation in the plan is retirees will have the advantage to get the same rates of our group plan and if they stay within the plan. We will have more funds which will give us more bargaining power over fee improvements in future. R. Youngson noted adding this product to our services is beneficial to members. He added that we do not necessarily need an approval for this item. The DC Committee can enhance the product line and once it is done, table the information to the Board.

L. Hilton asked if the decision to stay in the plan is voluntary. R. Erb noted that there might be a requirement for it to be registered with the PBA and it is something we need to check with Desjardins. A. Bendor-Samuel confirmed that the decision of staying in the plan is voluntary. L. Hilton mentioned that it is a great offering to our members especially from a perspective of lower fee. R. Youngson noted that this will provide a seamless transition for members at a reduced fee. R. Harms mentioned that having ONYX as opposed to Desjardin providing advice gives you a third-party opinion which will be in best interest for our members.

MOVED: (A. Bendor-Samuel /R. Erb)

That we will investigate about PBA filling in case of decumulation and if it is possible we will add decumulation to the DC plan.

...CARRIED

A. Bendor-Samuel as a chair thanked R. Erb for his invaluable contribution to the DC Committee.

7. Report from Operation Committee

a. Financial statements

E. Byard reported for the Operations Committee. E. Byard indicated that financial statements were circulated in advance in the package which was sent to all the Trustees. He added that as J. Peemoeller is not present in today's meeting but if anyone has any questions they can be referred to her for further information.

MOVED: (E. Byard/R. Erb)

That the financial statements be approved as presented.

...CARRIED

b. 2020 Annual report

E. Byard noted that the Annual Report includes financial statements, auditor's report and various other reports along with report from Chairs of the Committees. This information is compiled and made available on the University web site for members to read.

MOVED: (E. Byard/A. Bendor-Samuel)

The annual report be approved as presented.

...CARRIED

c. External Trustee appointment

E. Byard indicated that as per the rules for appointment of external Trustee we need to convene a special meeting. As per the rules in Trust agreement existing external Trustee will not be able to vote to appoint an external Trustees. Board stepped in to a special meeting to elect external Trustee which was chaired by E. Byard as chair of Operations Committee and he brought the name of G. Gillis as a nominee from Lawton Partners wealth management.

MOVED: (E. Byard/L. Hilton)

G. Gillis be appointed as an external Trustee to the University of Winnipeg Board of Trustees pension plan for a 3-year term.

...CARRIED

d. Audit report

E. Byard noted that we are required to have our books externally audited every year. KPMG is our external auditor who provide an audit plan to Operations Committee a few months before they perform the actual audit. Once the audit is complete, after year end, they the send the detail report to the Operations Committee. They issue a statement which is part of the package sent to all the Trustees in advance. This statement shows all the things they have looked during audit and once it is approved by the Board it will be dated and signed with today's date.

MOVED: (E. Byard/R. Erb)

To complete the paperwork and approve the auditor statement as presented.

...CARRIED

e. Terms of Reference

E. Byard noted that this item is a list of all the Terms of References. It is a checklist required to be reviewed based on calendar of deliverables. The purpose of presenting it to the Board is that these are current and reviewed by Committees. The Board officers are following their duties and roles. These are only for information purpose.

f. Trustee Term

E. Byard noted this is also for information purpose and the table shows the term of all the Trustees that we have on the Board. If there are any corrections then it can be sent to T. Kumar.

g. Privacy Policy

E. Byard noted that we received a recommendation from A. Bendor-Samuel regarding creating a formal Privacy Policy for the Board/Pension Plan. C. Morrison worked with J. Langan to draft a Privacy Policy which has been circulated to all the Trustees in advance. Operations Committee has reviewed it in last meeting and there were no concerns except the record retention. He noted that M. Betcher has assured that there is a statement of retention which is relevant to various documents that exist in the pension plan. We will be able to use that as a reference in case of any issues. M. Betcher noted that it is correct. There is separate schedule which is developed for Board of Trustee and the pension plan and D. Elves has a copy of it.

C. Morrison noted that it will be better to add a link to the privacy policy rather than adding an appendix.

R. Youngson added that we should also update Sun Life information with Desjardins in future.

ACTION ITEM: M. Betcher to add the retention schedule link to reference the retention of documents in Privacy Policy.

R. Harms left the meeting.

E. Byard thanked R. Erb for his valuable contribution to the Operations Committee.

MOVED: (E. Byard/R. Erb)

That the Privacy policy be approved as presented.

...CARRIED.

8. Other Business: Trustee Education

R. Youngson noted that we had discussed it in various Committees to have a concept of mandatory education for Trustees and one thing that came up during the discussion was about International Foundation of Employee Benefits which offers a program called FTMS (Foundations of Trust Management Standards) that is an introductory course followed by several other courses. If the course is taken in person then it is covered in 2 days. The idea is that this course mandatory for all Trustees in the future. He added, for example, any Trustee appointed after January 1, 2022 must go through and complete this course within 6 to 12 months of their appointment. He added he can draft a proposal and it can be circulated to Operations Committee. M. Yasumatsu indicated that she agrees with R. Youngson view point. She noted that Trustees who are on Operations committee may have seen a request coming in for attending FTMS course and it was for her. She added that as a new member she feels pension is very big and complicated topic and any new member joining the Committee should get some standardized education. R. Erb also agreed with R. Youngson. This will help to have some equivalency.

ACTION ITEM: R. Youngson to draft a proposal as Chair of the Board and send it to Operations Committee for review.

9. Honoring of Exiting Trustees

R. Youngson noted that he worked with R. Erb on various projects in various Committees. He has always been very dedicated to pension and employee benefits and doing best for the members of the pension plan. He indicated that the Board is definitely going to miss his valuable input. We wish you all the best. R. Erb thanked everyone.

R. Youngson also noted that M. Emslie and L. Parrington left due to various reasons but he thanked all of them for their contribution to the Board.

10. Date of Next Meeting

The date of the next Board of Trustees meeting is September 13, 2021.

11. Adjournment

As there was no other business to come before the Board, the meeting was adjourned.

Chair

Secretary