

THE UNIVERSITY OF WINNIPEG
TRUSTEES PENSION PLAN
BOARD OF TRUSTEES

Minutes of the Meeting of
Monday, June 8, 2015

ATTENDANCE:

Present: Henry Hudek (Chair), Laurel Repski (Vice-Chair), Mary Anne Walls (Secretary), Mike Emslie (Treasurer), Barry Barske, Edward Byard, Ray Erb, Bill Evans, Annabelle Mays, Colin Morrison, Robert Sveinson, Hans Werner, Ron Youngson

Regrets: Lorne Hilton, Murray Wiegand

Also In Attendance: Betty Song (Recording Secretary).

i. Approval of Agenda

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

That the agenda be approved as submitted.

...CARRIED.

ii. Welcoming of New Trustees

H. Hudek welcomed the new UWRA Representative, Bill Evans and UWFA Representative, Robert Sveinson, and brief introductions were made.

iii. Approval of Minutes of the meeting of March 2, 2015

It was MOVED: (C. Morrison/A. Mays)

That the minutes of March 2, 2015 be approved as submitted.

...CARRIED.

1. Annual General Meeting Business

a. Annual Conflict Report

M. Walls reminded Board members to submit their Annual Conflict Report for year July 1, 2015 to June 30, 2016.

b. Election of Board Officers

H. Hudek was nominated to continue as Chair (acclaimed);
L. Repski was nominated to continue as Vice-Chair (acclaimed);
M. Emslie was nominated to continue as Treasurer (acclaimed);
M. Walls was nominated to continue as Secretary (acclaimed).

c. Committee Membership

Committee Membership was determined as follows:

The DB Committee

M. Emslie, C. Morrison, R. Youngson, M. Wiegand, B. Barske, L. Hilton, B. Evans.

The DC Committee

R. Youngson, H. Werner, L. Repski, R. Erb, H. Hudek, M. Walls, R. Sveinson.

The Operations Committee

C. Morrison, H. Hudek, M. Emslie, M. Walls, H. Werner, L. Repski.

d. Expired Terms/New Trustees

- M. Wiegand's term has been renewed by UWFA, no confirmation of expiry date at this time;
- A. Mays will be replaced by B. Evans for a 2 year term to June 30, 2017, representing UWRA;
- R. Sveinson has been appointed by UWFA, no confirmation of expiry date at this time;
- H. Hudek has accepted another 1 year term to June 30, 2016.
- R. Youngson has accepted another 1 year term to June 30, 2016.

It was noted that all three External Trustee terms are due to expire June 30, 2016. Trustees were asked to bring forward to the Operations Committee any leads they may have on potential External Trustees.

2. Reports from Committees

i. Report from DB Committee

M. Emslie reported on the activities of the DB committee.

The DB Committee met on May 27th. They reviewed the 1st quarter financial results of the investment report from Hewitt. Things are progressing reasonably well, markets are doing well. We were benefiting from the collapse of the CA dollar. Keeping an eye on Sprucegrove who continues to lag the benchmark. Have met with them a couple of times since January and it is expected that if energy sector recovers they will do well.

The Committee met with Andrew Kulyk to talk about pension plan valuation assumptions. Andrew is proposing that the expected valuation rate of return on plan assets be decreased from 6% to 5.9%. The change would bring the going concern funded status for the valuation ended Dec 31, 2014 to 90%. No move down the glide path would be made at this time since de-risking only kicks in if we would still be at 90% after the move. As long as returns continue to be reasonable this year, likely next year we will get there.

Andrew recommended that we reduce allowance for administration fees. The University makes a contribution to the plan to cover the administration costs of the plan every year. That number was \$250,000 last year and Andrew suggested going down to \$150,000 this year. The Committee was more comfortable with \$175,000. Most of the other assumptions remain unchanged from last year since valuations are being done annually. Andrew will be providing the final valuation numbers in September.

M. Emslie reported that the DB Committee also talked about commutations. Andrew's analysis indicates that if current interest rates hold, if 50% of eligible pensioners commuted their pension it would cost \$2.5 million dollars over the next 10 years, but if interest rates increase that number goes down (could even result in a gain situation). DB Committee doesn't recommend changing the plan at this point since historically commutations have been allowed and the cost isn't expected to be huge, also not all bad since when people commute the liabilities leave the plan with them. Will keep an eye on the situation for the coming year. If a change is made would need to involve plan stakeholders.

M. Emslie indicated that the DB Committee accepted Andrew's recommendation to change the way pension offsets are handled in the case of division of pension following marriage breakdown.

Another issue reviewed by the Committee was a communication to pensioners concerning "confirmation of life" to ensure that pension payments are being paid appropriately. The Committee is not opposed to sending out communication on an annual basis. Andrew confirmed that often someone's spouse passes away and no one hears about it until the pensioner passes away and it could have an impact on the valuation. The Committee would like to see the draft communication before it is sent out.

M. Emslie advised the Board that students are asking for pension plan information as part of a "divestment" movement with respect to energy and pipeline stocks. H. Hudek has agreed that the Board should participate in the information process and has agreed to sit on the steering committee.

Finally, M. Emslie advised that the DB Committee has dealt with a number of other matters such as the Terms of Reference review, Calendar of Deliverables, CAPSA guidelines, etc.

ii. Report from DC Committee

R. Youngson reported on the activities of the DC committee.

The DC Committee met on May 11, 2015. The Committee noted that a greater number of DC members are closer to retirement (out of 668 DC members, 223 – about 33% are age 50 and over). As more DC members reach retirement age, the DC industry in general is starting to place greater focus on decumulation and pre-retirement education. As part of decumulation, the Committee considered adding a RRIF/LIF option, but decided not to go ahead as the Committee did not want the Board to be seen as recommending a particular option and the pricing was expensive.

As an alternative the Committee is looking at providing links to RRIF/LIF information on the website that members can review.

The Committee reviewed the Sun Life Action Plan and service updates. No concerns were raised.

A tentative decision was made to do another fund review along with another member survey. There continues to be some push for more SRI options, but at this time we are limited to what Sun Life offers. To add a new SRI fund would require \$2million dollars.

ACTION ITEM – L. Repski L. Repski is to contact some other universities to see what they have done in the case of social responsible funds.

R. Youngson also noted that the Committee reviewed the June and December statement messages, and that a communication was distributed from Sun Life to members concerning changes to the Manitoba Insurance Act giving members access to certain information.

Attendance at DC educational sessions was pretty good this year: 20 attendees were in the introductory session, 13 attendees in the pre-retirement session, and 27 attendees in the one-on-one sessions. Little more than usual, but still not a very big percentage compared to the pool of members. The University has agreed to provide some prizes for future sessions to see if it will boost attendance.

The Sun Life service fee agreement was reviewed by the Committee and Colin has provided comments. The proposed changes and comments will now be sent to Sun Life for finalizing.

Reviewed terms of reference and will table at a future meeting. The DC Committee completed the CAPSA and CAP review document.

iii. Report from Operations Committee

C. Morrison reported on the activities of the Operations Committee.

The Operations Committee met on May 25th. They reviewed the Audit Findings Report from KPMG, in summary there were no findings of any consequence in the audit report.

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

That the Audited Financial Statements and Annual Report be approved.

...CARRIED

M. Emslie presented the Financial Statements, which were distributed in advance. He noted that it had been a very good year (not as good as the previous year, but still good). He also noted that investment fees are up, but administration and actuarial fees and other expenses are down.

The Committee discussed Trustees education. The focus is on increasing the amount of education awareness and opportunities for Board members. Have identified a list of critical knowledge and prepared a self-assessment questionnaire for Trustees to self-identify their education requirements. Have also prepared of a list of available courses and education

opportunities. On the basis of responses to the self-assessment, may develop an in-house course (with relevant experts providing content) relating to some aspects of critical Trustee knowledge (can tape it and make it available for future reference).

Board members were then requested to fill in their Trustee Body of Knowledge self-assessment questionnaire.

The Committee has also been working on the Custodian RSP. There are only small changes to the document to be made and it is anticipated to go out by the end of June. It was noted that this is the last service agreement to be reviewed.

The Plan Services Agreement is being reviewed and no significant changes are expected.

The Committee also discussed the issue of Pension Risks. The Operations Committee want the Board Committees to look at pension risks to ensure that appropriate controls are in place.

The Committee completed the annual review of CAPSA guidelines. Extensive discussions were held concerning the guidelines which will continue at the next meeting in the fall.

The Committee also reviewed the Terms of Reference to make sure they are still accurate and appropriate and made some minor changes.

The Committee also discussed Board representation and the issue of potentially adding new stakeholders including whether a critical mass needs to be reached before a stakeholder is added (issue with small groups).

It was noted that a letter was received from the MB Pension Commission in connection with a 2011 pension amendment. The letter was referred to the Plan's legal counsel for response.

3. Other Business

Presentations were made to A. Mays and J. Barske who were thanked for their work.

A picture was taken of the 2015-16 Board of Trustees.

4. Adjournment

As there was no further business to come before the meeting.

That the meeting be adjourned.

Chair

Secretary