

THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN
BOARD OF TRUSTEES

Minutes of the Meeting of
Monday, March 15, 2021

ATTENDANCE:

Present: Ron Youngson (Chair), Mark Betcher (Secretary), Mike Emslie (Treasurer), Colin Morrison (Vice Chair), James Townsend, Andrew Bendor-Samuel, Marni Yasumatsu, Ed Byard, Murray Wiegand, Lorne Hilton, Sheila Wilson-Kowal, Barry Barske

Regrets: Ray Erb,

Also, In Attendance: Tarun Kumar (recording secretary)

1. Approval of Agenda

MOVED: (M. Emslie/M. Wiegand)

That the Agenda be adopted as presented.

...CARRIED.

2. Approval of Minutes of the meeting

MOVED: (S. Wilson-Kowal/J. Townsend)

That the minutes be approved as presented.

...CARRIED.

4. Report from DB Committee

M. Emslie reported for the DB Committee. The DB Committee reviewed Q4 investment performance results with J. King from AON. He noted that performance of the plan was fair last year however the Plan still lagged relative to the market particularly due to Canadian equity & international equity managers and their bias for the value. He noted that DB Committee took corrective actions to improve portfolios in these investment sectors by changing FGP with BG, mid last year, and made transition from Sprucegrove to Black Rock index fund the beginning of 2021.

M. Emslie indicated that the DB Committee discussed about the trigger and the process for moving along the glide path with respect to interest rates change based on SIPP. Rates will be reviewed next quarter and based on the review the DB Committee will move appropriately when Committee meet each quarter. He noted when SIPP was implemented mid last year interest rates were very low so the base rate used was low but now interest rates have started rising. The DB Committee discussed what should be the base rate. Should they stick with the low base rate or should they move to a new base? The decision will be taken during the next DB Committee meeting.

The DB rate of return was received from Eckler. The rate of return is below the bench mark of 6% so there will be no COLA increase for pensioners this year.

3. Report from DC Committee

A. Bendor-Samuel reported for the DC Committee. He indicated that DC Committee met with Sun Life for review of annual report provided by them. They had no major concerns except about some individual members who are wholly invested in single non-target date fund. A request was made for a breakdown of information for these members so it can be reviewed. He added a few members may be close to retirement, and are fine, but some of them may not and we need to have further discussion in regards to them.

A. Bendor-Samuel noted there were no issues reported in terms of Sun Life Q4 service standards. He indicated that a short survey was sent to DC members which had showed a great uptake. Almost 200 plus members have responded to the survey and expecting to have this number go up as survey is still open. Based on the results of short survey, a long survey will be prepared and sent to members later this year. He noted the Terms of Reference was reviewed and approved by the committee with no changes. Minor changes were made to Calendar of Deliverables where the Sun Life Annual Review was moved from May to March. He provided an update on the DC record keeper search which is facilitated by Eckler and is looked by a Sub-committee (R. Youngson, R. Erb, M. Betcher, and A. Bendor-Samuel). The Sub Committee is meeting with Eckler, by the end of the month, and will review the responses from the candidates. He will have feedback for these candidates by the next board meeting.

A. Bendor-Samuel indicated that a letter was received from a DC member asking to completely divest from fossil fuel and they are concerned that we do not have enough ESG rating funds. The Letter was received by M. Betcher and was later redirected to DC Committee. He noted that we asked Sun Life to provide details on ESG factors and ratings of their funds. They are currently in the process of coming up with ESG ratings of all of their funds but are not in a state to release those. He added that we have 3 other MFS responsible funds which are not wholly fossil fuel free but are working in the ESG environment. DC Committee had a lengthy discussion and we were not sure about the response so we thought to bring this matter to the Board. R. Youngson noted that if a member writes to us we should acknowledge and respond. We need to tell them that we are taking it under advisement and may make some changes to the fund line up as a result. He noted that he will draft a response on behalf of Board. C. Morrison noted that if R. Youngson can send his draft to him for review before it can be sent to the member.

ACTION ITEM: R. Youngson to draft and send a response to the member.

E. Byard asked A. Bendor-Samuel about the process followed for bringing the name/names of successful candidates for DC record keeper RFP. A. Bendor-Samuel noted he asked all the members of DC committee if they are interested and out of those members R. Youngson, R. Erb volunteered. M. Betcher, who is working with Sun Life as part of his role, will also be on the Sub-committee. He noted that we will get recommendations from Eckler. Then we will start with the interviews and the Sub-committee will bring recommendations to DC Committee. These recommendations will be first discussed within the DC Committee and if their decision is unanimous it will be brought to the Board with recommendation and reasons/rationale why we selected a particular candidate over others.

R. Youngson noted that in the past we also setup Sub-committees which went through the complete process, which was time consuming. They brought the name forward with recommendations and a discussion was done at the Board level along with members vote. J. Townsend indicated that the same process is followed by DB Committee. They shortlist the fund manger and bring the recommendation to the Board.

E. Byard noted that he agrees with the process and indicated that the purpose was to determine if we are following the consistent approach from a governance prospective.

5. Report from Operation Committee

E. Byard reported for the Operations Committee. E. Byard indicated that we have a new Conflict of Interest policy which needs the Board's approval and this will replace the existing COI policy which all trustees sign each year stating that we don't have any COI. He noted that M. Yasumatsu has a suggestion about using gender neutral language for this policy which has to be reviewed and updated. Apart from this there is text in the document which is underlined under "Exceptions" which may be a revision after discussion between J. Langhan and C. Morrison. C. Morrison confirmed that, yes, it was a revision and we have to deal with it during final cleanup of this document.

R. Youngson asked if this document is intended to be posted on University web site. E. Byard noted that we post all our documents on website and the final copy of this document will also be posted on the website. R. Youngson noted that review and removal of underline from "Exceptions" and fixing gender-neutral language are the only two things which should be cleaned up before the final copy is sent to T. Kumar to have it posted on the web.

E. Byard indicated that C. Morrison is also working on Privacy policy with J. Langhan. It is still work in progress and they might be able to bring that to the Board during next meeting.

MOVED: (E. Eyard/M. Wiegand)

Adoption/approval of COI policy by the Board with two amendments.

...CARRIED.

E. Byard noted that we have 2 AESES members whose term is ending June 30, 2021 and we need either extension of there term or replacement. L. Hilton confirmed that L. McKendry Executive Director AESES will be sharing this information soon. E. Byard noted that the IUOE has no representation on the Board of Trustees from more than 2 years. They are one of the stakeholders as per Trust agreement and it is concerning from governance prospective. M. Yasumatsu noted that after Operations Committee meeting she had a conversation with M. Lafond. He said that he will look for a candidate and get back to her.

E. Byard noted that R. Erb (External Trustee) has decided to retire from the Board. His term will end June 30, 2021. He indicated that we have to start with a process of find a new replacement for him. He took the Board through the External Trustee nomination/election process and encouraged all the stakeholders to nominate a candidate. He explained about the nomination process that stakeholders/Trustees should talk to the person they want to nominate, submit their resume, and if they have questions about responsibilities then they can get a document from M. Betcher. He has a document which outlines duties and responsibilities of the Trustee. He noted that the nominations can be sent to M. Betcher by April 30, 2021. This will give ample time if we get more than one candidate.

R. Youngson asked who will remind the stakeholders about the nominations. E. Byard noted that this is a governance piece and he will take care of it.

E. Byard noted that a Trustee education survey was sent to the Trustees which asked to rate them based on their spectrum of understanding on both governance and actual operation of the plan (DB & DC). It will help us identify topics that we should focus on for Trustee education. A total of 12 Trustees responded and they rated themselves on a scale of 5 being highest and 1 being the lowest. Based on the response we received, it is difficult to point out where we have deficiencies. There are couple of

responses on the lower scale but most of the categories are rated 4 out of 5 and some are rated even higher. E. Byard noted that by D. Tamburro, from Eckler, has suggested possible Trustee education opportunities. It was decided in Operations Committee meeting to bring this to the Board. He noted that it is a Board decision to decide which training should be attended. He added that in the past we accomplished the education goal by paying for various trainings and the members who attended the session share their learning with the Board.

R. Youngson noted that members of the Board should think about the list of trainings listed by Eckler and we may discuss about these in the future meetings. He indicated there are couple of standard courses available for Trustees which are offered by International Foundation of Employee Benefits Plans. He added that one option is to make the introductory course mandatory for all Trustees and it will be more cost effective than Eckler. He noted that the survey is a good way for Trustees to know in what areas they need more education. He suggested that areas which were rated least can be picked for the trainings.

M. Wiegand indicated that one of the topics listed by Eckler is the decumulation landscape of the DC plan. The stands out to him as most of the faculty members that are in DC plan and close to retirement often tend to be worried about their retirement options. Since it is a common question, this could be one of topics close to the top we may explore. R Youngson mentioned that he agrees with M. Wiegand. He added going forward the team at Onyx will handle these types of queries around retirement in a one on one basis. M. Emslie mentioned that the team at Onyx might be happy to give advice and sell product to the members for their retirement however based on a recent webinar he attended which was hosted by Willis Towers Watson, the discussion was around what has been happening over the years on decumulation landscape with some of the legislative changes. This is an area that is evolving quickly and it falls on DC Committee to get up to the speed in terms of what are the options available in the market. The webinar was advocating that the pension plans ought to be providing decumulation options to members and the relative risk is very low. He added that brining on the consultant will help, however the DC Committee has some work to ensure that we are deliberate in terms of whether we are providing alternatives to the members in the plan or not.

R. Youngson noted that if we offer decumulation will there be any risk to the plan? A. Bendor-Samuel indicated that as part of the RFP, the Sub Committee has asked for the cost of decumulation from all the 5 shortlisted applicants. He added that currently we do not have decumulation added in the Trust Agreement, but if we add it, it will a huge advantage to members. If we hold on members for longer, then we will have higher capital in the Sun Life account and it will help in lower fees for members. He asked if we want to add decumulation in Trust Agreement. R. Youngson noted that the issue is does the plan want to operate as a retirement income provider? It would mean additional work for the administrator. A. Bendor-Samuel mentioned that it will be M. Yasumatsu's decision. M. Emslie noted that there is incremental risk in terms of overseeing additional funds. He added that the incremental work will be on the record keeper side and not the University. He indicated that we are already overseeing decumulation on the DB plan but not DC and we need to look at the language in the trust agreement. He mentioned that compared to the additional work the benefit for plan member is higher.

R. Youngson indicated that the biggest risk of self-insuring the DC members is that what happens if the member run out of money and is still alive. M. Emslie noted that per the webinar Willis Towers Watson is advocating that the plan is not self-insuring but to provide the plan members support around investment options and access to larger asset which will lower their fees. The risk will still be with plan member. R. Youngson noted that lot of legislations now allow DC plans to self-insure these benefits where the member chooses the investment option however the money is paid by the plan and not

through Sun Life or any other vehicle. He also agreed to M. Emslie's suggestion of just providing investment option for RIF or setting up a group RIF is easy.

R. Youngson indicated that if anyone has any thoughts or recommendations on Trustee education delivery either voluntarily or mandatory they can bring it to the DC Committee. A. Bendor-Samuel noted that the new trustees should be required to take the International Foundation of Employee Benefits Plans, first and second level of trainings within a stipulated timeframe. C. Morrison indicated that we do have an orientation session for trustees however it is not substantive in terms of addressing areas of Board education. R. Youngson indicated that he will find and send the first level for Trustee Management Standards, from the IFEBP, to everyone. E. Byrd indicated that for the calendar A. Bendor-Samuel had mentioned a change however T. Kumar confirmed that it was already updated. T. Kumar asked if the agenda item in the March column for receiving the annual operating budget statement needs to be moved to May. M. Emslie indicated that it can be moved to May.

7. Date of Next Meeting

The date of the next Board of Trustees meeting is September 20, 2021.

8. Adjournment

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

Chair

Secretary