

THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN
BOARD OF TRUSTEES

Minutes of the Meeting of
Monday, June 6, 2016

ATTENDANCE:

Present: Henry Hudek (Chair), Laurel Repski (Vice-Chair), Mike Emslie (Treasurer), Mary Anne Walls (Secretary), Barry Barske, Ed Byard, Ray Erb, Lorne Hilton, Marc Lafond, Colin Morrison, Robert Sveinson, Ron Youngson.

Absent: Bill Evans, Hans Werner, Murray Wiegand.

Also In Attendance: Andrew Kulyk (Plan Actuary), Paula Hossack (Recording Secretary), Chris Minaker (University)

i. Approval of Agenda

It was MOVED: (R. Erb/R. Youngson)

That the agenda be approved as submitted.

...CARRIED.

ii. Approval of Minutes of the meeting of March 7, 2016

It was MOVED: (B. Barske/M. Lafond)

That the minutes of March 7, 2016 be approved as submitted.

...CARRIED.

1. Valuation Assumptions

(This was item 2 on the Agenda, but was dealt with prior to Agenda item 1)

A. Kulyk provided an overview of the Actuarial Assumptions for the December 31, 2015 valuation of the plan and explained how the discount (investment) rate assumption is set.

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

That the Actuarial Assumptions for the December 31, 2015 valuation be approved as presented, including the revised discount rate 5.45%.

...CARRIED (one abstention).

A. Kulyk confirmed that the minimum July 1, 2016 cost of living increase for the pensioners is 1.61%. He also indicated that the actuarial valuation report would come to the Board at its next meeting in September. A. Kulyk withdrew from the meeting.

2. Divestment Update

(This was item 1 on the Agenda, but was dealt with after Agenda item 2)

C. Minaker briefed the Board on the topic of Divestment at the University. The Student Union and other stakeholders have been pressuring the University to divest its investments from holdings in oil and gas.

The University would like to develop a policy that would strike a compromise (understand that full divestment is symbolic and won't make much difference) that would be acceptable to all groups. He invited representatives of the Board of Trustees to partake in a conversation about this topic with representatives of the University and the University of Winnipeg Foundation.

A question arose regarding what the expectation was of the Board, C. Minaker answered that it was only an invitation to partake in deliberations, and that the Board was free to make their own decision on the issue. It was noted that the Board of Trustees has a fiduciary obligation with respect to the pension plan and that pension funds have a different purpose than University or Foundation funds.

C. Minaker withdrew from the meeting.

Further discussion ensued, and the following motion was put forward:

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

That the Board of Trustees will participate, *without prejudice*, in the conversation regarding Divestment.

...CARRIED.

It was further determined that the following Trustees would participate in the Divestment discussions as representatives of the Board of Trustees: M. Emslie, R. Erb and Ron Youngson.

ACTION ITEM:

M. Emslie will advise the University that the Board of Trustees is willing to participate in Divestment discussions and the names of the participating Trustees.

3. Annual General Meeting Business

a. Annual Conflict Report

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

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

The DC Committee

R. Erb, M. Lafond, L. Repski, R. Sveinson, M. Walls, R. Youngson.

The Operations Committee

M. Walls, H. Hudek, E. Byard, C. Morrison, L. Repski, H. Werner.

d. Expired Terms/New Trustees

M. Walls reported that all of the expiring terms had been renewed, with the exception of M. Wiegand, whose term renewal had not been confirmed.

ACTION ITEM:

M. Walls following up with UWFA.

e. Trustees review and accept Code of Conduct

Trustees were reminded that they need to review the Trustee Code of Conduct that was distributed prior to the meeting.

4. Reports from Committees

i. Report from DB Committee

M. Emslie reported that the DB Committee had met on May 24th, 2016 with representatives from AON. Quarter 1 results were reviewed, however, much of the discussion surrounded Sprucegrove Investment Management Ltd. AON had been asked to provide analysis of other value managers. Based on the analysis, AON reported that Sprucegrove had the lowest volatility of all the value managers in the group, but also the lowest returns. It was noted that Sprucegrove has lost a number of clients recently, and the loss of assets could further impact their performance. A new manager search could take up to 9 months, which is a long time in the event that the loss of clients results in Sprucegrove losing key staff and having poor returns, the DB committee recommends starting a manager search. It was noted that the cost (\$24k) for doing a search has been budgeted for this year.

It was then moved (L. Repski/R. Erb)

That the DB committee be authorized to proceed with a manager search, within the budget allocation.

... CARRIED.

M. Emslie indicated that the Committee discussed the possibility of granting a discretionary cola increase for pensioners. The Committee is recommending that the July 1, 2016 cola increase be limited to the minimum increase calculated by Eckler, consistent with prior years. It was confirmed that cola letters will be going out to pensioners in the near future.

M. Emslie further indicated that the Committee reviewed the CAPSA questionnaire. He also indicated that the DB Committee is working on DB member communication, reminding plan members of the group RRSP and also that they may request one calculation of their entitlement each year. The possibility of implementing an online DB pension calculator is being explored and it was decided by the Committee to hold off with the member communication until the matter of the online calculator is decided.

M. Emslie also indicated that as a result of the lower plan returns in 2015, a re-risking of the plan assets will take place, but not until after the completion of the 2015 valuation results. It is expected that the re-risking will take place January 1, 2017.

ii. Report from DC Committee

R. Youngson reported that the DC Committee had met on May 17th with representatives from Sun Life. At the request of the Committee, Sun Life conducted a fund review and provided the Committee with recommendations for fund changes. Having reviewed Sun Life's

recommendations, the DC Committee is recommending that three funds be removed for various reasons including: overlap, under-performance and under-utilization, that one fund be added, and one fund replaced with a more tax effective equivalent.

It was then moved (R. Youngson/L. Repski)

That the recommendations of the DC Committee pertaining to the change in funds be approved.

... CARRIED.

It was noted that plan member communication will go to DC Plan members in the fall.

The Committee then reviewed the Sun Life service report and action plan. It was noted that Sun Life service standards have been lagging with respect to providing marriage break up information to plan members. Sun Life acknowledged that there is a problem and confirmed that they are addressing the issue. The Committee will continue to monitor and if necessary, may need to invoke our service guarantee.

R. Youngson indicated that the Committee has finalized the DC plan member survey and will send it out later this year or early next year. He also indicated that the Committee reviewed Sun Life's online retirement calculator tool and is satisfied that the questions the Committee had concerning the tool have been addressed. The Committee will also revisit online member enrolment in the future. Use of this tool has been presently delayed due to the fact that new support plan members have the option of deferring pension participation for one year. L. Repski will be going to the University Executive in order to get approval to remove the one year delay.

R. Youngson also indicated that Sun Life provided the Committee with a Designed for Savings report that provides DC pension data for educational institutions. He indicated that if any Trustee wishes to receive a copy of the report, they can make the request to M. Walls. R. Youngson indicated that Sun Life confirmed that they continue to look at ESG funds. M. Emslie indicated that he had talked to other western universities to see if it would be possible for us to piggyback on any ESG fund offerings.

iii. Report from Operations Committee

In the absence of the Chair, M. Walls provided the Operations Committee report. M. Walls indicated that the Committee met on May 30, and dealt with the following business:

- a) Financial Statements – The Committee met with the Plan auditors, KPMG, to review the audit report. No issues with control deficiencies were identified in the audit and KPMG indicated that they will be providing a clean opinion. The Committee then reviewed the audited financial statements for December 31, 2015.

It was moved (M. Walls/C. Morrison)

That the audited Financial Statements be approved as submitted.

...CARRIED.

- b) Annual Report to Members – The Annual Report to the Plan Members was prepared by the Committee and recommended to the Board for approval.

It was further moved (M. Walls/L. Repski)

That the Annual Report be approved as submitted.

... CARRIED.

- c) Trustee Education – The Committee reviewed the Trustee education plan and brings forth a recommendation that a Trustee education item be incorporated into each regular meeting of the Board of Trustees. It is intended that various education modules will be developed based on needs identified in the self-assessment questionnaires. The intent is to utilize in-house expertise to the greatest extent possible.

It was moved (M. Walls/ C. Morrison)

That Trustee Education items be incorporated into regular meetings of the Board.

...CARRIED.

M. Walls further indicated that the Committee has determined that there will be an expectation of reporting back to the Board by Trustees participating in education opportunities. Trustees will be asked to report back any education items that are perceived to be of value and would benefit the Board.

- d) AIR - M. Walls confirmed that the Annual Information Return (AIR), a provincial reporting requirement, had been filed on May 7th, 2016.
- e) CIBC Mellon implementation – M. Walls indicated that the transition to CIBC Mellon is going smoothly and the last remaining details are in the process of being worked out prior to the July 1 pension payments. A letter informing pensioners of the change was sent out at the end of May.
- f) M. Walls also informed the Board the Board of Trustees records retention schedule is in the final stage of review to ensure that it is consistent with other relevant University retention schedules. M. Walls also noted that the Committee reviewed news releases concerning KPMG and determined that the releases do not entail a court issue, but rather an acceptability issue and that it is up to the appropriate professional body to determine if any action may be required. The Operations Committee will continue to monitor. It was also noted that an auditor search has been planned for the fall as a normal course of events. Also, as already noted in the DB Committee report, the possibility of implementing an online DB calculator is being investigated and a further report will be brought forward.

5. Other Business

L. Repski advised the Board that the University is working with UWFA on retirement transitioning for UWFA members. The transition to retirement would involve reappointment to a part-time 2-year term appointment. If approved, the transition plan would be implemented January 1, 2017. L. Repski clarified that only those over the age of 65 with at least 10 years University service would be eligible.

6. Adjournment

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

H. Hudek called the meeting to be adjourned.

Chair

Secretary