

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN BOARD OF TRUSTEES

Minutes of the Meeting of
Monday, September 12, 2016

ATTENDANCE:

Present: Henry Hudek (Chair), Laurel Repski (Vice-Chair), Mike Emslie (Treasurer), Mary Anne Walls (Secretary), Barry Barske, Ray Erb, Lorne Hilton, Colin Morrison, Hans Werner, Murray Wiegand, Ron Youngson, Bill Evans.

Absent: Robert Sveinson, Ed Byard, Marc Lafond

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

i. Approval of Agenda

It was MOVED:

That the agenda be approved as amended (removed reference to ii).

...CARRIED.

ii. Approval of Minutes of the meeting of June 6, 2016

It was MOVED: (R. Erb/L. Hilton)

That the minutes of June 6, 2016 be approved as submitted.

...CARRIED.

1. Reports from Committees

i. Report from DB Committee

a. Committee Chair

M. Emslie reported that he had been acclaimed as Chair.

b. DB Meeting Business

M. Emslie reported the following:

- The DB Committee met with Aon Hewitt to review Quarter 2 performance which has been good.
- A sub-committee was created to conduct a global equity manager search. The sub-committee received responses from 4 or 5 consultants, and decided to go with Aon.
- The DB Committee discussed Environmental Social Governance (ESG) Investing policy. The ESG sub-committee met with the UofW Foundation's Executive Committee and their consulting team over the summer, then met separately to consider the implications of an ESG Policy on the Pension Plan.

There is a large and growing movement within the investment world to include the assessment of corporate behaviour in determining the value of an investment. When investing in a company or an industry it makes sense to consider all of the potential risks. Government regulation of certain industries, poor governance practices or public perception of a company and its products can impact on a company's profitability and

share price. Therefore these factors should be considered when evaluating investments in addition to more traditional financial metrics.

Based on the analysis, the subcommittee recommended that the SIP for the DB component of the Plan be amended to add a statement to the effect that the Trustees believe ESG factors impact on the risk adjusted return on assets, and therefore how managers evaluate ESG factors should be considered in the selection and ongoing assessment of investment managers in order to maximize the risk adjusted returns on the Plan's assets.

It was MOVED: (M. Emslie/M. Wiegand)

That the SIP for the DB component be amended to add a statement to the effect that ESG factors will be considered in maximizing risk adjusted return on assets, and in the selection and ongoing assessment of investment managers.

... CARRIED.

- M. Emslie asked whether the Trustees were willing to share the ESG sub-committee information with the University and received agreement.
- An update was provided on the confirmation of living letters sent by the DB Committee earlier this year. M. Emslie reported that a response was not received from about 35 pensioners. The DB Committee is recommending that a web search (obits, Google, Facebook) be conducted prior to sending a second letter. Any threat of ceasing payments will be removed from the letter.
- M. Emslie also reported that the Committee reviewed actuarial services and found them satisfactory.

c. Actuarial Valuation Report

A. Kulyk provided the Board with an overview of the Actuarial Valuation Report.

- It was noted that the financial position of the Plan deteriorated from the last valuation which means that the University will be making higher contributions.
- A. Kulyk noted that since the funded ratio has decreased below 85%, the asset mix needs to be rebalanced.
- The report was presented for approval and signature, following which it will be filed with regulatory authorities.

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

That the Actuarial Valuation Report be approved as presented.

... CARRIED.

ii. Report from DC Committee

a. Committee Chair

R. Youngson reported that he had been acclaimed as Chair.

b. DC Meeting Business

R. Youngson reported that at the last meeting of the DC Committee the following items had been discussed:

- The DC Committee had discussed two plan amendments:
 - o An increase in Maximum Contributory Earnings negotiated between the University and UWFA, and
 - o Change in the date of entry of support employees to be on the same basis as academic employees.

The University is in the process of obtaining agreement from other employee groups so that the amendments will apply to all plan members. It is expected that the amendments will be prepared and brought to the Board of Trustees for approval;

- When the plan is amended for the changed date of entry for support employees, the DC component will likely be changed to online enrolment;
- As previously reported, the DC committee is in the process of implementing changes to the DC fund lineup. Two letters had been sent out to the members of the DC Plan notifying them of the changes; there had been little response;
- The Committee reviewed Sun Life Service Standards and Action Plan. It was noted that the contents of letters sent to terminated plan members continue to be an issue as the information is not specific enough;
- The DC Member survey has been developed and will be sent out in January;
 - o It was suggested that a question on ESG be included in the survey;
- The DC Committee reviewed the ESG recommendations made by the ESG sub-committee, and has agreed to implement the recommendations:
 - o Implementation of a SIP which includes ESG factors, and
 - o Investigation of availability of ESG pooled fund and include questions on member preferences in this regard in the upcoming member survey.
- The Committee will be working on a SIP; will get cost estimates for external assistance with the development.
- The Committee also developed a list of key deliverables for 2017:
 - o DC SIP
 - o DC Member Survey
 - o Risk Controls
 - o Increased member participation through use of incentives
 - o Online enrolment
 - o Participation in stakeholder review of the DC component

A discussion took place as to the information that is provided to DC members. It was suggested that a question be added to the DC member survey re the provision of advice.

iii. Report from Operations Committee

a. Committee Chair

H. Werner reported that he had been acclaimed as Chair.

b. Operations Meeting Business

H. Werner reported on the following items from the last Operations Committee meeting:

- The Records Retention schedule has been finalized and will be presented at the next Board meeting.
- The Committee had dealt with the question of the Plan's responsibility in the case of delayed payments (2 cases due to the members' actions). Received advice that it is an administrative matter rather than governed by legislation. The Committee is obtaining legal advice and will report back at a future meeting.
- The Committee examined the possibility of implementing an online calculator for DB members. Has concluded that it is not worth pursuing as it is expensive given the remaining number of active DB members and also because the calculator would not provide complete information. As a result, the Committee is recommending against implementation.

- The Committee is going through another round of CAPSA reviews.
- Will also be conducting an auditor review as it has been 7 years since the last RFP.
- H. Werner presented the updated budget statement and Quarter 2 financial statements for information.
- The Committee had been asked to determine whether annual reviews of all of the Board's Terms of Reference were required or whether these documents could be reviewed less frequently. H. Werner indicated that the Committee had reviewed the request and determined that good plan governance dictates that annual reviews of all Board's Terms of Reference are appropriate.
- The Operations Committee is asking that a list of key deliverables be provided to the Committee by the DB and DC sub-committees no later than November 1, 2016.
- For the purpose of risk reviews, it was noted that all risks need to be reviewed and either mitigated, eliminated or accepted.

2. Other Business

a. Trustee Education Item

H. Werner provided an overview on the Pension and Benefit forum which he attended in the spring. Notable topics were:

- The Problem of Longevity and the strain that it places on pension plans and the healthcare system;
- DB vs DC - argument that DC plans are more expensive;
- The Problem of the Millennial Generation and the challenges they face;
- Interest in Target Benefit Plans as an alternative to DC plans;
- The appropriate target level in retirement savings plans;
- Currency risk on investment portfolios; and
- Target Date Funds – massive shift towards them as well as an identified need to continue the TD fund through the post-retirement phase.

ACTION ITEM:

M. Walls to send H. Werner's education submission to the Trustees.

b. Plan Member Eligibility

c. Maximum Contributory Earnings

These items were discussed by the DC Committee and touched on by the Operations Committee. M. Walls confirmed that it is intended for the amendments to be ready for the December meeting of the Trustees since the first MCE increase is scheduled for January 1, 2017. L. Repski also informed Trustees that the University had also agreed to an all-party review of the DC Component of the Plan.

3. Adjournment

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

H. Hudek called the meeting to be adjourned.

Chair

Secretary