

THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN
BOARD OF TRUSTEES

Minutes of the Meeting of
Monday, June 4, 2018

ATTENDANCE:

Present: Henry Hudek (Chair), Mike Emslie (Treasurer), Mark Betcher (Secretary), Colin Morrison, Murray Wiegand, James Townsend, Lorne Hilton, Laurel Repski, Trevor Yuriy, Ron Youngson, Andrew Bendor-Samuel.

Regrets: Barry Barske, Bill Evans, Ed Byard, Ray Erb.

Also In Attendance: Andrew Kulyk (Plan Actuary) and Mary Anne Walls (Admin Support).

i. Approval of Agenda

It was MOVED: (M. Wiegand/L. Hilton)

That the agenda be approved as submitted.

...CARRIED.

ii. Approval of Minutes of the meeting of March 12, 2018

It was MOVED: (M. Emslie/J. Townsend)

That the minutes of March 12, 2018 be approved as submitted.

...CARRIED.

1. Valuation Assumptions

A. Kulyk provided an overview of the Actuarial Assumptions for the December 31, 2017 Valuation. It was noted that the DB Committee has adopted an informal process whereby margins for adverse deviation are increased/decreased depending on investment returns in order to stabilize University special contributions. A. Kulyk reminded the Board that for the December 31, 2016 Valuation, the discount interest rate was decreased from 5.45% to 5.25% and the margin for adverse deviation was increased from .50% to .70% which had the effect of slightly increasing liabilities. This year the Plan Actuary is proposing to reduce the expected rate of return by 15 basis points due to changing market expectations and increase the margin for adverse deviation from .70% to .80% which will reduce the Valuation interest assumption, from 5.25% to 5.00%. It was noted that it is up to the Trustees to determine the appropriate level of conservatism, as long as it is compliant with any legislated requirements.

A. Kulyk reported that 2017 was a good year with a 10.54% investment return, net of expenses. A discussion took place concerning a new mortality projection scale that has been published for Canada. The new scale takes into account improvements for life expectancy and is expected to be adopted as the norm. A. Kulyk suggested that since adopting the new scale will slightly increase liabilities, a good time to adopt it is on the heels of good year.

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

That the DB Committee's recommendation for the December 31, 2017 Actuarial Valuation assumptions be approved as presented, including decreasing the discount interest rate from 5.25% to 5.00%. ...CARRIED.

A. Kulyk confirmed that the minimum July 1, 2018 cost of living increase for pensioners is 1.87%. A. Kulyk withdrew from the meeting. M. Walls was asked to post a copy of his Actuarial Assumptions report to CivicWeb.

2. 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. Betcher was nominated to continue as Secretary (acclaimed).

c. Committee Membership

Board Committee Membership for the period from July 1, 2018 to June 30, 2019, was determined as follows:

DB Committee:

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

DC Committee:

A. Bendor-Samuel, T. Yuriy, M. Betcher, R. Erb, C. Morrison, J. Townsend, L. Repski, R. Youngson.

Operations Committee:

A. Bendor-Samuel, E. Byard, R. Erb, H. Hudek, M. Betcher, J. Townsend, M. Emslie.

d. Expired Terms/New Trustees

M. Walls reported that all of the expiring terms had been renewed and there are no vacant positions on the Board.

e. Trustees review and accept Code of Conduct

Trustees were reminded to review the Trustee Code of Conduct. A copy of the Conduct report has been posted to CivicWeb.

3. Reports from Committees

i. Report from DB Committee (met May 17, 2018)

M. Emslie indicated that the Committee met with Andrew Kulyk and Jeffrey King. Sprucegrove continues to lag in their performance since the manager review was conducted. It was noted that CSSB is now invested in American properties. The DB Committee will be meeting with CSSB to determine whether this is a sign of where things are headed. H. Hudek is working with Eckler on a new asset mix strategy. An RFP will be prepared on the basis of the new model. It was decided to not include investment analytics in the RFP; a separate RFP for investment analytics will be conducted at a later date.

The DB Committee also discussed the July 1 COLA increase to pensioners as well as DB risks. A question had come up at the Committee concerning any potential impact to the Plan and Plan members as a result of the upcoming changes to the Canada Pension Plan. It was determined that there will be no impact to the Plan, however, Plan members and the University will be paying higher CPP contributions.

ii. Report from the DC Committee (met February 21 and May 24, 2018)

R. Youngson reported that on the basis of the Committee's meeting with Sun Life, no issues were identified with the investment fund lineup, although it was noted that some funds are underutilized. A new Fossil Fuel Free fund was added last year in response to the DC member survey; to date only about \$200,000 has been invested in the fund.

It was noted that response to member education sessions was better than in past years, but not spectacular. The individual sessions were particularly popular with about 20 to 30 individuals having to be turned away as there weren't enough time slots to accommodate them. Additional sessions are being considered by the Committee, including looking at sessions outside Sun Life. The advisability of having a list of vetted financial advisors was discussed and is being considered, however, would need to be careful to present in a way that limits exposure.

It was noted that as part of financial planning, Plan members should be aware of their entitlement from CPP and that a message "order your CPP statement" should be added to the next DC member statements. Some administration issues with Sun Life had been identified and are being addressed. The Committee also reviewed the Terms of Reference. The Committee is continuing to consider a one fund option for the DC component.

It was noted that Collegiate members have expressed interest in receiving more pension information and will be meeting with UWFA. A. Bendor-Samuel will be attending the meeting, but not in his capacity as a Trustee.

iii. Report from Operations Committee (met May 28, 2018)

L. Repski provided the Operations Committee report in E. Byard's absence. The Committee is recommending for adoption the audited Financial Statements. It was noted that 2017 was a good year for the Plan. A question arose as to why the pooled summaries did not include a breakdown between the two plan components. It was noted that the summary information needs to be presented as one plan; however, a breakdown between the two Plan components is presented further on in the report.

It was MOVED: (L. Repski/A. Bendor-Samuel)

That the audited Financial Statements be approved as submitted.

...CARRIED.

The Committee is also recommending the Annual Report to members for approval by the Board.

It was MOVED: (L. Repski/M. Emslie)

That the Annual Report be approved as submitted.

...CARRIED.

L. Repski confirmed that the Annual Information Return (AIR) was filed with regulatory authorities.

L. Repski noted that a Plan amendment was drafted to deal with a number of housekeeping items and is being recommended to the Board for approval.

It was MOVED: (L. Repski/M. Betcher)

That Plan Amendment 2018-A be approved as submitted.

...CARRIED.

The Committee reviewed the Calendar of Key Deliverables. It was noted that some small amendments to the Calendar are coming from the DC Committee and an amended Calendar will come forward at the next meeting. The Committee will be reviewing the Plan Services Agreement between the Board and the University.

The Committee also dealt with an issue concerning the deferred commencement of deferred pensions. It was noted that there can be problems tracking down deferred plan members, and then can run into a situation where someone does not wish to commence their deferred pension at age 65 as prescribed by the Plan. The Operations Committee is requesting A. Kulyk to seek a ruling from CRA in terms of our obligations.

4. Trustee Education

R. Youngson provided the Board with an overview of the DC Plan, covering the history, eligibility, contributions and structure of the DC Plan. He pointed out that in the case of academic plan members in particular, there may be a portion of salary that is not covered by the DC Plan given the cap on contributory earnings. It was noted that plan members are able to contribute the difference between the DC plan cap and the CRA cap into the Group RRSP. It was also noted that a large number of plan members are invested in the Plan's default funds (over 50% of assets).

ACTION ITEM:

M. Walls to post the DC Education report on the web to make it accessible to plan members.

The Board thanked R. Youngson for the education presentation.

L. Repski noted that the University had entered into an agreement with UWFA to establish a constituency group to look at the DC plan, benchmarking it against other post-secondary DC plans. The group should start meeting in the next few months.

5. Other Business

No other business was brought before the Board.

6. Adjournment

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

H. Hudek called the meeting to be adjourned.

Chair

Secretary