

THE UNIVERSITY OF WINNIPEG

TRUSTEED PENSION PLAN

BOARD OF TRUSTEES

Minutes of the Meeting of
Monday, March 11, 2019

ATTENDANCE:

Present: Mike Emslie (Treasurer), Mark Betcher (Secretary), Colin Morrison (Vice-Chair), Murray Wiegand, James Townsend, Andrew Bendor-Samuel, Barry Barske, Bill Evans, Roberta Marsh

Regrets: Henry Hudek (Chair), Lorne Hilton, Ray Erb, Ed Byard, Trevor Yuriy, Ron Youngson

Also In Attendance: Mary Anne Walls (Admin Support)

In the absence of the Chair, the meeting was facilitated by the Vice-Chair.

i. Approval of Agenda

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

That the agenda be approved as presented.

...CARRIED.

ii. Approval of Minutes of the meeting of December 10, 2018

It was MOVED: (M. Wiegand/A. Bendor-Samuel)

That the minutes of December 10, 2018 be approved as submitted.

...CARRIED.

iii. Approval of amended Minutes of the meeting of September 10, 2018

It was MOVED: (J. Townsend/B. Barske)

That the amended minutes of September 10, 2018 be approved as submitted.

...CARRIED.

1. Reports from Committees

i. Report from DB Committee (met February 19, 2019)

M. Emslie reported for the DB Committee. The Committee met with Jeffrey King for their annual in-person meeting to review financial results. M. Emslie indicated that 2018 was not a great year, but so far in 2019 there has been an increase of a couple of percentage points. He noted that FGP's performance had hurt the portfolio in Q4 2018, but J. King is expecting that to reverse in the early part of 2019. The Committee looked at Sprucegrove again and while there has been some upswing, it has not been enough to justify the downswings. The Committee is planning to reach out to the managers who were shortlisted during the recent investment manager search in order to maintain the relationships in case a change needs to be made.

M. Emslie also reported that the Committee reviewed the responses to the Asset Liability Study RFP and met with the two short-listed candidates: Eckler Ltd. and WillisTowersWatson. The Committee is recommending that WillisTowersWatson be selected as the successful candidate. While it was noted that their proposal was slightly more expensive, the DB Committee felt that

their experience and expertise justified the small additional cost and made them the overall best candidate.

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

That WillisTowersWatson be selected to perform the DB Component asset/liability study as per their proposal.

...CARRIED.

M. Emslie also reported that the DB Committee's work on CAPSA guidelines is ongoing and that the Committee also reviewed and updated the DB Committee Terms of Reference.

ii. Report from the DC Committee (met March 5, 2019)

M. Betcher reported for the DC Committee. The Committee met with Sun Life for the annual investment and Plan review. Also discussed was a diversification campaign and how it could be incorporated into member education. Sun Life had indicated that diversification as a topic was not a large enough piece on its own and that it would be incorporated into the existing sessions. The next DC education sessions are scheduled to take place April 2, 3, and 4. As the individual sessions have been popular and there is usually a wait list, the number of these sessions has been increased from 21 to 31 sessions. There will also be two 1-hour group sessions. M. Betcher noted that this year Sun Life is sending a local advisor to conduct the sessions and that it had been made clear to Sun Life that the purpose of the sessions is solely the education of members and not a business enhancement opportunity for the Sun Life representative. The Committee had also developed an education plan for the year and further member sessions will be conducted later in the spring in addition to the regular financial education sessions in the fall.

Concerning the Sun Life investment review, it was noted that through their governance support Sun Life monitors investment managers and currently has 1 or 2 on their watch list. M. Betcher indicated that 72% of our DC members are invested in built-for-me fund options. It was also noted that the 18 investment options currently included in the DC fund lineup are somewhat on the high side. M. Betcher reported that Sun Life has made available retirement consultants to speak with those who may be thinking of retiring; however, no advice will be provided. Sun Life will provide promotional material and the service will be available to any DC plan member who is 55 and older. Sun Life has also introduced a new guaranteed daily interest account that could be considered as a replacement for the current money market fund. The daily interest account has a base interest rate of 1.15% plus an enhancement of .75% for a total rate of 1.90%.

M. Betcher noted that an ongoing review of CAPSA guidelines has been incorporated into the regular DC Committee meetings and that a review schedule would be set up. He also reported that the TFSA had been successfully rolled out in January as a University benefit, and so far 11 employees have signed up. The Committee is also continuing to work on the DC Component SIP which still needs a couple more tweaks before it is brought to the Board.

M. Emslie enquired whether the Committee had a chance to consider a governance proposal received from an external service provider and M. Betcher indicated that the Committee did not as yet have a chance to consider it. The proposal would entail getting professional advice and governance oversight for the DC component through a third party service provider. It was noted that under this model, advice could also be provided to plan members which may assist with transitions out of the plan. The DC Committee will discuss and report back to the Board. It was noted that it would be more cost effective to hire the same consultant for both the DB and DC components and that perhaps an RFP could be done for a joint investment consultant.

iii. Report from Operations Committee (met March 4, 2019)

In E. Byard's absence, M. Betcher also reported for the Operations Committee. M. Betcher reminded the Board that a letter had been received from the Office of the Superintendent of Pensions requesting that a consolidated Plan text be filed with the MB Pension Commission; the deadline for filing is the end of April. M. Betcher indicated that the plan's actuary worked on the consolidation and that it had been reviewed by the plan's legal counsel. In order to meet the filing deadline, the consolidated plan text was filed as an unofficial consolidation which will be followed up by the official consolidation following the next meetings of the Operations Committee and the Board.

M. Betcher reported that the Operations Committee had reviewed the Plan Services Agreement between the Board and the University and made some changes to schedules A and B that are mainly of a housekeeping nature. The updated document will be brought to the June Board meeting. The Committee also reviewed the audit plan which is essentially the same as last year. The Committee is also in the process of reviewing various Board Terms of Reference. The Committee also discussed the review of custodial services, considering whether the review should be done by the Operations Committee or the DB Committee. It had been determined that an initial review will be done by M. Betcher with M. Walls and will be brought back to the Operations Committee.

The Operations Committee also reviewed expiring Trustee terms. M. Betcher reported that effective from July 1, Murray Wiegand will be coming back as a representative of UWRA, replacing Bill Evans for a two-year term. Barry Barske and Lorne Hilton have both been reappointed by AESSES for further two-year terms, and Henry Hudek has accepted a further one year term. It was noted that to date, no response has been received from UWFA concerning the expiring terms of two of their Trustees. A. Bendor-Samuel indicated that he would remind UWFA.

M. Emslie presented the 2018 budget update, indicating the we had been a little over on actuarial fees due to work done on investment modeling; however, overall, expenses were a little under what had been budgeted.

2. Other Business

J. Townsend presented Trustee education highlighting trustee governance. The main areas touched on included: the responsibility of the Board to administer the Plan on behalf of beneficiaries, the importance of defining the roles and responsibilities of Trustees and the education of Trustees, and that regular performance reviews should be conducted including reviews of Trustees. Also touched on were the importance of documentation and the setting of objectives.

J. Townsend expressed his appreciation for the education opportunity as did A. Bendor-Samuel and M. Betcher. A general discussion of Trustee education followed. C. Morrison indicated that the magnitude of plan assets is significant enough to justify a significant expenditure in Trustee education. The level of support Trustees provide to the Board and how they discharge their responsibilities is dependent on their level of understanding of the subject matter. It was noted that the more overt and documented the actions to educate Trustees are, the better the Board's position in meeting any potential legal challenges. It was also noted that there are many great education opportunities, including webinars and local sessions, but that full 1 or 2 day sessions allow for full immersion in the subject matter, and that

while the Operations Committee periodically surveys Trustees with respect to their education needs, generally, the responsibility lies with individual Trustees to identify and address any gaps in the knowledge they require to be effective Trustees. It was also noted that the University's general liability insurance through CURIE covers Trustees.

3. Adjournment

As there was no further business to come before the Board, C. Morrison called the meeting to be adjourned.

Vice-Chair

Secretary