

THE UNIVERSITY OF WINNIPEG

TRUSTEED PENSION PLAN

BOARD OF TRUSTEES

Minutes of the Meeting of
Monday, September 16, 2019

ATTENDANCE:

Present: Henry Hudek (Chair), Mike Emslie (Treasurer), Mark Betcher (Secretary), Colin Morrison (Vice-Chair), James Townsend, Barry Barske, Lorne Hilton, Ed Byard, Ron Youngson, Andrew Bendor-Samuel, Roberta Marsh, Lorraine Parrington.

Regrets: Murray Wiegand, Ray Erb

Also In Attendance: Andrew Kulyk and Kerem Leylek from Eckler, and Mary Anne Walls (Admin Support)

1. Approval of Agenda

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

That the agenda be approved as presented.

...CARRIED.

2. Approval of Minutes of the meeting of June 3, 2019

It was MOVED: (R. Youngson/J. Townsend)

That the minutes of June 3, 2019 be approved as presented.

...CARRIED.

3. Report from DB Committee (September 7, 2019)

M. Emslie indicated that he was acclaimed as the Chair of the DB Committee for the coming year. He reported that the DB Committee met several times since the last Board meeting, with the most recent meeting taking place on September 7th, when the Committee reviewed Fund performance as well as concerns with FGP. FGP has significantly lagged the benchmark and the Committee feels FGP is making investment decisions that are not in keeping with their investment philosophy which is concerning so they will be recommending that FGP be replaced.

The Committee is working with Willis Towers Watson looking at the current mix of fixed income investments in the portfolio. Specifically, we have a closed plan and currently the duration of our liabilities is now shorter than the duration of long bonds. The Committee will also be asking the Board to authorize a further spend of \$9,000 on liability modeling. M. Emslie then turned over the meeting to A. Kulyk and Kerem Leylek.

A. Kulyk presented an overview of actuarial valuation basics as a training and development program for the trustees. Topics covered included: role of plan actuary; actuarial present value; types and purposes of different valuations including going concern, solvency and accounting valuations; various factors that impact valuation results, such as mortality and rates of retirement; actuarial assumptions and valuation process overview. A question arose as to how University contributions are determined. A. Kulyk explained that while member contributions are fixed, University contributions are based on the valuation results, noting however, that University contributions cannot be less than the formula amount prescribed in the Plan.

K. Leylek then took the Board through the Actuarial Valuation report. He noted that the funded ratio decreased since the previous valuation, mainly due to poor investment performance, which will result in higher University special payments for 2019. A discussion was held concerning portability at retirement within the Plan and whether any changes should be made either to the portability provisions or to commutation valuation assumptions. M. Emslie indicated that the DB Committee discussed the issue and will continue to monitor the situation.

It was MOVED: (M. Emslie/C. Morrison)

That the actuarial valuation report be approved as presented.

...CARRIED

M. Emslie continued with the DB report, resuming his discussion of the work done by Willis Towers Watson on asset modeling. As previously indicated, the Committee is asking the Board to approve a further spend of \$9,000 for WTW to do further asset modeling with a view of changing the glide path to Short Term Bonds then to Universe Bonds, and removing exposure to Long Bonds as a result of the analysis performed to date.

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

That the Board approve a spend of \$9,000 for further modeling on the glide path.

...CARRIED

M. Emslie indicated that the Committee met with the Canadian equity managers (FGP) as well as the Global equity managers (Sprucegrove) to review their performance. The results of the meetings were very different. He noted that the meeting with FGP did nothing to alleviate the Committee's concerns. Although FGP is a value manager, it appears that they have been chasing the market and not following their mandate. On the other hand, Sprucegrove is sticking to their discipline. They are outperforming other value managers, however, have not done well as the market has been favouring growth managers. As a result, the Committee is recommending that we remain with Sprucegrove for the time being. M. Emslie noted that FGP has not seen loss of clients as yet. The Committee is recommending that the bond portfolio remain with FGP for the time being; a decision can be made at a later date whether to move the bonds to another manager.

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

That Aon be engaged to conduct a Canadian Equity Manager search at a cost of \$22,000 plus taxes.

...CARRIED

M. Emslie indicated that the DB Committee will be asking Aon to include Cardinal Capital in the Canadian Equity Manager search. He noted that due to H. Hudek's past association with Cardinal Capital, Henry will exclude himself from decisions concerning Cardinal Capital even though he no longer benefits from the association.

4. Report from the DC Committee (August 30, 2019)

M. Betcher indicated that the Committee had met on August 30. The meeting had been chaired by M. Betcher, however, A. Bendor-Samuel was elected as the new Chair for the coming year and will be chairing future meetings. The Committee had met with People Corp on September 9th concerning DC consulting services, and will also be meeting with Mercer for the same purpose on October 4th. Following the meeting with Mercer, the Committee will decide whether to recommend proceeding with a formal RFP process. The big question concerning the consulting services will be the cost and how that can be incorporated into the existing fee structure.

M. Betcher also reported that Sun Life retirement consultants will be commencing with reaching out to DC members who are 55 and over for the purpose of retirement planning. Sun Life will be asked to include a disclaimer in their material to ensure that plan members are aware that any advice provided to them as part of the consultation is coming from Sun Life rather than the Board of Trustees. The Committee also reviewed the DC risk assessment and it also updated its Terms of Reference. No service issues were reported with Sun Life over the last quarter. Sun Life was asked to provide more statistics concerning member queries. M. Betcher also indicated that the Committee continues to work on CAPSA guidelines which have been incorporated into all DC Committee meetings.

5. Operations Committee Report (September 9, 2019)

E. Byard indicated that he had been elected as the Committee Chair. He noted that the Q2 Financial Statements had been provided for information and no action was required. M. Emslie noted that with respect to the budget update, a \$25,000 invoice that was received from Willis Towers Watson was not yet reflected as it was received in July. He also indicated that further DB expenses will be reflected before the end of the year. E. Byard reported that the Committee had updated the CAPSA questionnaire and that the Committee will be checking the other Board Committees' CAPSA postings on Civic Web to ensure they are current.

E. Byard reported that the Committee is working on defining what is expected of Trustees in terms of base knowledge and will be drafting a Trustee education policy. He encouraged Trustees to take advantage of any education opportunities. He indicated that M. Betcher, A. Bendor-Samuel and R. Marsh will be sharing the next Board meetings in terms of education. C. Morrison indicated that he will also be providing a report as a result of his attendance at the ACPM conference. He indicated that there seems to be a heightened sensitivity within boards to develop guidelines concerning qualifications of Trustees and to make up any deficiencies in Trustee knowledge.

6. Other

H. Hudek reported that there were no other calendar items to be addressed.

C. Morrison indicated that ACPM is reaching out to Universities and providing a free membership to a student from each institution.

7. Date of Next Meeting

The date of the next meeting has been set for December 9, 2019.

8. Adjournment

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

Chair

Secretary