

THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN
BOARD OF TRUSTEES

Minutes of the Meeting of
Monday, December 9, 2019

ATTENDANCE:

Present: Henry Hudek (Chair), Mark Betcher (Secretary), Colin Morrison (Vice-Chair), James Townsend, Barry Barske, Lorne Hilton, Andrew Bendor-Samuel, Murray Wiegand, Ed Byard

Regrets: Ray Erb, Mike Emslie (Treasurer), Ron Youngson, Roberta Marsh, Lorraine Parrington

1. Approval of Agenda

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

That the agenda be approved as presented.

....CARRIED.

2. Approval of Minutes of the meeting September 6, 2019

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

That the minutes of September 6, 2019 be approved as presented

....CARRIED.

3. Report from the DB Committee

Q3 Performance – performance is lagging because Sprucegrove and FGP are underperforming, Sprucegrove because of their value basis and FGP because they have been struggling for 4 quarters. Their 1 quarter, 1 year and 2 year returns are all below the 95% percentile. Combined with the Committee's assessment they are not sticking to their stated values so the Committee is going to recommend replacing them.

Manager search is progressing well. The Committee met with 4 finalists and the Committee will meet December 18 to make a call on which of the 4 managers to move on. Two dividend managers are being considered, one value manager and one low-volatility manager that relies on analytics. It would be good to see if the Board has any willingness for a quick meeting in January to approve the recommendation of the DB Committee for the new manager which is planned to be finalized before the end of December.

ACTION ITEM: C. Morrison to circulate e-mail to set up an early January 2020 meeting for discussion on recommended fund manager.

The Committee is waiting to hear back from Andrew on the impact of the proposed change to the Bond glide path discussed with Willis Towers Watson. The Committee is looking at a move away from time and interest rates dictating a move to long-bonds and instead looking at using interest rates to trigger a target duration which would see the duration of the bond portfolio approach the duration of the plan liability as interest rates increase. This will likely result in more short-term and universe bonds and a move away from long bonds in the near term. Since this work is ongoing the Committee is anticipating

revising the SIPP soon, and not increase the allocation to long bonds in line with the current policy at the end of year.

4. Report from DC Committee

The DC Committee had some general discussion in regards to the service standards provided by Sun Life. There has been a concern raised with Sun Life with the calculation of relationship breakdown amounts. Sun Life was only providing the 50% value as at the time of relationship breakdown and not also including the current date value. The concern was raised with Sun Life and they have implemented a change to their process.

Sun Life has introduced a Retirement Income Roadmap/Money for Life Retirement Journey. As mentioned at the last meeting this is a new service from Sun Life. It is being offered to DC Plan members age 50 or older. The eligible members would have received an announcement e-mail on November 6, 2019. An introductory phone call was to follow and an e-mail if there was no response to the phone call. The initial e-mail contained links to a video, conversation checklist. The second e-mail had an attached brochure and worksheet.

CAPSA – M. Walls has completed a 3rd checklist which covers guideline section 3.3 and some overlap in guideline 8. It was noted that some questions refer to the plan purpose. Since the current purpose of the Plan is closely tied to the DB component of the Plan it was felt that it does not fit the DC component. We requested that Ops Committee consider drafting a purpose specifically for the DC component of the Plan.

Calendar of Deliverables – Review of SIPP has been added the August agenda. Some CAPSA review was added to each quarterly meeting.

RFP (Request for Proposals) – we are working on an RFP for a DC Consultant. Initial discussions with the Committee focused on: independent financial analysis of the funds available to plan members, similar to services available to the DB Plan, support with meeting some governance obligations, acquiring independent financial advice for members. Our Risk Assessment suggests an RFP for a service provider every 3 to 5 years and we are approaching that upper limit. It was suggested that the consultant could again assist with that process. The Plan is to request costs/fees for the requested services and make it clear that the services selected will depend upon the costs.

E. Byard was wondering if there are still lots of questions on our Plan in terms of not being like the DB plan. He also wondered if there are still lots of members in the default fund. M. Betcher provided a response in that at the 3-month point members are contacted if they have not chosen funds outside of the default fund. M. Wiegand indicated DC folks do not really understand the plan. Sun Life does provide regular education sessions and webinars. The DC Committee is requesting the Sun Life webinars be archived so they may be viewed anytime. If we go the RFP route and possibly a new service provider, then get them to provide 1-1 meetings every 2 years where members could meet with an advisor. L. Hilton inquired as to whether or not providing choice to the members is the right option. The DC choice world is not necessarily the correct route for us. Do we need to survey the membership again to see what they want? E. Byard – in terms of governance we have made the effort to engage the members and they have chosen not to be engaged. C. Morrison – this is a problem across the board in all plans. Focus on the best default option as we are not going to win. Human nature is people are not interested in pensions. Age and maturity is when they start thinking about their pension. Some plans offer a really good default option. Less reason to complain if the default option is good. Managed by the plan verses managed by employees.

5. Report from the Operations Committee

The 3rd quarter financial statements do not reflect anything out of the ordinary. The 2020 operating budget was reviewed including a comparison for the last 3 years going back to 2017. Eckler fees have increased. Education costs increased over the last year and are getting close to the \$15,000 budget. This is due to many Trustees taking training which will be beneficial to the Board.

It was MOVED: (E. Byard/L. Hilton)

That the 2020 Budget be approved as presented

....CARRIED.

2020 Board of Trustees meeting dates: March 9 – 2:00 pm
June 8 – 2:00 pm
September 21 – 2:00 pm
December 14 – 2:00 pm
Room to be determined

Calendar of Deliverables – DC has added CAPSA as an ongoing review and SIPP in August.

CAPSA Guideline #4 – M. Walls has been provided with the updated corrected copy. Major changes – consolidated plan text has been filed. J. Langhan did a high level review of plan governance and had one recommendation – more internal transparency on the committees (Civic Web). An education plan is also in place.

6. Trustee Education Policy

R. Erb had suggested to change the guideline to a policy. Trustees have a responsibility to educate themselves. Ops will support – money should not be an obstacle provided the funds are available. ACPM has also been added as an education opportunity.

It was MOVED: (E. Byard/C. Morrison)

That the Trustee Education Policy be approved, with ACPM added, as presented

....CARRIED.

A revised date should be added using the format yyyy-mm-dd.

7. Other Business

No other business was discussed.

8. Adjournment

Chair

Secretary