

University of Waterloo
Board of Governors
PENSION & BENEFITS COMMITTEE
Minutes of the 10 March 2023 Meeting
[in agenda order]

Present: Peter Barr (chair), Sara Cressman, Melissa Graham, Michelle Hollis, Lily Hua, Ranjini Jha, Jacinda Reitsma, James Rush, David Saunders, David Taylor, Tim Weber-Kraljevski (secretary)

Regrets: Mary Hardy

Resources/Guests: Anata Alphonso, Linda Byron, Teresa Fortney, Sarah Hadley, Patti Hancock, Lee Hornberger, Allan Shapira, Michelle St-Amour, Tyler Wendland

Organization of Meeting: Peter Barr took the chair, and Tim Weber-Kraljevski acted as secretary. The secretary advised that a quorum was present. The agenda was accepted as distributed.

OPEN SESSION

1. REPORT FROM PENSION INVESTMENT COMMITTEE

Terms of Reference: Sherly Kennedy provided an overview of the proposed amendments to the Pension Investment Committee's (PIC) Terms of References, highlighting that PIC voted in favour of recommending that the Pension & Benefits Committee recommend to the Governance Committee to recommend that the Board of Governors approve amendments with the revision to keep the voting provision and add language on fiduciary responsibility, the exact wording pending legal review.

Statement of Investment Policies & Procedures (SIPP), Fund Implementation Procedures (FIPP) and Responsible Investment Policy (RIP): Kennedy spoke to the recommendation in the report, highlighting: the significant amendments made last year to the SIPP and the FIP, and the creation of the RIP; and the proposed amendments. Members discussed the addition of the Plan's Funding Policy & Guideline under item 1d. of the SIPP. There was a motion to recommend Senate approve the amendments to the SIPP, FIP, RIP, as presented. Jha and Hollis. Carried with one opposed.

Update on committee activities: Kennedy spoke to the report, highlighting the process to review the RPP's fixed income allocation and the impact of recent changes to the U.S. Withholding Tax. Kennedy also informed members of PIC meeting with the investment managers from TDAM and IMF, and that her term as Chair is ending April 31, 2023 along with external members Julie Cays and Steve Elgee. There was a motion to recommend to Governance Council to reappoint to PIC Julie Cays for a two-year term and Steve Elgee for a standard three-year term. Jha and Saunders. Carried. Members thanked Kennedy for her service as Chair of PIC and highlighted PICs accomplishments under her leadership.

2. APPROVAL OF THE 17 FEBRUARY 2023 MINUTES (OPEN SESSION) AND BUSINESS ARISING

The following revisions were requested for the minutes: correcting of GCS with GSC under item 1; removal of the word "with" in "concerns around with compounding coverage" under item 1; to replace April 2023, with May 2023 in the In-Vitro Fertilization Coverage section of item 1; and correcting "going concern decreased" with "going-concern deficit decreased" under item 3. There was a motion to approve the minutes with the requested revisions. Saunders and Reitsma. Carried.

GSC Update. Reitsma introduced the material provided and members were supportive of the suggestion to keep an update from Human Resources as a standing item as long as required.

Hornberger spoke to the report, highlighting: a summary of the differences identified between the existing plan design and GSC's standard continues to be under development and will be brought to the June 2023 Pension &

Benefits Committee meeting; GSC is working on a new product for In-vitro Fertilization (IVF) in response to the December 2022 legislation change and their target is to have information available after the first quarter of 2023; an update on registration for the GSC everywhere online portal; statistics for the GSC Contact Centre; and an update on communications to support the change to GSC. Hornberger also provided an update on GSC's Flonase coverage which members expressed concerns with. Reitsma and Hornberger will investigate GSC's Flonase coverage further and will come back to the May P&B meeting with more information and a recommendation for the Committee.

Compound Coverage: Hornberger provided an overview of the report provided, highlighting: the list of those consulted and involved in preparing the report; Model Standards for compounding drugs in Ontario; GSC's compound drug coverage; the number of inquiries made to HR and GSC from employees and retirees concerning the change in coverage; and Aon's advice that maintaining GSC's compound policy is a reasonable approach from a plan management perspective. Discussion included: options for those with allergies to specific additives, how GSC handles supply chain issues for fillers, and the lack of coverage for raw powders.

3. EXECUTION AGAINST THE WORK PLAN

This item was received for information.

UPP Update: Shapira gave an overview of the UPP information sessions and proposed an approach for the Committee to review the UPP with session presented by Aon over the next four meetings. Members were supportive of the proposal as an exercise of due diligence.

Committee Priorities: Members discussed Committee priorities for the coming year, identifying: finishing the implementation of the transition to Green Shield Canada (GSC) as benefits provider for Extended Health and Dental (EHD); maintaining a watching brief on In-Vitro Fertilization (IVF) coverage; conducting a detailed review of the UPP; and as part of the review of the UPP, conducting a review of resources currently dedicated to the administration of the UW pension plan.

4. ACTUARIAL VALUATIONS (RPP AND PPP) AND REVIEW OF CAPS

Byron presented the material provided, highlighting: an overview of the actuarial process; the return to the January 1st timing of the valuation; the increase of members; an overview of the actuarial assumptions for going concern valuation; the unfunded liability of \$124 million which puts the going concern funded ratio at 94.5% with the PfAD; the hard dollar cap for RPP and cap on PPP; contributions for 2023 based on a January 1, 2023 filed valuation; and the solvency and wind up valuation results.

5. GROUP BENEFITS PROGRAM – ANNUAL RENEWAL

Hornberger provided detail on each of the renewal items, and members obtained clarification on technical details. It was noted that there was a typo in the material provided on page 87 of the package: in the sentence "The Unrestricted Deposit Account (UDA) is \$1,120,131 as at April 30, 2021..." April 30, 2021 should be April 30, 2022. A motion was heard to maintain a 10% subsidy for life insurance (option 2 in the report). Taylor and Saunders. Carried. A motion was heard to apply a 1% increase to the maximum insured salary for LTD effective May 1, 2023, as presented. Hua and Hollis. Carried. Members received item 5c for information. A motion was heard to approve the budget rates as presented. Taylor and Saunders. Carried.

6. BOARD SELF-ASSESSMENT SURVEY

The secretary reminded members of the Board Self-Assessment Survey and encouraged them to participate.

7. REVISIONS TO FINANCE & INVESTMENT COMMITTEE, PENSION BENEFITS COMMITTEE, AND PENSION INVESTMENT COMMITTEE RESOLUTIONS/TERMS OF REFERENCE

The chair provided an overview of the proposed amendments and members provided positive feedback. A motion was heard to recommend to Governance Committee to recommend that Board of Governors approve the proposed amendments to Terms of Reference of the Pension & Benefits Committee, as presented. Saunders and Taylor. Carried. A motion was heard to recommend to Governance Committee to recommend that Board of Governors

approve the proposed amendments to Terms of Reference of the Pension Investment Committee, with the revision proposed by PIC to keep the voting provision and add language on fiduciary responsibility. Jha and Saunders. Carried.

8. OTHER BUSINESS

Members thanked the chair for his service and leadership to the Committee.

With no further business in the open session, the committee moved into the confidential session.

NEXT MEETING

The next regular meeting is scheduled for Friday, 19 May 2023, 9:30 a.m. – 12:00 noon.

2 May 2023

Tim Weber-Kraljevski
Governance Officer