

University of Waterloo
Board of Governors
PENSION & BENEFITS COMMITTEE
Minutes of the 15 May 2020 Meeting
[in agenda order]

Present: Peter Barr, Terrence Birmingham, Ted Bleaney, Mike Grivicic (secretary), Michael Herz, Dennis Huber, Ranjini Jha, David Kibble, Jim Rush, David Saunders, Michael Steinmann, Mary Thompson, Marilyn Thompson, Ken Vetzal

Consultant: Linda Byron, Allan Shapira

Guests: Landon Brett (4), Blaine Hertzberger (4), Tyler Wendland

Resources: Sarah Hadley, Lee Hornberger

Organization of Meeting: Peter Barr took the chair, and Mike Grivicic acted as secretary. The secretary advised that a quorum was present. The meeting was held via videoconference.

1. APPROVAL OF THE 20 MARCH 2020 MINUTES (OPEN SESSION) AND BUSINESS ARISING

A motion was heard to approve the minutes as distributed. Jha and Marilyn Thompson. Carried. There was no business arising.

2. EXECUTION AGAINST THE WORK PLAN

This item was received for information.

3. UPDATE ON GOVERNMENT PENSION PLAN INITIATIVES

Shapira observed that there is a desire from some private sector employers to seek pension funding relief, though there has not yet been any move from the province.

4. ANNUAL AUDIT OF THE PENSION PLAN FUND FINANCIAL STATEMENTS

Huber provided an overview of the process of preparation of statements and audit by EY, observing that the content of the notes are highly prescribed, and are prepared to meet FISRA requirements. Hertzberger indicated that the audit approach was consistent with the previous year, the financial statements report on pension assets, the pension plan is cashflow positive, an unqualified opinion is provided on the statements, and that no evidence of fraud or illegal acts arose in the course of the audit. A motion was heard to accept the financial statements as presented. Birmingham and Kibble. Carried.

5. PREVIOUS YEARS' FEES AND EXPENSES

Hadley provided an overview, and the item was received for information.

6. DRAFT ACTUARIAL VALUATION AS AT 1 JANUARY 2020

Byron spoke to the draft filing: results of valuation calculations on a going concern, solvency, and wind-up basis; change to PfAD from previous valuation; it would be pragmatic to file this valuation with the regulator at this time and with the current market conditions. A motion was heard to recommend that the Board of Governors approve the filing of the actuarial valuation report as at 1 January 2020 with the Financial Services Regulatory Authority of Ontario (FSRA) and the Canada Revenue Agency (CRA). Jha and Bleaney. Carried.

7. QUARTERLY RISK MANAGEMENT DASHBOARD – Q1 2020

Byron provided the update, noting the current going concern deficit, changes to interest rates and the impact on the discount rate, and that the plan would have to file with the regulator to approve reinstatement of the transfer of commuted value under certain conditions. A member noted that certain bonds among the pension plans fixed income assets moved to below investment grade, though upon further review exposure to Ford credit comes with a split grade with some ratings agencies having within investment grade and other below.

8. UPDATE RE: HOLISTIC BENEFITS WORKING GROUP

A presentation is being drafted on options under consideration by the group, and this is being done in parallel with examination of policy and legal requirements to ensure any recommended changes are on-side. It is anticipated that a summary will be brought to the next meeting.

9. BOARD-APPROVED 2019-20 PROVISIONAL OPERATING BUDGET OVERVIEW

Rush provided an overview, noting the provisional nature of the approved budget and the considerable uncertainty that exists around enrollment assumptions due to COVID. Special payments on the plan's deficit will continue, and a 15% budget holdback has been put into place and may be adjusted in year as conditions allow.

10. OTHER BUSINESS

The chair noted that the first meeting of the Pension Investment Committee will take place in June, and Huber observed that the Finance & Investment Committee has been examining potential actions to recommend for the plan's investments.

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

NEXT MEETING

The next meeting is scheduled for Friday 12 June 2020, 9:30 a.m. – 12:00 noon.

8 June 2020

Mike Grivicic
Associate University Secretary