

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 33 OF THE PENSION COMMITTEE

May 30, 2018

To the Governing Council,
University of Toronto.

Your Committee reports that it held a meeting on Wednesday, May 30, 2018 at 4:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Mark Krembil, Acting Chair
Alex D. McKinnon*
Meric S. Gertler, President
David Bowden*
Colleen Burke
Janet L. Ecker
Louis Florence
Brian D. Lawson*
Leanne MacMillan
Kim McLean*
Andreas Motsch
Arthur G. Rubinoff
Andrew Szende*
Bruce Winter

**attended via conference call*

Non-Voting Assessors:

Sheila Brown, Chief Financial Officer

Secretariat:

Sheree Drummond, Secretary of the
Governing Council

Patrick McNeill, Committee Secretary

Regrets:

Harvey Botting
Kenneth MacDonald
Cynthia Messenger
John Paul Morgan

In Attendance:

Heather Hunter, Member, Investment Committee
Pierre Piché, Controller and Director of Financial Services
Daren Smith, President and Chief Investment Officer, University of Toronto Asset
Management Corporation (UTAM)

The Committee met in closed session

1. Chair's Remarks

The Acting Chair welcomed members and guests to the meeting. He acknowledged the presence of President Gertler.

2. Pension Fund Master Trust Statement of Investment Policies and Procedures (SIPP) – May 30, 2018

The Acting Chair reminded members that the Pension Committee had approved the current SIPP at its meeting of May 25, 2017. It must be reviewed and confirmed annually in accordance with pension regulation.

Ms Brown stated that the SIPP included the return objectives, risk tolerance, asset allocation, benchmarks for the evaluation of performance, and other elements required by regulation. The genesis of the proposed changes was based on discussions held by the Investment Committee to improve and sharpen the measures of investment risks; the changes also reflected previous discussions of the Pension Committee.

Ms Brown and Mr. Smith highlighted the proposed changes in the following areas: revision of the “traffic light” risk limits to reflect a change in measurement horizon from 5 years to a period of at least 10 years; changes to the definitions in the list of Permitted Investments, additional wording in the liquidity section; and other minor wording changes.

On motion duly moved, seconded and carried

IT WAS RESOLVED

THAT the Pension Committee approve the Pension Fund Master Trust Statement of Investment Policies and Procedures dated May 30, 2018, attached as Appendix A, replacing the Statement of Investment Policies and Procedures, attached as Appendix C, which had been approved by the Pension Committee on May 25, 2017.

In response to a member’s comments, Ms Brown stated that she would review the dates of the governance schedule when the SIPP was presented to the Committee.

The Acting Chair thanked Ms Brown, Mr. Smith and Ms Hunter.

3. Update: New Funding Rules for Defined Benefit Pension Plans

The Acting Chair reported that Mr. Shapira was unable to attend to provide an update on the new funding rules for Ontario defined benefit plans.

Ms Brown reported that the new funding rules set out detailed formulas for determining the asset mix of pension plans, as allocated between fixed and non-fixed income. The University would undertake a review of its SIPP to ensure that it complied by listing target asset allocations for every prescribed class, as per the

Update: New Funding Rules for Defined Benefit Pension Plans continued:

Pension Benefits Act (Ontario) (PBA) Regulations. She also noted that for the UofT Pension Plan, the first required valuation under the new funding rules would be the valuation as of July 1, 2020.

4. Report of the Previous Meeting

On motion duly moved, seconded and carried

IT WAS RESOLVED THAT

THE Pension Committee Report Number 33, from the meeting of March 28, 2018, be approved.

5. Business Arising from the Report of the Previous Meeting

A copy of the UTAM *Responsible Investing Report (2017)* was distributed to members. The Secretary advised that the *Report* was available on the UTAM website.

Mr. Smith stated that in September 2017, UTAM signed the Montréal Carbon Pledge and committed to disclose the carbon footprints of the Pension and LTCAP investment portfolios on an annual basis. UTAM would disclose the footprints on its website in June 2018.

There was no other business arising from the report of the previous meeting.

6. Date of Next Meeting: Monday, September 17, 2018 at 4:00 p.m.

The date of the next Pension Committee meeting was scheduled for Monday, September 17, 2018 at 4:00 p.m.

7. Reports of the Assessors

There were no reports of the Assessors.

8. Other Business

The Acting Chair thanked the Committee members and the assessors for their commitment and contributions during the year. He acknowledged Professor Andreas Motsch who was completing his final three-year term as of June 30th.

The Acting Chair stated that in recognition of exemplary service and leadership in the role as Chair (2016-2018) and Vice-Chair (2014-2016), Mr. Alex MacKinnon would be presented with a chair upon his return.

Other Business continued:

Mr. MacKinnon (Chair) expressed his thanks to Mr. Krembil in his role as Vice-Chair over the past two years. He also thanked Mr. Smith, the Assessors and their team members for their contributions, which had enabled the Committee to meet its mandate. He thanked the Secretariat for their support.

The meeting adjourned at 4:45 p.m.

Committee Secretary

Chair

May 31, 2018